Management's Discussion and Analysis of

NETWORK MEDIA GROUP INC.

For the three and six months ended May 31, 2022 and 2021

N E T W O R K

www.networkentertainment.ca

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion & Analysis ("MD&A") prepared as of July 27, 2022, should be read in conjunction with Network Media Group Inc.'s (the "Company" or "Network") unaudited condensed interim consolidated financial statements as of May 31, 2022 and its audited consolidated financial statements and accompanying notes for the years ended November 30, 2021. The Company reports its financial results in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars.

Network is a public company incorporated under the *Business Corporations Act* of the Province of British Columbia whose common shares are traded on the TSX Venture Exchange ("TSXV") (symbol "NTE.V") and on the OTCQB Venture Market (symbol "NTEWF"). Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Forward-looking Statements

To the extent any statements made in this MD&A contain information that is not historical, these statements constitute "forward-looking information" under applicable Canadian securities laws and are based on expectations, estimates and projections. These statements are necessarily based upon management's perceptions, beliefs, assumptions and expectations of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management of the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies that could result in the forward-looking information ultimately, perhaps materially, being incorrect. Words such as "expects", "anticipates", "intends", "plans", "estimates", "believes", "may", and variations of such words and similar expressions, are intended to identify such forward-looking information.

All forward-looking information in this MD&A involves known and unknown risks, uncertainties and other factors that are beyond the control of the Company and may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such risk factors include, but are not limited to: the Company's ability to attract foreign and domestic broadcasters and distributors for its programs, whose purchase/licensing patterns and own consumer markets may change, having a material impact on the Company's revenues and future business opportunities; audience acceptance of the Company's programs; the Company's ability to recoup production costs; the availability of tax credits; conditions in the entertainment industry generally; sales cycles, consumer demand and the timing of third party broadcaster and distributor licensing decisions; failure by third party broadcasters and distributors to honour the terms of contracts/licenses entered into with the Company, or comply with the payment terms contained in those contracts/licenses; the timing of when the proceeds of broadcaster and distributor licenses meet the Company's revenue recognition criteria; disruption of the timing for delivery of the Company's products to its broadcasters and distributors for reasons including, but not limited to, production schedule changes, availability of production crew, travel disruption and personal schedules of key talent, all of which can prolong delivery times and delay the timing of release of the Company's products to the public and ultimately delay receipt of licensing and broadcasting fees; fluctuations in currency exchange rates; changes in accounting standards; changes in technology and capital expenditure requirements; acquisitions that Network may undertake in the future; and changes in laws or regulations applicable to the Company's business, or the interpretation or application of those laws and regulations. These risk factors are not intended to represent a complete list of the factors that could affect the Company and the reader is cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could vary or differ materially from those anticipated in such information.

Forward-looking information is provided for the purpose of giving readers more insight into the Company's future financial and operational results, based on management's expectations. Readers are cautioned that the information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking information, except to the extent required by applicable law. Material assumptions within the forward-looking information are in the section ***Revenue Recognition and Forward-Looking Statements***.

Readers are also directed to review the "**Risks and Uncertainties**" section of this MD&A below.

Overview and Summary of Results

Network develops, produces, distributes and exploits film and television properties, as well as providing production services to third parties.

During the six months ended May 31, 2022, the Company continued production on:

- Three feature length documentaries, and;
- Three television series.

For the three and six months ended May 31, 2022, the Company realized the following:

- Revenues of:
  - $0.5M (2021 – $1.2M) for the three months ended, and;
  - $1.0M (2021 – $1.6M) for the six months ended.
- Net and comprehensive loss of:
  - $1.1M (2021 – $0.6M) for the three months ended, and;
  - $1.9M (2021 – $1.2M) for the six months ended.
- Adjusted EBITDA loss of:
  - $0.8M (2021 – loss of $0.6M) for the three months ended, and;
  - $1.3M (2021 – loss of $1.1M) for the six months ended.
- Loss per share of:
  - $0.01 (2021 – $0.01) for the three months ended, and;
  - $0.03 (2021 – $0.02) for the six months ended.
- Adjusted EBITDA loss per share of:
  - $0.01 (2021 – loss of $0.01) for the three months ended, and;
  - $0.02 (2021 – loss of $0.01) for the six months ended.
- Backlog of $17.1M

Network continues to develop its NFT division. Network NFT Studios creates partnerships with top creators from film, music, art, fashion, and sports to create leading edge NFT experiences and limited edition collections. Consumers gain a deeper connection with their favorite artists, icons, and personalities beyond mainstream productions and social media. All NFT creations, or "mints," occur on a decentralized blockchain, producing a tamper-proof record of each NFT's history of ownership.

