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RISK FACTORS

The following risk factors relate to the business of The Movie Studio; Currently has Limited Financial History and Operating Cash Flow Since incorporation, The Movie Studio has had limited financial activity and negative cash flow. There can be no certainty that The Movie Studio will ever achieve or sustain profitability or positive cash flow from its operating activities.

In addition, The Movie Studio's working capital and funding needs may vary significantly depending upon a number of factors including, but not limited to:

- progress of The Movie Studio's production, financing, and distribution activities;
- collaborative license agreements with third parties;
- opportunities to in-license beneficial productions or potential acquisitions;
- potential milestone or other payments that The Movie Studio may make to licensors or corporate partners;
- technological and market consumption and distribution models or alternative forms of entertainment delivery that affect The Movie Studio's potential revenue levels or competitive position in the marketplace;
- the level of sales and gross profit;
- costs associated with production, labor and services costs, and The Movie Studio's ability to realize operation and production efficiencies;
- fluctuations in certain working capital items, including library assets, short-term loans, and accounts receivable, that may be necessary to support the growth of The Movie Studio's business;
- expenses associated with litigation; and
- management of debt and repayment of such debt Early Stage The Movie Studio is an early stage company and as such

The Movie Studio is subject to many risks including undercapitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue.

There is no assurance that The Movie Studio will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered considering its early stage of operations. The Movie Studio's prospects must be considered speculative considering the risks, expenses, and difficulties frequently encountered by companies in their early stages of operations, particularly in the highly competitive and rapidly evolving markets in which The Movie Studio operates. To attempt to address these risks, The Movie Studio must, among other things, successfully implement its business plan, marketing, and commercialization strategies, respond to competitive developments, and attract, retain, and motivate qualified personnel.

A substantial risk is involved in investing in The Movie Studio because, as a smaller commercial enterprise that has fewer resources than an established company, The Movie Studio's management may be more likely to make mistakes, and The Movie Studio may be more vulnerable operationally and financially to any mistakes that may be made, as well as to external factors beyond The Movie Studio's control.

The Movie Studio May Not be Able to Successfully Execute its Business Plan The execution of The Movie Studio's business plan poses many challenges and is based on several assumptions. The Movie Studio may not be able to successfully execute its business plan. If The Movie Studio experiences significant cost overruns, or if its business plan is more costly than it anticipates, certain activities may be delayed or eliminated, resulting in changes or delays to its current plans, or The Movie Studio may be compelled to secure additional funding (which may or may not be available) to execute its business plan. The Movie Studio cannot predict with certainty its future revenues or results from its operations. If the assumptions on which its revenues or expenditures forecasts are based change, the benefits of The Movie Studio's business plan may change as well.

In addition, The Movie Studio may consider expanding its business beyond what is currently contemplated in its business plan. Depending on the financing requirements of a potential business expansion, The Movie Studio may be required to raise additional capital through the issuance of equity or debt. If The Movie Studio is unable to raise additional capital on acceptable terms, it may be unable to pursue a potential business expansion. **The Movie Studio Faces Substantial Capital Requirements and Financial Risks.**

The business requires a substantial investment of capital. The production, acquisition, and distribution of motion picture and television content requires substantial capital. A significant amount of time may elapse between The Movie Studio's expenditure of funds and the receipt of revenues after release or distribution of such content. This may require a significant portion of funds from equity, credit, and other financing sources to fund the business. Although the risks of production exposure are reduced through tax credit programs, government and industry programs, other studios and co-financiers and other sources, there can be no assurance that these arrangements will continue to be successfully implemented or will not be subject to substantial financial risks relating to the production, acquisition, and distribution of future indie film and television content.

In addition, if the production slate or the production budgets increase through internal growth or acquisition, there may be an increase to overhead and/or larger up-front payments for talent acquisition and, consequently, these increases bear greater financial risks. Any of the foregoing could have a material adverse effect on The Movie Studio's business, financial condition, operating results, liquidity, and prospects. **Additional Capital Requirements** The Movie Studio may need to engage in equity or debt financings to secure additional funds. If The Movie Studio raises additional funds through further issuances of equity or convertible debt securities, The Movie Studio's existing shareholders could suffer significant dilution, and any new equity securities The Movie Studio issues could have rights, preferences, and privileges superior to those of holders of The Movie Studio Shares.

