Condensed Interim Consolidated Financial Statements of

NETWORK MEDIA GROUP INC.

For the three month period ended February 28, 2023 and 2022
(Expressed in Canadian dollars)

(Unaudited – prepared by management)

N E T W O R K

www.networkmediagroup.ca

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statement have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, BC
April 24, 2023

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statements of Financial Position

As at February 28, 2023 and November 30, 2022

Expressed in Canadian dollars (unaudited)

	Note		**February 28, 2023**		November 30, 2022
ASSETS					
Current					
Cash		**$**	**937,795**	$	708,287
Accounts receivable	3		**988,846**		1,125,581
Tax credits receivable			**3,275,239**		4,398,650
Prepaid expenses and deposits			**104,124**		67,076
			5,306,004		6,299,594
Tax credits receivable			**91,440**		1,667,012
Accounts receivable	3		**130,000**		130,000
Property, equipment and right of use assets	4		**267,083**		347,514
Intangible asset	5		**400,000**		400,000
Investment in film and television properties	6, 15, 19		**11,332,157**		11,714,410
Total Assets		**$**	**17,526,684**	$	20,558,530
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Line of credit	7	**$**	**300,000**	$	185,000
Accounts payable and accrued liabilities	5, 12, 19		**4,310,660**		4,884,303
Interim production financing	8		**1,229,325**		2,926,897
Deferred revenue	9		**502,445**		575,782
Current portion of debt payable	13		**420,000**		300,000
Current lease obligations	10		**80,020**		152,121
			6,842,450	5	9,024,103
Accounts payable	5		**150,000**		150,000
Debt payable	13		**600,000**		795,000
Lease obligations	10		**6,316**		6,316
Total Liabilities			**7,598,766**		9,975,419
Shareholders' Equity					
Share capital	11		**12,927,976**		12,927,976
Share-based payment reserve	11(c)		**1,225,775**		1,164,210
Deficit			**(4,225,833)**		(3,509,075)
Total Shareholders' Equity			**9,927,918**		10,583,111
Total Liabilities and Shareholders' Equity		**$**	**17,526,684**	$	20,558,530

Nature of operations and going concern (Note 1)
Subsequent events (Note 23)

Approved by the Board of Directors on April 24, 2023

"Paul Gertz" — Paul Gertz, Director

"Derik Murray" — Derik Murray, Director

See accompanying notes to these condensed interim consolidated financial statements.

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statements of Net and Comprehensive Loss

For the three month period ended February 28, 2023 and 2022

Expressed in Canadian dollars (unaudited)

	Note		Three month period ended **February 28, 2023**		February 28, 2022
Total revenue	20	**$**	**1,828,115**	$	428,570
Production costs	14(b), 15, 19		**564,083**		67,538
Amortization of film and television properties	6		**1,308,491**		485,572
Amortization of property, equipment and right of use assets	4		**83,981**		99,306
General and administrative	14(a), 19, 21		**359,910**		392,507
Impairment of investment in film and television properties	6		**6,302**		25,000
Selling and distribution			**60,550**		10,725
Share-based compensation	11(c), 19		**86,180**		202,302
Foreign exchange loss			**75,746**		17,806
Write-off of accounts payable	12		**-**		(51,718)
			2,545,243		1,249,038
Loss before other items			**(717,128)**		(820,468)
Other income			**(28,021)**		-
Financing expense, net	14(b)		**52,266**		32,907
Net and comprehensive loss for the period		**$**	**(741,373)**	$	(853,375)
Loss per share					
- basic		**$**	**(0.01)**	$	(0.01)
- diluted		**$**	**(0.01)**	$	(0.01)
Weighted average number of shares outstanding					
- basic			**89,123,537**		75,658,909
- diluted			**89,123,537**		75,658,909

See accompanying notes to these condensed interim consolidated financial statements.

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three month period ended February 28, 2023 and 2022

Expressed in Canadian dollars (unaudited)

	Note	Number of Common Shares		Share Capital		Share-based Payment Reserve		Deficit		Total
Balance as at November 30, 2021		89,123,537	$	12,927,976	$	1,054,137	$	(4,527,196)	$	9,454,917
Share-based compensation	11(c)	-		-		202,302		-		202,302
Net and comprehensive loss for the period		-		-		-		(853,375)		(853,375)
Balance as at February 28, 2022		**89,123,537**	**$**	**12,927,976**	**$**	**1,256,439**		**(5,380,571)**	**$**	**8,803,844**
Balance as at November 30, 2022		89,123,537	$	12,927,976	$	1,164,210	$	(3,509,075)		10,583,111
Share-based compensation	11(c)	-		-		86,180		-		86,180
Reclassification of fair value of expired/cancelled stock options	11(c)	-		-		(24,615)		24,615		-
Net and comprehensive loss for the period		-		-		-		(741,373)		(741,373)
Balance as at February 28, 2023		**89,123,537**	**$**	**12,927,976**	**$**	**1,225,775**	**$**	**(4,225,833)**	**$**	**9,927,918**

See accompanying notes to these condensed interim consolidated financial statements.