Network will generate revenue from NFT projects in both a principal and agency model. The principal model is one in which Network NFT Studios seeks to acquire NFT rights for globally recognized intellectual property, and monetize them directly. The agency model typically involves consulting agreements for Network NFT Studios to provide services as a strategic consultant/partner to ideate, develop and execute on brand extension strategies. The Network NFT Studios' teams have been actively engaging with a number of IP holders, talent and potential partnerships as evidenced by the Company's recent partnership with the Hockey Hall of Fame (HHOF). The Company will launch a fan-focused NFT program that will encourage peer-to-peer collaboration and incentives for fans to interact with their HHOF digital collectibles, unlocking new rewards and experiences in the process. This NFT initiative will inspire hockey fans and NFT collectors alike to buy, collect and trade NFT digital collectibles, and to be part of a holistic and vibrant community to celebrate the history of hockey and the players and plays of a lifetime.

Operations & Outlook

Network builds its production slate in two primary forms: documentary films and docu-series. The Company works closely with broadcasters, distributors, and exhibitors to maximize the distribution and financial return of its productions. Produced for theatrical, television, online, and home entertainment distribution and exhibition, these productions are the foundation of Network's brand and statement of quality to the marketplace.

On March 11, 2021, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the film industry and in the global markets, including disruptions in the completion and delivery of the Company's film and television properties, and the measures that have been introduced by the government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) have had an impact on the Company's operations. To date, the Company has not had any productions cancelled due to COVID-19, but a number have had commencement of the production delayed. The Company has been able to modify and adapt to the changing business environment without a material impact to the Company's operations and access to capital. Management continues to evaluate additional potential operational and financial risks to the Company at the date these financial statements were approved, July 27, 2022.

Network saw an impact to its fiscal 2021 revenues due to the COVID-related filming restrictions that affected the entire entertainment industry. As the global economy recovers from COVID-19, Network is optimistic about its future as the Company continues to expand its partnerships and collaborations. We are increasing production levels which will allow the Company to meet its growth goals and return to its 2019 levels in this current fiscal. Although Q2 of fiscal 2022 had relatively low top line revenues, the Company is expecting to show much more significant revenues in the third and fourth quarter of this year.

Financing

During the six months ended May 31, 2022, the Company's operations were financed primarily by cash generated from operating activities, interim production financing and bank advances.

The Company finances its individual productions by way of advances from funding partners (broadcasters, distributors, and streaming services), as well as by securing interim production loans. During the period, the Company received \$2.4M (2021 – \$nil) of interim production loans which are secured by future contracted funding from broadcasters and distributors, as well as government labour tax credits receivable. In addition, operating activities generated \$3.2M (2021 – \$1.1M) of cash.

Revenue Recognition and Forward-Looking Statements

The Company follows a revenue recognition policy that is standard to the film industry (Note 3 of the audited consolidated financial statements for the years ended November 30, 2021). Under this policy the Company does not recognize revenues for a film or episode where the copyright is owned by the Company (referred to as proprietary productions) until all of the following events have occurred:

1. A buyer has signed an agreement to purchase the property;
2. The property is in finished and final form;
3. Network has shipped the property to the buyer as required under the purchase agreement;
4. The price agreed between the buyer and Network can be determined as a final amount;
5. It is reasonable for Network to conclude it will receive the amount that the buyer has agreed to pay; and
6. The later of the license term commencing and satisfaction of the delivery conditions of the purchase agreement between Network and the buyer.

The expenses and revenues attributable to any specific property are deferred until all of the above factors are satisfied.