Any debt financing secured by The Movie Studio in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which might make it more difficult for it to obtain additional capital and to pursue business opportunities. The Movie Studio can provide no assurance that sufficient debt or equity financing will be available on reasonable terms

or at all to support its business growth and to respond to business challenges and failure to obtain sufficient debt or equity financing when required could have a material adverse effect on its business, prospects, financial condition, results of operations, and cash flows.

The Movie Studio expects to incur short-term losses and generate negative cash flow until it can produce sufficient revenues to cover its costs. The Movie Studio may never become profitable. Even if it does achieve profitability, The Movie Studio may be unable to sustain or increase its profitability in the future. For the reasons discussed in more detail below, there are substantial uncertainties associated with The Movie Studio achieving and sustaining profitability.

The Movie Studio expects its cash reserves will be reduced due to future operating losses and working capital requirements, and it cannot provide certainty as to how long its cash reserves will last or that it will be able to access additional capital if and when necessary. The Movie Studio May Need to Raise Additional Capital in the Future to Fund its Operations The Movie Studio may require substantial additional capital resources to further its production-packaging business model. Future cash requirements may vary materially from those expected if The Movie Studio elects to produce indie films, acquire indie films or experiences operational production delays or unexpected increases in costs related to the maintenance, defense, and enforcement of proprietary intellectual properties and tax credit refunds.

Sources of additional funding include collaborations and licensing arrangements, public or private equity, or debt financing. If The Movie Studio's commercialization activities do not show positive results, or if capital market conditions in general, or with respect to entertainment motion picture companies in particular, are unfavorable, The Movie Studio may be unable to raise funds when needed or on acceptable terms. Any Additional Equity Financings May Be Dilutive to The Movie Studio's Existing Stockholders If sufficient capital is not available, The Movie Studio may be required to delay, reduce the scope of, eliminate or divest one or more of its library assets or productions or suspend operations, any of which could have a material adverse effect on The Movie Studio's business, financial condition, prospects, or results of operations.

Fluctuation of the market price for the Company's shares Securities markets have a high level of price and volume volatility, and the market price of shares 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. The market price of the common shares may be subject to significant fluctuation in response to numerous factors, many of which are beyond the Company's control, including variations in its annual or quarterly financial results or those of its competitors, conditions in the economy in general or in the broadcasting, film or television sectors in particular and unfavorable changes in applicable laws and regulations.

As a result of numerous factors, the market price of the common shares may be volatile and, at any given point in time, may not accurately reflect the long-term value of the Company. This volatility may affect the ability of holders of shares to sell their shares at an advantageous price. The Movie Studio has broad discretion Over the Use of Net Proceeds. The Movie Studio will have broad discretion over the use of the net proceeds from any future capital raises. Because of the number and variability of factors that will determine The Movie Studio's use of such proceeds, the ultimate use might vary substantially from the planned use. Investors may not agree with how The Movie Studio allocates or spends the proceeds from future capital raises. The Movie Studio may pursue collaborations that ultimately do not

result in an increase in the market value of the common shares and that instead increase The Movie Studio's losses.

Budget overruns may adversely affect The Movie Studio's Business while The Movie Studio's business model requires efficiency in the production of indie films and television content, actual production costs may exceed their budgets. The production, completion, and distribution of such content can be subject to a number of uncertainties, including delays and increased expenditures due to disruptions or events beyond The Movie Studio's control.

As a result, if each production incurs substantial budget overruns, additional financing may need to be sourced. There are no assurances regarding the availability of such additional financing or on mutually acceptable terms, or that such costs will be recouped. Budget overruns could also prevent a picture from being completed or released, thereby having a material adverse effect on the business, financial condition, operating results, liquidity, and prospects of The Movie Studio.

The Movie Studio's results of operations are difficult to predict and depend on a variety of factors. Results may fluctuate due to the timing, mix, number, and availability of indie films produced or acquired and home entertainment releases, as well as license periods for content. The operating results may increase or decrease during a particular period or fiscal year due to differences in the number and/or mix of films released compared to the corresponding period in the prior fiscal year.