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statements of Cash Flows

For the three month period ended February 28, 2023 and 2022

Expressed in Canadian dollars (unaudited)

	Three month period ended	
	February 28, 2023	February 28, 2022
Operating activities		
Loss for the period	**$ (741,373)**	$ (853,375)
Items not involving cash:		
Amortization of property, equipment and right of use assets	**83,981**	99,306
Amortization of film and television properties	**1,308,491**	485,572
Impairment of investment in film and television properties	**6,302**	25,000
Share-based compensation	**86,180**	202,302
Write-off of accounts payable	**-**	(51,718)
	743,581	(92,913)
Net changes in non-cash working capital items		
Accounts receivable	**136,735**	55,551
Tax credits receivable	**(49,138)**	(41,892)
Prepaid expenses and deposits	**(37,048)**	2,497
Accounts payable and accrued liabilities	**(524,605)**	(405,657)
Accrued interest	**87,497**	11,657
Deferred revenue	**(73,337)**	580,741
Net cash provided by operating activities	**283,685**	109,984
Financing activities		
Proceeds from (repayment of) interim production financing	**(1,756,838)**	630,000
Proceeds from line of credit	**115,000**	10,000
Repayment of lease obligations	**(74,772)**	(90,060)
Repayment of debt payable	**(100,560)**	-
Net cash provided by (used in) financing activities	**(1,817,170)**	692,940
Investing activities		
Purchase of property, equipment and right of use assets	**(3,550)**	(33,842)
Investment in film and television properties, net of tax credits	**2,271,693**	(2,007,328)
Investment in properties under development	**(505,150)**	(44,198)
Net cash provided by (used in) investing activities	**1,762,993**	(2,085,368)
Net change in cash	**229,508**	(1,282,443)
Cash, beginning of period	**708,287**	2,788,730
Cash, end of period	**$ 937,795**	$ 1,506,287

Supplemental cash flow information (Note 22)

See accompanying notes to these condensed interim consolidated financial statements.

1. Nature of operations and going concern

Network Media Group Inc. ("Network" or the "Company") was incorporated on July 12, 2010 under the Business Corporations Act of the Province of British Columbia. Network together with its subsidiaries, develops, produces and exploits film and television properties in addition to providing production services to third parties.

The Company has a working capital deficit of $1,536,446 and an accumulated deficit of $4,225,833 which give rise to material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to continue to generate profitable operations, manage its capital and access sufficient future capital if needed. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of operations and at amounts different from those in these condensed interim consolidated financial statements.

The Company's registered office is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended November 30, 2022.

The condensed interim consolidated financial statements of the Company for the three month period ended February 28, 2023 and 2022 were authorized for issue by the Board of Directors on April 24, 2023.

(b) Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention, except for financial instruments measured at fair value and cash flow information.

(c) Functional currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian and US subsidiaries.

2. Basis of presentation (continued)

(d) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of Network and its wholly owned subsidiaries. The active companies included within the consolidated financial statements are as follows:

- Network Media Group Inc. (British Columbia Incorporated)
- Network Entertainment Inc. (British Columbia Incorporated)
- Network Films Nineteen Inc. (British Columbia Incorporated)
- Network Films Twenty-One Inc. (British Columbia Incorporated)
- Network Films Twenty-Two Inc. (British Columbia Incorporated)
- Network Pictures Twenty-One Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Two Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Four Inc. (British Columbia Incorporated)
- Network Entertainment Corp. (Delaware Incorporated)
- Network NFT Studios Inc. (formerly Network Studios Inc.) (British Columbia Incorporated)

All intercompany balances, transactions, income and expenses are eliminated on consolidation.

(e) Significant accounting judgments and key sources of estimate uncertainty

The preparation of the condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to financial statements, have been set out in Note 3 of the Company's audited annual consolidated financial statements for the year ended November 30, 2022. Actual results may differ materially from these estimates.

(f) Standards issued but not effective

New or revised accounting standards not yet adopted accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Expressed in Canadian dollars (Unaudited)

3. Accounts receivable

		February 28, 2023		November 30, 2022
Receivables from broadcasters	$	**905,254**	$	1,048,309
Input tax credits and other receivables		**83,592**		77,272
	$	**988,846**	$	1,125,581

The aging of current receivables from broadcasters is as follows:

		February 28, 2023		November 30, 2022
Less than 60 days	$	**342,698**	$	684,913
Over 61 days		**562,556**		363,396
	$	**905,254**	$	1,048,309

Accounts receivable of $130,000 (November 30, 2022 – $130,000) is due in 15 months and has been presented as non-current.