If the production is a "work-for-hire" scenario where the Company does not own the copyright (referred to as service work), then the Company records the revenue on a percentage of completion basis. In this scenario, the costs to date are compared to the estimated final costs of the property and the percent of the work completed is applied to the total contracted value of the property to determine the amount of revenue to be recorded. Where the Company receives funds in excess of what the percentage of completion calculation provides, this excess is recorded as deferred revenue.

Forward-looking revenue

The performance (or period to period earnings comparisons) of entertainment companies like Network can often be challenging for readers. As such, the Company feels it is necessary to provide some additional information so that a meaningful assessment of the Company's potential future financial performance and earnings is possible.

Contracts and funding for a film or television property are secured well in advance of commencement of production of the property. Practically speaking, the only significant element of uncertainty is the specific accounting period in which revenue earned by the Company can be recognized due to the requirements of its revenue recognition policy as described above. Often delivery schedules are changed in mid-production and at the discretion of the broadcaster which can often delay the recognition of the property's associated revenue. Readers should be cautioned that such adjustments can be material in nature given that the Company is not able to record any revenue until the property is delivered.

The Company has certain properties currently in production which have been sold to buyers under binding purchase agreements. Deferred revenue totaling approximately $7.7M as at May 31, 2022 (November 30, 2021 – $4.6M), represents funding advances received on these properties. Below is an estimate of the ultimate gross revenue and the expected period of recognition for these properties:

Contracted Future Production Revenues		**$ Millions**
Deferred revenue as at May 31, 2022	$	7.7
Contracted future revenue		9.4
Total expected revenue - contracted	**$**	**17.1**
Revenues expected within 6 months	$	14.7
Revenues expected within 7 to 12 months	$	2.0
Revenues beyond 12 months	$	0.4

As stated above, under IFRS the Company is not able to recognize revenue until all of the above-mentioned conditions have been met. As at July 27, 2022, Network has contracts for $17.1M that have yet to be recorded as revenue, but are expected to be received and recognized as revenue within the periods noted above.

In addition, as at the date of this MD&A, the global community is amidst the COVID-19 economic crisis. The full effect of the crisis has not been determined at this time, but readers are to be cautioned that the Company's estimates of delivery dates, and thus, recognition of revenues, could be significantly adjusted from the estimates above.

The above statements regarding the Company's anticipated, or contracted for, future revenue constitutes "forward-looking information" under applicable Canadian securities laws – <u>readers are directed to refer to the Forward-Looking Statement disclosures at the beginning of this MD&A</u>. The above calculations are based on expectations, estimates and projections as of the date of this MD&A and are necessarily based upon assumptions and expectations regarding future production revenues and partial revenues generated from properties under contract. Estimates of future revenues are based on the terms of contracts entered into. Such assumptions and expectations include, but are not limited to the following: the terms of the contracts will not be altered; delivery of the Company's products will occur as scheduled; the purchasing party will make payment as and when due under the contract, and will comply with all payment terms; the US-Canadian currency exchange rates remain stable (assumed to be 1.25 USD-CDN for the purposes of the estimates made herein); no unforeseen event interrupts business in the ordinary course; and the purchasing party will pay, or has paid, Network on a pro-rata to percent completed for a film or episode that is in progress. Should conditions change, the above revenue estimates may not be met and actual results may differ, perhaps materially.

Summary Consolidated Financial Information

The summary consolidated financial information set out below has been prepared in accordance with IFRS and is derived from the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the quarter ended May 31, 2022, and can be found at **www.sedar.com.**

Consolidated Summary of Financial Position	**As at May 31, 2022**	As at November 30, 2021	As at November 30, 2020
Cash	**$ 1,822,164**	$ 2,788,730	$ 685,731
Current assets	**6,726,108**	4,747,336	3,355,971
Investment in film and television	**14,709,341**	11,021,091	10,196,898
Total assets	**22,373,339**	18,536,296	14,115,660
Current liabilities	**13,503,251**	7,753,064	4,758,438
Total liabilities	**14,576,463**	9,081,379	4,899,046
Shareholders' equity	**7,796,876**	9,454,917	9,216,614
Working capital deficiency	**$ (6,777,143)**	$ (3,005,728)	$ (1,402,467)

Condensed Interim Consolidated Statements of Net and Comprehensive Loss
Expressed in Canadian dollars (unaudited)