Moreover, the results of operations may be impacted by the commercial success of all of The Movie Studio's film productions. There is no assurance that the production, acquisition, and distribution of all current and future motion pictures will be managed successfully to receive critical acclaim or perform well commercially. Any inability to achieve such commercial success could have a material adverse effect on The Movie Studio's business, financial condition, operating results, liquidity, and prospects.

Operating results also fluctuate due to accounting practices which may recognize the acquisition and sale of indie films in different periods than the recognition of related revenues, which may occur in later periods. In addition, the comparability of results may be affected by changes in accounting guidance or changes in The Movie Studio's ownership of certain assets. Accordingly, the results of operations from year to year may not be directly comparable to prior reporting periods. As a result of the foregoing and other factors, the results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods.

The Movie Studio typically does not enter into long-term production contracts with the creative producers of motion picture and television content that it produces, acquires or distributes. Moreover, The Movie Studio generally has certain derivative rights that provide for distribution rights to, for example, prequels, sequels, and remakes of certain content that The Movie Studio may produce, acquire or distribute. However, there is no guarantee that The Movie Studio will produce, acquire or distribute future content by any creative producer or co-financing partner, and a failure to do so could adversely affect the business, financial condition, operating results, liquidity, and prospects of The Movie Studio.

There are No Long-Term Agreements with Retailers. There is no assurance that favorable relationships with retailers and distributors will develop or, if developed, will be maintained or that they will not be adversely affected by economic conditions. If any retailer or distributor reduces or cancels a significant

order or becomes bankrupt, it could have a material adverse effect on the business, financial condition, operating results, liquidity, and prospects of The Movie Studio.

The Movie Studio's Success Depends on the commercial success of motion pictures and television programming, which is unpredictable generally, the popularity of The Movie Studio's programs depends on many factors, including the critical acclaim they receive, the format of their initial release, their talent, their genre and their specific subject matter, audience reaction, the quality and acceptance of motion pictures or television content that The Movie Studio's competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions, and other tangible and intangible factors, many of which The Movie Studio does not control and all of which may change. The Movie Studio cannot predict the future effects of these factors with certainty. In addition, because a performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance or television ratings, poor box office results or poor television ratings may negatively affect future revenue streams.

The Movie Studio's success will depend on the experience and judgment of its management to select and develop new investment and production opportunities. The Movie Studio cannot assure that its motion pictures and television programming will obtain favorable reviews or ratings, that its motion pictures will perform well at the box office or in ancillary markets, or that broadcasters will license the rights to broadcast any of its television programs in the development or renewal of licenses to broadcast programs in its library. Additionally, The Movie Studio cannot assure that any original programming content will appeal to its distributors and subscribers.

The Movie Studio's Business involves risks of liability claims for content of material, which could adversely affect its Business, results of operations, and Financial Condition. As a distributor of media content, The Movie Studio may face potential liability for defamation, invasion of privacy, negligence, copyright or trademark infringement, and other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of media content.

Any imposition of liability that is not covered by insurance or is more than insurance coverage could have a material adverse effect on The Movie Studio's business, financial condition, operating results, liquidity, and prospects. Piracy of Films and Television Programs could adversely affect The Movie Studio's Business. Over time piracy is extensive in many parts of the world and is made easier by the availability of digital copies of content and technological advances allowing conversion of films and television content into digital formats. This trend facilitates the creation, transmission, and sharing of high-quality unauthorized copies of motion pictures and television content. The proliferation of unauthorized copies of these products has had and will likely continue to have an adverse effect on The Movie Studio's business, because these products reduce the revenue it receives from its products. In order to contain this problem, The Movie Studio may have to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and losses of revenue.

There is No Assurance that even the highest levels of security and anti-piracy measures will prevent piracy in particular, unauthorized copying and piracy are prevalent in countries outside of the United States, Canada, and Western Europe, whose legal systems may make it difficult for The Movie Studio to enforce its intellectual property rights.

While the United States government has publicly considered implementing trade sanctions against specific countries that, in its opinion, do not make appropriate efforts to prevent copyright infringements of United States-produced motion pictures and television content, there can be no assurance that any such sanctions will be enacted or, if enacted, will be effective. In addition, if enacted, such sanctions could impact the amount of revenue that The Movie Studio realizes from the international exploitation of its content.