4. Property, equipment and right of use assets

	Computer Equipment	Furniture and Office Equipment	Production Equipment	Right of Use Assets	Total
Cost					
Balance at November 30, 2021	$ 980,785	$ 106,286	$ 61,148	$ 1,240,582	$ 2,388,801
Additions	29,474	-	11,039	6,906	47,419
Expired leases	-	-	-	(332,405)	(332,405)
Balance at November 30, 2022	1,010,259	106,286	72,187	915,083	2,103,815
Additions	3,550	-	-	-	3,550
Balance at February 28, 2023	**$ 1,013,809**	**$ 106,286**	**$ 72,187**	**$ 915,083**	**$ 2,107,365**
Accumulated amortization					
Balance at November 30, 2021	$ 803,677	$ 77,992	$ 43,524	$ 786,445	$ 1,711,638
Amortization expense	57,558	5,656	6,943	306,911	377,068
Expired leases	-	-	-	(332,405)	(332,405)
Balance at November 30, 2022	861,235	83,648	50,467	760,951	1,756,301
Amortization expense	11,312	1,130	1,629	69,910	83,981
Balance at February 28, 2023	**$ 872,547**	**$ 84,778**	**$ 52,096**	**$ 830,861**	**$ 1,840,282**
Carrying amount					
November 30, 2022	$ 149,024	$ 22,638	$ 21,720	$ 154,132	$ 347,514
February 28, 2023	**$ 141,262**	**$ 21,508**	**$ 20,091**	**$ 84,222**	**$ 267,083**

There were no impairment write-downs or any reversals of previous write-downs, nor did the Company have any disposals of property and equipment, during the periods presented.

Expressed in Canadian dollars (Unaudited)

4. Property, equipment and right of use assets (continued)

The continuity of right of use assets is as follows:

	Leasehold Improvements	Office	Vehicle	Equipment	Total
Cost					
Balance at November 30, 2021	$ 13,734	$ 818,797	$ 34,186	$ 373,865	$ 1,240,582
Additions	-	-	-	6,906	6,906
Expired leases	-	-	-	(332,405)	(332,405)
Balance at November 30, 2022 and February 28, 2023	**$ 13,734**	**$ 818,797**	**$ 34,186**	**$ 48,366**	**$ 915,083**
Accumulated amortization					
Balance at November 30, 2021	$ 3,845	$ 422,390	$ 14,222	$ 345,988	786,445
Amortization expense	6,592	264,271	7,111	28,937	306,911
Expired leases	-	-	-	(332,405)	(332,405)
Balance at November 30, 2022	$ 10,437	$ 686,661	$ 21,333	$ 42,520	$ 760,951
Amortization expense	1,648	66,068	1,641	553	69,910
Balance at February 28, 2023	**$ 12,085**	**$ 752,729**	**$ 22,974**	**$ 43,073**	**$ 830,861**
Carrying amount					
November 30, 2022	$ 3,297	$ 132,136	$ 12,853	$ 5,846	$ 154,132
February 28, 2023	**$ 1,649**	**$ 66,068**	**$ 11,212**	**$ 5,293**	**$ 84,222**

5. Intangible asset

On February 1, 2022, the Company entered into a non-fungible token ("NFT") Licensing Agreement whereby the Company acquired certain rights to develop, create, and market NFTs (collectively, the "NFT Licenses"). Once the NFT Licenses are commercially viable, the Company will amortize the cost of the licenses over the term. A continuity schedule of the intangible asset is as follows:

	Intangible asset
Cost	
Balance at November 30, 2021	$ -
Additions	400,000
Total as of November 30, 2022 and February 28, 2023	**$ 400,000**

Consideration for the NFT Licenses is as follows:

- $75,000 in the fiscal year ended November 30, 2022, of which $25,000 was paid March 17, 2022, $25,000 was paid June 8, 2022, and a further $25,000 was paid on September 28, 2022,
- $175,000 in the fiscal year ended November 30, 2023, which has been recorded in accounts payable and accrued liabilities; and
- $150,000 in the fiscal year ended November 30, 2024, which has been recorded in accounts payable and accrued liabilities, if the Company exercises its right to renew and extend the term of the NFT Licenses to December 31, 2025.