	Three months ended		Six months ended	
	May 31, 2022	May 31, 2021	**May 31, 2022**	May 31, 2021
Total revenue	**$ 534,459**	$ 1,233,429	**$ 963,029**	$ 1,594,639
Production costs	**381,353**	559,017	**448,891**	684,543
Amortization of film and television properties	**483,471**	994,737	**969,043**	1,473,020
Amortization of property, equipment and right of use assets	**95,151**	133,779	**194,457**	316,179
General and administrative	**517,101**	248,167	**909,608**	512,973
Impairment of investment in film and television properties	**37,319**	909	**62,319**	43,275
Selling and distribution	**-**	-	**10,725**	11,056
Share-based compensation	**112,980**	84,068	**315,282**	176,443
Foreign exchange loss (gain)	**4,206**	9,481	**22,012**	(17,568)
Extinguishment of accounts payable	**-**	(185,797)	**(51,718)**	(371,595)
	1,631,581	1,844,361	**2,880,619**	2,828,326
Loss before other items	**(1,097,122)**	(610,932)	**(1,917,590)**	(1,233,687)
Financing expense, net	**22,826**	9,985	**55,733**	22,651
Loss before income taxes	**(1,119,948)**	(620,917)	**(1,973,323)**	(1,256,338)
Income tax expense (recovery)	**-**	-	**-**	(82,600)
Net and comprehensive loss for the period	**$ (1,119,948)**	$ (620,917)	**$ (1,973,323)**	$ (1,173,738)
Loss per share				
- basic and diluted	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)
Weighted average number of shares outstanding				
- basic and diluted	**75,658,909**	74,751,272	**75,658,909**	74,120,707
Adjusted EBITDA	**$ (847,466)**	$ (568,492)	**$ (1,375,238)**	$ (1,086,953)
Adjusted EBITDA per share	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.01)

Non-IFRS Measures

In addition to results reported in accordance with IFRS, the Company reports using certain non-IFRS financial measures as supplemental indicators of the Company's financial and operating performance. These non-IFRS financial measures include EBITDA and Adjusted EBITDA. The Company believes these supplemental financial measures reflect the Company's on-going business in a manner that assist the reader's meaningful period-to-period comparisons and analysis of trends in its business.

"Adjusted EBITDA" is calculated based on EBITDA (known as earnings/loss before interest, taxes, depreciation and amortization) plus share-based compensation expense, finance costs (income), foreign exchange gain (loss) and losses and other items of an unusual nature that do not reflect ongoing operations.

EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. EBITDA and Adjusted EBITDA are not an earnings measure recognized by IFRS and therefore do not have a standardized meaning prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Below is a table detailing the adjustments to earnings made by the Company to calculate Adjusted EBITDA:

	Three months ended		Six months ended	
	May 31, 2022	May 31, 2021	**May 31, 2022**	May 31, 2021
Loss for the period	**$ (1,119,948)**	$ (620,917)	**$ (1,973,323)**	$ (1,173,738)
Adjustments				
Amortization of property, equipment and right of use assets	95,151	133,779	194,457	316,179
Impairment of investment in film and television properties	37,319	909	62,319	43,275
Financing expense, net	22,826	9,985	55,733	22,651
Share-based compensation	112,980	84,068	315,282	176,443
Foreign exchange gain	4,206	9,481	22,012	(17,568)
Extinguishment of accounts payable	-	(185,797)	(51,718)	(371,595)
Income tax expense (recovery)	-	-	-	(82,600)
Adjusted EBITDA	**$ (847,466)**	$ (568,492)	**$ (1,375,238)**	$ (1,086,953)
Adjusted EBITDA per share	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.01)

Overall Financial Position – Second Quarter Fiscal 2022

Net and comprehensive loss increased by $449,031 to a loss of $1,119,948 for the three months ended May 31, 2022, as compared to a loss of $620,917 in 2021.

The $3.8M increase in total assets was mainly due to increase in tax credits receivable and investment in film and television properties.

The $5.5M increase in total liabilities was mainly due to increase in deferred revenues from the projects in progress as well as the receipt of interim production financing.