Protecting and defending against Intellectual Property Claims may have a material adverse effect on The Movie Studio's Business ability to compete depends, in part, upon successful protection of its intellectual property. The Movie Studio attempt to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries where The Movie Studio distributes its products. As a result, it may be possible for unauthorized third parties to copy and distribute The Movie Studio's productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects.

Litigation may also be necessary to enforce The Movie Studio's intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation, infringement or invalidity claims could result in substantial costs and the diversion of resources and could have a material adverse effect on The Movie Studio's business, financial condition, operating results, liquidity, and prospects.

The Movie Studio's more successful and popular film or television products or franchises may experience higher levels of infringing activity, particularly around key release dates. Alleged infringers have claimed and may claim that their products are permitted under fair use or similar doctrines, that they are entitled to compensatory or punitive damages because The Movie Studio's efforts to protect its intellectual property rights are illegal or improper, and that its key trademarks or other significant intellectual property are invalid. Such claims, even if meritless, may result in adverse publicity or costly litigation. The Movie Studio will vigorously defend its copyrights and trademarks from infringing products and activity, which can result in litigation. The Movie Studio may receive unfavorable preliminary or interim rulings during litigation, and there can be no assurance that a favorable final outcome will be obtained in all cases.

Additionally, one of the risks of the film and television production business is the possibility that others may claim that The Movie Studio's productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed films and televisions series, stories, characters, other entertainment or intellectual property. Regardless of the validity or the success of the assertion of any such claims, The Movie Studio could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects. The Movie Studio faces risks from doing business internationally. The Movie Studio distributes content outside the United States and derive revenues from international sources.

As a result, The Movie Studio's business is subject to certain risks inherent in international business, many of which are beyond its control. These risks may include:

- laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- anti-corruption laws and regulations such as the Corruption of Foreign Public Officials Act Canada, the Foreign Corrupt Practices Act (U.S.A.), and the Bribery Act (U.K.) that impose strict requirements on how The Movie Studio conducts its foreign operations and changes in these laws and regulations;
- changes in local regulatory requirements, including restrictions on content and differing cultural tastes and attitudes;
- international jurisdictions where laws are less protective of intellectual property and varying attitudes towards the piracy of intellectual property;
- financial instability and increased market concentration of buyers in foreign television markets, including in European pay television markets;
- the instability of foreign economies and governments;
- fluctuating foreign exchange rates;
- the spread of communicable diseases in such jurisdictions, which may impact business in such jurisdictions; and
- war and acts of terrorism.

Events or developments related to these and other risks associated with international trade could adversely affect The Movie Studio's revenues from non-U.S. sources, which could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects.

Protection of electronically stored data is costly and if The Movie Studio's data is compromised despite this protection, The Movie Studio may incur additional costs, lost opportunities, and damage to its reputation. The Movie Studio maintains information in digital form as necessary to conduct its business, including confidential and proprietary information, copies of films, television programs and other content, and personal information regarding its employees. Data maintained in digital form is subject to the risk of intrusion, tampering, and theft.

The Movie Studio develops and maintains systems to prevent this from occurring, but it is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Moreover, despite The Movie Studio's efforts, the possibility of intrusion, tampering, and theft cannot be eliminated entirely, and risks associated with each of these acts remain.

In addition, The Movie Studio provides confidential information, digital content, and personal information to third parties when it is necessary to pursue business objectives. While The Movie Studio obtains assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk that data systems of these third parties may be compromised. If The Movie Studio's data systems or data systems of these third parties are compromised, The Movie Studio's ability to conduct its business may be impaired, it may lose profitable opportunities or the value of those opportunities may be diminished and it may lose revenue as a result of unlicensed use of its intellectual property.

A breach of The Movie Studio's network security or other theft or misuse of confidential and proprietary information, digital content or personal employee information could subject The Movie Studio to business, regulatory, litigation, and reputation risk, which could have a materially adverse effect on its business, financial condition, and results of operations.