A more detailed analysis of the other components of profits and loss is provided below under the title *Results of Operations – Quarter ended May 31, 2022 compared to the quarter ended May 31, 2021.*

Results of Operations

Three months ended May 31, 2022 compared to the three months ended May 31, 2021

The following discussion describes the significant changes in the consolidated results from operations:

Revenue

Revenue decreased by $698,970 from $1,233,429 in 2021 to $534,459 in 2022.

Production revenue was $nil in 2022 as compared to $204,298 in 2021. Contract production services revenue was $449,974 in 2022 as compared to $802,807 in 2021. Network has three service projects currently in the studio, but the Company's focus was on its proprietary projects the second quarter of fiscal 2022. No proprietary projects were delivered during the three months ended May 31, 2022, resulting in a relatively low amount of revenue being recorded from these projects.

The detailed breakdown of revenues is as follows:

		Three months ended May 31, 2022		Three months ended May 31, 2021
Production revenue	**$**	**-**	$	204,298
Contract production services revenue		**449,974**		802,807
Distribution revenue		**52,981**		142,390
Other revenue		**31,504**		83,934
	$	**534,459**	$	1,233,429

Production costs

Production costs were $381,353 in 2022 as compared to $559,017 in 2021 and is associated directly to the amount of service work project in production during the period.

Amortization of film and television properties

Amortization of film and television properties decreased by $511,266 from $994,737 in 2021 to $483,471 in 2022. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the year ended November 30, 2021 for information on how the amortization of the properties is calculated.

Amortization of property, equipment and right of use assets

Amortization of property, equipment and right of use assets decreased by $38,628 to $95,151 in 2022 as compared to $133,779 in 2021. The decrease is due to the derecognition of several equipment and office leases that had expired.

General and administrative expenses

General and administrative expenses increased by $268,934 from $248,167 in 2021 to $517,101 in 2022. The increase in expenses is primarily due to additional salaries and wages, transfer agent and filing fees and professional fees. The increase in salaries and wages is primarily due to the additional staff working on the launch of the NFT division.

A detailed breakdown of the expenses is as follows:

		Three months ended May 31, 2022		Three months ended May 31, 2021
Insurance	$	**6,144**	$	7,705
Interest and bank charges		**18,999**		12,374
Office and general		**49,930**		26,926
Professional fees		**62,574**		37,390
Salaries and wages		**306,896**		103,919
Technology and licenses		**4,098**		50,329
Telecomunications		**1,461**		3,200
Transfer agent and filing fees		**39,141**		5,445
Travel		**27,858**		879
	$	**517,101**	$	248,167

Impairment of investment in film and television properties

Network recorded impairment of film and television properties of $37,319 in 2022 compared to $909 in 2021 as a result of its assessment of the future viability of its various completed and projects in development.

Share-based compensation

Share-based compensation increased by $28,912 from $84,068 in 2021 to $112,980 in 2022. The increase is due to the vesting of options previously issued as calculated using the Black-Scholes model.

Foreign exchange gain

Foreign exchange loss decreased by $5,275 to $4,206 in 2022 as compared to $9,481 in 2021. The change is due to the fluctuation of the Canadian dollar against the US dollar throughout the fiscal period.

Financing expense, net

Total net financing expense increased by $12,841 from $9,985 in 2021 to $22,826 in 2022. The increase was due to the higher amount of interim production loan balances as well as the interest on the EDC loan received in 2021.

Loss for the period

Net and comprehensive loss for the three months ended May 31, 2022 was $1,119,948 ($0.01 loss per share) as compared to loss of $620,917 ($0.01 loss per share) in 2021.

Six months ended May 31, 2022 compared to the six months ended May 31, 2021

The following discussion describes the significant changes in the consolidated results from operations.

Revenue

Revenue decreased by $631,610 from $1,594,639 in 2021 to $963,029 in 2022. Although the Company's revenues appear to have decreased through the first six months of the fiscal year, its studio has been very busy and it anticipates a strong third and fourth quarter.

The detailed breakdown of revenues is as follows:

	Six months ended May 31, 2022	Six months ended May 31, 2021
Production revenue	**$ 313,816**	$ 204,298
Contract production services revenue	**523,625**	1,018,354
Distribution revenue	**94,084**	208,998
Other revenue	**31,504**	162,989
	$ 963,029	$ 1,594,639

Additional information about future revenue of the Company can be found at the section ***Revenue Recognition and Forward-Looking Statements.***

Production costs

Production costs were $448,891 in 2022 as compared to $684,543 in 2021 is associated directly to the amount of service work project in production during the period.

Amortization of film and television properties

Amortization of film and television properties decreased $503,977 from $1,473,020 in 2021 to $969,043 in 2022. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the year ended November 30, 2021 for information on how the amortization of the properties is calculated.

Amortization of property, equipment and right of use assets

Amortization of property, equipment and right of use assets decreased by $121,722 to $194,457 in 2022 as compared to $316,179 in 2021. The decrease is due to the derecognition of several equipment and office leases that had expired.

General and administrative expenses

General and administrative expenses increased by $396,635 from $512,973 in 2021 to $909,608 in 2022. The increase in expenses is primarily due to additional salaries and wages, transfer agent and filing fees and travel. The increase in salaries and wages is primarily due to the additional staff working on the launch of the NFT division.

A detailed breakdown of the expenses is as follows:

		Six months ended May 31, 2022		Six months ended May 31, 2021
Insurance	$	**13,351**	$	18,780
Interest and bank charges		**28,650**		28,753
Office and general		**83,637**		48,704
Professional fees		**89,514**		74,660
Salaries and wages		**595,616**		234,517
Technology and licenses		**6,809**		78,834
Telecomunications		**3,841**		8,715
Transfer agent and filing fees		**56,211**		19,131
Travel		**31,979**		879
	$	**909,608**	$	512,973

Impairment of investment in film and television properties

Network recorded impairment of development properties of $62,319 in 2022 compared to $43,275 in 2021 as a result of its assessment of the future viability of its various completed and projects in development.

Selling and distribution expenses

Selling and distribution expenses decreased by $331 from $11,056 in 2021 to $10,725 in 2022.

Share-based compensation

Share-based compensation increased $138,839 from $176,443 in 2021 to $315,282 in 2022. The increase is to the vesting of options previously issued as calculated using the Black-Scholes model.

Foreign exchange loss

Foreign exchange loss increased by $39,580 to $22,012 in 2022 as opposed to a gain of $17,568 in 2021. The change is due to the fluctuation of the Canadian dollar against the US dollar throughout the fiscal period.

Financing expense, net

Total net financing expense increased $33,082 from $22,651 in 2021 to $55,733 in 2022. The decrease is due to the lower amount of interim production loan balances throughout the period.

Loss for the period

Loss and contributed loss for the six months ended May 31, 2022 was $1,973,323 ($0.03 loss per share) as compared to $1,173,738 ($0.02 loss per share) in 2021.

Summary of Quarterly Results

The following table contains a summary of certain unaudited information for each of the eight most recent financial quarters. All periods presented have been prepared in accordance with IFRS.

000's of dollars, except per share figures	Quarter ended Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Total revenue	$ 534	$ 429	$ 1,050	$ 1,052	$ 1,150	$ 282	$ 1,890	$ 850
Net and comprehensive income (loss)	(1,120)	(853)	(743)	(579)	(621)	(553)	446	106
Income per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ -	$ 0.01	$ -

The quarterly information is unaudited, but reflects all adjustments of a normal, recurring nature, which are, in our opinion, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons in the financial results are not necessarily meaningful and should not be relied upon as an indication of future performance due to how revenue is recognized in the entertainment industry (see **Seasonality** below).

Liquidity and Capital Resources

Network's liquidity needs are met through a variety of sources. Network generates cash from operations, by borrowing against earned and expected tax credits, through operating lines of credit and through stock issuances. The primary uses of cash are operating expenses, capital expenditures, interest and principal payments on current debt, and investment in its properties.

Overall, the Company's cash position decreased by approximately $1.0M as at May 31, 2022. Cash provided by operating activities in the six months ended May 31, 2022, was $3.2M, compared to $1.1M in 2021.