Fluctuations in currency exchange rates could decrease the production activity of the Company's customers and adversely affect the results of operations and financial condition of the Company. The Company cannot predict the effect of exchange rate fluctuations upon its future operating results. The Movie Studio Incurs Expenditures in Foreign Currency and Does Not Hedge Against Foreign Currency Risks The Movie Studio operates internationally and United States and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The operating results and the financial position of The Movie Studio are reported in US dollars.

The fluctuations of the operating currencies in relation to the US dollar will, consequently, have an impact upon the reporting results of The Movie Studio and may also affect the value of The Movie Studio's assets and liabilities. The Movie Studio Faces substantial competition in all aspects of Its Business. The Movie Studio is smaller and less diversified than many of its competitors. Unlike The Movie Studio, an independent distributor and producer, most of the major United States studios are part of large diversified corporate groups with a variety of other operations that can provide both the means of distributing their products and stable sources of earnings that may allow them to better offset fluctuations in the financial performance of their motion picture and television operations.

The major studios also have more resources with which to compete for ideas, storylines, and scripts created by third parties as well as for actors, directors, and other personnel required for production. These resources may also give them an advantage in acquiring other businesses or assets, including film libraries, that The Movie Studio might also be interested in acquiring. The Motion Picture Industry is highly competitive. The limited supply of motion picture screens compounds this product oversupply problem, which may be most pronounced during peak release times such as holidays, when theater attendance is expected to be highest. As a result of changes in the theatrical exhibition industry, including reorganizations and consolidations, and major studio releases occupying more screens, the number of screens available to The Movie Studio when it wants to release a picture may decrease.

If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home entertainment and pay and free television, of The Movie Studio's motion pictures may also decrease. Moreover, The Movie Studio cannot guarantee that it can release all its films when they are otherwise scheduled due to production or other delays, or a change in the schedule of a major studio. Any such change could adversely impact a film's financial performance.

In addition, if The Movie Studio cannot change its schedule after such a change by a major studio because it is too close to the release date, the major studio's release and its typically larger promotion budget may adversely impact the financial performance of The Movie Studio's film. The Home Entertainment Industry is highly competitive. The Movie Studio competes with all of the major United States studios which distribute their theatrical, television, and titles acquired from third parties on DVDs/Blu-ray discs and other media and have marketing budgets greater than The Movie Studio's budgets.

The Movie Studio not only competes for ultimate consumer sales, but also with these parties and independent home entertainment distributors for location and shelf space placement at retailers and other distributors. The quality and quantity of titles as well as the quality of The Movie Studio's marketing programs determines how much shelf space it can garner at any given time as retailers and other distributors look to maximize sales.

The Movie Studio also competes with United States studios and other distributors that may have certain competitive advantages over the company to acquire the rights to sell or rent DVDs/Blu-ray discs and other media. The Movie Studio's ability to license and produce quality content in sufficient quantities has a direct impact on its ability to acquire shelf space at retail locations and on websites. In addition, certain of The Movie Studio's content is obtained through agreements with other parties that have produced or own the rights to such content, while other United States studios may produce most of the content they distribute. The Movie Studio's sales and other media sales are also impacted by myriad choices consumers have to view entertainment content, including over-the-air broadcast television, cable television networks, online services, mobile services, radio, print media, motion picture theaters, and other sources of information and entertainment. The Movie Studio can successfully respond to rapid technological changes and alternative forms of delivery or storage to remain competitive. The entertainment industry continues to undergo significant developments as advances in technologies and new methods of product delivery and storage (including the emergence of alternative distribution platforms), and certain changes in consumer behavior driven by these developments emerge.

New technologies affect the demand for The Movie Studio's content, the manner in which its content is distributed to consumers, the sources and nature of competing content offerings, and the time and manner in which consumers acquire and view its content. New technologies also may affect The Movie Studio's ability to maintain or grow its business and may increase its capital expenditures. The Movie Studio and its distributors must adapt its Businesses to shifting patterns of content consumption and changing consumer behavior and preferences through the adoption and exploitation of new technologies.

For instance, such changes may impact the revenue The Movie Studio is able to generate from traditional distribution methods by decreasing the viewership of its networks on systems of cable operators, satellite television providers, and telecommunication companies, or by decreasing the number of households subscribing to services offered by those distributors. If The Movie Studio cannot successfully exploit these and other emerging technologies, its appeal to targeted audiences might decline which could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects.