Financing activities for the six months ended May 31, 2022 resulted in cash provided of $1.5M. In the period, the Company received $2.4M interim production financing. The cycle of incurring interim production financing and repayments thereof is common in the entertainment industry. Chartered banks regularly lend companies such as Network the funding to produce and complete its production through the financing of future contracted payments and tax credits. Upon receipt of these funds, the interim production financing is paid down and any excess funds go into working capital. In addition, the Company already received

Cash required by investing activities in the six months ended May 31, 2022 was $5.6M, compared to requiring cash of $1.6M in the prior period. The Company used the cash primarily for its continued development and production of its film and television properties.

Liquidity

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of production and distribution growth. The Company manages its capital structure in accordance with financial conditions and timing of various payments from production financings, third party broadcasters and distributors and from government tax credit programs. In order to maintain its capital structure, the Company may elect to issue or repay short-term debt, issue shares or undertake any other activities as deemed appropriate.

As at May 31, 2022, Network had a working capital deficit of $6.8M compared to $3.0M as at November 30, 2021. Readers are cautioned to be aware that deferred revenue is recorded by the Company as a current liability, whereas this funding is invested in film and television properties which is a long-term asset, thus creating an inherent working capital deficiency. If readers were to adjust the deficiency for the deferred revenue, the Company's working capital would be as follows:

	May 31, 2022	November 30, 2021
Current assets	**$ 6,726,108**	$ 4,747,336
Current liabilities	**(13,503,251)**	(7,753,064)
Working capital deficiency	**$ (6,777,143)**	$ (3,005,728)
Deferred revenue adjustment	**7,738,132**	4,561,327
Adjusted working capital (deficiency)	**$ 960,989**	$ 1,555,599

Network believes that between cash flow generated through operations, the Company's ability to negotiate short-term debt instruments, stock issuances and interim production financing of its proprietary properties, it will generate sufficient liquidity to meet cash requirements for the next 12 months.

Capital Management

The Company's objectives when managing capital are to safeguard its assets, maintain a competitive cost structure, continue as a going concern in order to pursue the development of its film and television properties, and provide a return to its shareholders in the form of capital appreciation. The Company defines capital as the aggregate of its shareholders' equity.

In order to facilitate management of capital, the Company continues to prepare annual expenditure budgets that are updated as necessary and dependent on various factors, including successful deployment of capital and industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company believes that through operations and production financing of its proprietary properties, it will generate sufficient liquidity to meet cash requirements for the next twelve months.

Related party transactions

The Company has transacted business in the normal course of operations with related parties and entities over which the related parties' exercise control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel consist of the Board of Directors and the named Officers of the Company, who have authority and responsibility for planning, directing and controlling the activities of the Company. During the six months ended May 31, 2022, the Company:

- paid or accrued wages to key management personnel in the following manner:
    - Recorded as general and administrative expenses – $12,500 (2021 – $7,800)
    - Recorded as investment in film and television properties – $319,100 (2021 – $138,800);
    - Recorded as direct production costs – $nil (2021 – $184,800)
    - These costs were paid to the following related parties:
        - $137,500 (2021 – $132,800) as salaries and wages to the CEO;
        - $112,500 (2021 – $112,500) as salaries and wages to the COO, and;
        - $81,600 (2021 – $80,100) as salaries and wages to a company controlled by the CFO.

- recorded share-based compensation of $191,711 (2021 – $103,470) on options that vested during the period, as follows:
    - $27,049 (2021 – $18,045) to three Directors;
    - $84,777 (2021 – $47,603) to the current and former Chairman of the Board of Directors;
    - $33,224 (2021 – $16,172) to the CEO;
    - $26,847 (2021 – $12,755) to the COO;
    - $17,694 (2021 – $7,722) to the CFO, and;
    - $2,120 (2021 – $1,173 to another related party.

- granted nil (2021 – 1,200,000) stock options under the Company's stock option plan

At May 31, 2022, the Company owed $13,650 (November 30, 2021 – $122,588) to companies controlled by an Officer of the Company. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Capital Expenditures

The Company monitors its property and equipment on a continual basis and replenishes on an as needed basis. The Company does not anticipate any significant expenditures on property and equipment in the upcoming year.

Share Issuances

During the six months ended May 31, 2022, the Company did not issue any common shares.

Options

Pursuant to the Company's equity-settled stock option plan, Directors may, from time to time, authorize the granting of options to Directors, employees and consultants of the Company to a maximum of 20% of the outstanding shares of the Company which is limited to a maximum of 17,000,000 options as approved by the shareholders of the Company. Options granted under the plan have contractual option terms not exceeding 10 years and vesting periods as determined by the Company's Board of Directors.

The Company uses the Black-Scholes option-pricing model to determine the estimated fair value, at the grant date, of the options issued. In all the calculations the annual dividend yield was assumed to be $nil, and expected volatility was based on historical volatility. All other assumptions are summarized below:

Grant Date	Options Granted	Exercise Price	Share Price	Annual Volatility Rate	Risk Free Interest Rate	Fair Value at Grant Date	Expected Life
Year ended 2021	7,210,000	$ 0.16	$ 0.17	114%	0.90%	$ 0.17	4.9
Year ended 2022	400,000	$ 0.23	$ 0.23	99%	1.30%	$ 0.23	3.0

For the six months ended May 31, 2022, the Company recognized compensation expense in relation to the above listed options of $112,980 and $315,282 (2021 – $84,068 and $176,443), which is included in profit or loss.

Escrow shares

As at May 31, 2022, the Company had no common shares held in escrow.

Seasonality

Results of operations for any period are dependent on the number and timing of film and television properties delivered, which cannot be predicted with certainty. Consequently, the Company's results from operations may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily correlated with revenue recognition. During the initial license of broadcast rights by the Company, the Company is reliant on the broadcaster's budget and financing cycles as well as delivery schedules. If the license period gets delayed and commences at a later date than originally predicted, the periods in which revenues are recorded may be affected. Readers of the Financial Statements and this MD&A are therefore cautioned about extrapolating the results for quarterly or annual periods in the financial year ended November 30, 2021, into quarterly or annual expectations in future years.

Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity or attached market rates of interest. The Company is exposed to various risks related to its financial instruments as follows:

Risks arising from financial instruments

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has not entered into foreign exchange purchase contracts to manage its foreign exchange risk, because, in management's view, the cost of setting up the contracts is in excess of the risks associated with a sudden change in the exchange rates. Management continually monitors the exchange rates and will enter into risk prevention measures when warranted.

A five percent fluctuation in the US dollar rate impacting US dollar revenues during the six months ended May 31, 2022 would result in a $46,203 (2021 – $63,264) impact to profit or loss.

The Company is also exposed to foreign exchange risk on its cash, accounts receivable and accounts payable balances that are denominated in US dollars, being, respectively, $1,104,454 (2021 – $230,959), $20,232 (2021 – $88,581) and $254,181 (2021 – $591,951).

A five percent fluctuation in the US dollar closing rate at May 31, 2022 would result in a net change to profit or loss of $43,526 (2021 – $13,621).

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is subject to credit risk with respect to cash and accounts receivable. The Company's maximum exposure to credit risk at the end of the reporting period is the carrying value of these assets. Substantially all of the Company's customers are in the entertainment industry and are subject to normal industry credit risks. Credit risk is managed through a credit approval process and monitoring procedures.

All cash balances are held at a major Canadian banking institution.

At May 31, 2022, there are $155,200 of accounts receivable past due, over 30 days, but not considered impaired (2021 – $48,342).

(iii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk arises on interest-bearing financial instruments recognized in the consolidated statement of financial position such as interim production financing.

If the market interest rates had changed 100 basis points, the Company's cost of capital would have fluctuated by $30,673 (2021 – $20,641) during the six months ended May 31, 2022.

(iv) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liquidity needs can be met through a variety of sources. The Company generates cash from operations, by borrowing against earned tax credits through interim production financing, and by issuances of common shares. The Company manages liquidity risk by continuously monitoring actual and forecast cash flows.

The Company will require additional capital in order to meet the payment expectations related to its debts. Accounts payable and accrued liabilities are due on standard commercial terms.

Off-Balance Sheet Arrangements

There are no off-balance sheet obligations that are not disclosed in the financial statements.

Outstanding Shares

As at July 27, 2022, the Company had 89,123,537 common shares issued and outstanding, and has 16,471,667 stock options outstanding.

Other

Additional information and other publicly filed documents relating to Network are available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com.