Dependence on Management and Key Personnel The Movie Studio's success depends largely upon the continued services of its executive officers and other key employees. From time to time, there may be changes in The Movie Studio's executive management team resulting from the hiring or departure of executives, which could disrupt its business. If The Movie Studio is unable to attract and retain top talents, its ability to compete may be harmed. The Movie Studio's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified personnel. Competition for highly skilled entertainment executives and other employees is high in The Movie Studio's industry, and

The Movie Studio may not be successful in attracting and retaining such personnel. Failure to attract and retain qualified executive officers and other key employees could have a material adverse effect on its business, prospects, financial condition, results of operations, and cashflows. **The Movie Studio's Success Depends on Attracting and Retaining Talent.** The Movie Studio's success depends upon the continued efforts, abilities, and expertise of key employees, including production, creative, and technical personnel. The Movie Studio's success also depends on its ability to identify, attract, hire, train, and retain such personnel. The Movie Studio has entered into agreements with production executives but does not currently have significant "key person" life insurance policies for any employees.

Although it is standard in the industry to rely on employment agreements as a method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. In addition, competition for the limited number of business, production, and creative personnel necessary to create and distribute The Movie Studio's entertainment content is intense and may grow in the future. The Movie Studio may not be successful in identifying, attracting, hiring, training, and retaining such personnel in the future, and its inability to do so could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects.

The Movie Studio is not directly or indirectly dependent upon highly specialized union members who are essential to the production of motion pictures and television content. A strike by, or a lockout of, one or more of the unions that provide personnel essential to the production of motion pictures or television content likely not delay or halt The Movie Studio's ongoing production activities.

Conflicts of Interest certain of the directors, officers, and other members of management of The Movie Studio serve (and may in the future serve) as directors, officers, and members of management of other companies and therefore, it is possible that a conflict may arise between their duties as a director, officer or member of management of The Movie Studio and their duties as a director, officer or member of management of such other companies. The directors and officers of The Movie Studio are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and The Movie Studio will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

All such conflicts will be disclosed by such directors or officers in accordingly with Business Corporations Act and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. All The Movie Studio's directors and executive officers reside principally in the US. Because all or a substantial portion of The Movie Studio's assets and the assets of these persons are located in the US, it may not be possible for foreign investors to effect service of process from outside of the US upon The Movie Studio or those persons. Furthermore, it may not be possible to enforce against The Movie Studio foreign judgments obtained in courts outside of US based upon the civil liability provisions of the securities laws or other laws in those jurisdictions.

Any Disruption at The Movie Studio's Places of Business could delay revenues or increase expenses. All The Movie Studio's operations are conducted at locations in US. A natural disaster, such as a fire, flood or earthquake, could cause substantial delays in The Movie Studio's operations, damage or destroy its offices, and cause The Movie Studio to incur additional expenses.

In addition, because The Movie Studio does not maintain "key person" life insurance on any of its executive officers, employees or consultants, any delay in replacing such persons, or an inability to replace them with persons of similar expertise, would have a material adverse effect on The Movie Studio's business, financial condition, and results of operations.

The Movie Studio's Systems are vulnerable to damage and failure despite the implementation of security measures, The Movie Studio's internal computer systems are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war, and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruption in The Movie

Studio's operations could result in a material disruption of its projects. To the extent that any disruption or security breach results in a loss or damage to The Movie Studio's data or applications, or inappropriate disclosure of confidential or proprietary information, The Movie Studio may incur liability as a result.

In addition, The Movie Studio's technology program may be adversely affected, and the further development of its technology may be delayed. The Movie Studio may also incur additional costs to remedy the damages caused by these disruptions or security breaches. Business interruptions could adversely affect Head Office Operations. The Movie Studio's operations are vulnerable to outages and interruptions due to fire, floods, power loss, telecommunications failures, and similar events beyond its control.

The Movie Studio's headquarters are located in South Florida, which is subject to hurricanes. Although The Movie Studio has developed certain plans to respond in the event of a disaster, 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. A long-term power outage, however, could disrupt The Movie Studio's operations. Losses or damages incurred by The Movie Studio could have a material adverse effect on its business and results of operations.

The Movie Studio is Subject to Risks Associated with Possible Acquisitions, Business Combinations, or Joint Ventures. From time to time, The Movie Studio could be engaged in discussions and activities with respect to possible acquisitions, sale of assets, business combinations, or joint ventures intended to complement or expand the business. The anticipated benefit from any of the transactions The Movie Studio pursues may not be realized. Regardless of whether any such transaction is consummated, the negotiation of a potential transaction and the integration of the acquired business could incur significant costs and cause diversion of management's time and resources. Any such transaction could also result in impairment of goodwill and other intangibles, development write-offs, and other related expenses. Such transactions may pose challenges in the consolidation and integration of information technology, accounting systems, personnel, and operations. The Movie Studio may also have difficulty managing the combined entity in the short term if it experiences a significant loss of management personnel during the transition period after a significant acquisition. No assurance can be given that expansion or acquisition opportunities will be successful, completed on time, or that The Movie Studio will realize expected operating efficiencies, cost savings, revenue enhancements, synergies, or other benefits. Any of the foregoing could have a material adverse effect on the business, financial condition, operating results, liquidity, and prospects of The Movie Studio. Claims Against The Movie Studio Relating to Any Acquisition or Business Combination May Necessitate Seeking Claims Against the Seller for which the Seller May Not Indemnify.

The Movie Studio or that may exceed the seller's indemnification obligations. There may be liabilities assumed in any acquisition or business combination that The Movie Studio did not discover or that it underestimated while performing its due diligence. Although a seller generally will have indemnification obligations to The Movie Studio under an acquisition or merger agreement, these obligations usually will be subject to financial limitations, such as general deductibles and maximum recovery amounts, as well as time limitations. There is no assurance that The Movie Studio's 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 The Movie Studio may incur.

Any such liabilities could have a material adverse effect on the business, financial condition, operating results, liquidity, and prospects of The Movie Studio. Growth may cause pressure on The Movie Studio's management and systems. The Movie Studio's future growth may cause significant pressure on its management, and its operational, financial, and other resources and systems. The Movie Studio's ability to manage its growth effectively will require the company to implement and improve its operational, financial, manufacturing, and management information systems, hire new personnel and then train, manage, and motivate these new employees. These demands may require the hiring of additional management personnel and the development of additional expertise within the existing management team. Any increase in resources devoted to production, business development, and distribution efforts without a corresponding increase in The Movie Studio's operational, financial, and management information systems could have a material adverse effect on its business, financial condition, and results of operations.

The Movie Studio has never declared or paid a dividend The Movie Studio has never declared or paid any dividends on the common shares. The Movie Studio currently intends to retain its future earnings, if any, to finance further research and the expansion of The Movie Studio's business. As a result, the return on an investment in the The Movie Studio Shares will depend upon any future appreciation in value. There is no guarantee that the common shares will appreciate or even maintain the price at which shareholders have purchased their shares.

Global Economic Turmoil and Regional Economic Conditions in the United States Could Adversely Affect its Business Global economic turmoil may cause a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, levels of intervention from the United States federal government and other foreign governments, decreased consumer confidence, overall slower economic activity, and extreme volatility in credit, equity, and fixed income markets.

A decrease in economic activity in the United States or in other regions of the world in which The Movie Studio does business could adversely affect demand for its content, thus reducing its revenues and earnings. A decline in economic conditions could reduce performance of The Movie Studio's theatrical, television, and home entertainment releases. In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment that The Movie Studio offers, which could also adversely affect its revenues and, at the same time, increase its costs.

For instance, lower household income and decreases in United States consumer discretionary spending, which is sensitive to general economic conditions, may affect cable television and other video service subscriptions. **Risks Related to the COVID-19 Pandemic** The 2020 novel coronavirus (COVID-19) pandemic has caused extreme market volatility and uncertainty that could jeopardize the funding of future projects. Additionally, companies and various international jurisdictions have imposed restrictions, such as quarantines, closures, cancellations, and travel restrictions. Entertainment projects that generate revenue for the Company rely on convenient international travel and ongoing restrictions may delay or encumber such projects. Additionally, restrictions related to the gathering of people may adversely affect the Company's operations. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