Expressed in Canadian dollars (Unaudited)

6. Investment in film and television properties

	Properties in development	Properties in progress	Properties completed and released	Total
Balance, November 30, 2021	$ 898,739	$ 3,926,377	$ 6,195,975	$ 11,021,091
Additions	388,082	9,277,589	10,662	9,676,333
Tax credits accrued	-	(1,875,039)	(4,544)	(1,879,583)
Transferred to projects in progress	(2,041)	2,041	-	-
Transferred to properties completed and released	-	(10,167,497)	10,167,497	-
Amounts written off and impaired	(87,167)	-	-	(87,167)
Amortization	-	-	(7,016,264)	(7,016,264)
Balance, November 30, 2022	1,197,613	1,163,471	9,353,326	11,714,410
Additions	505,150	587,121	-	1,092,271
Tax credits accrued	-	(159,731)	-	(159,731)
Transferred to properties completed and released	-	(1,515,126)	1,515,126	-
Amounts written off and impaired	(6,302)	-	-	(6,302)
Amortization	-	-	(1,308,491)	(1,308,491)
Balance, February 28, 2023	**$ 1,696,461**	**$ 75,735**	**$ 9,559,961**	**$ 11,332,157**
As at February 28, 2023				
Cost	**$ 1,696,461**	**$ 75,735**	**$ 42,672,270**	**$ 44,444,466**
Accumulated amortization	**-**	**-**	**(33,112,309)**	**(33,112,309)**
Carrying amount	**$ 1,696,461**	**$ 75,735**	**$ 9,559,961**	**$ 11,332,157**
As at November 30, 2022				
Cost	$ 1,197,613	$ 1,163,471	$ 41,157,145	$ 43,518,229
Accumulated amortization	-	-	(31,803,819)	(31,803,819)
Carrying amount	$ 1,197,613	$ 1,163,471	$ 9,353,326	$ 11,714,410

During the three month period ended February 28, 2023, interest of $22,174 (2022 – $1,131) has been capitalized within the properties in progress and productions completed and released balances.

7. Line of credit

The Company has available a line of credit agreement with a Canadian chartered bank which provides that the Company may borrow up to $300,000. Borrowing under the line of credit bears interest, payable monthly, at the bank's prime rate plus 1.8% and is secured by a general security agreement over the property of the Company. The balances payable under this agreement are due on demand. As of February 28, 2023, outstanding borrowings were $300,000 (November 30, 2022 – $185,000). Refer to Note 14(b) for related interest expense.

8. Interim production financing

Certain subsidiaries of the Company have secured interim bank loans to finance the cost of producing their respective productions. These loans bear interest at the bank's prime rate plus 1.50% per annum and are repayable on demand. Each loan is secured by the tax credits receivable of the respective subsidiary and a general security agreement over the assets of the Company. Refer to Note 14(b) for related interest expense. During the three month period ended February 28, 2023, the Company repaid interim production financing of $2,381,838 and received additional financing of $625,000.

Expressed in Canadian dollars (Unaudited)

9. Deferred revenue

Deferred revenue represents distribution and development advances as well as contracted fees received or receivable prior to the contracted work being completed.

Distribution advances will be taken into income upon completion of properties in progress. Development advances are from unrelated third parties for development of current and future properties. Repayment of the advances is contingent upon commencement of principal photography. In the event that the properties are not produced, the development advances are typically forgiven by the third party.

As at February 28, 2023, the Company had a deferred revenue balance of $502,445 (November 30, 2022 – $575,782).

The following table reflects the movement in deferred revenue:

	February 28, 2023	November 30, 2022
Deferred revenue, beginning of period	**$ 575,782**	$ 4,561,327
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	**(225,000)**	(4,561,327)
Increases due to cash received, excluding amounts recognized as revenue during the period	**151,663**	575,782
Deferred revenue, end of period	**$ 502,445**	$ 575,782

10. Lease obligations

The Company's leases are comprised of the following:

	Note	Office Leases	Equipment Leases	Vehicle Leases	Total
Lease obligations recognized at November 30, 2021		$ 402,084	$ 44,869	$ 20,929	$ 467,882
Leases entered into during the year		-	6,906	-	6,906
Interest expense		13,996	216	854	15,066
Lease payments		(278,692)	(44,742)	(7,983)	(331,417)
Lease obligations recognized at November 30, 2022		137,388	7,249	13,800	158,437
Less: non-current portion		-	-	(6,316)	(6,316)
Current portion of lease liabilities		$ 137,388	$ 7,249	$ 7,484	$ 152,121
Lease obligations recognized at November 30, 2022		$ 137,388	$ 7,249	$ 13,800	$ 158,437
Interest expense	14(b)	1,424	1,100	147	2,671
Lease payments		(69,673)	(3,257)	(1,842)	(74,772)
Lease obligations recognized at February 28, 2023		69,139	5,092	12,105	86,336
Less: non-current portion		-	-	(6,316)	(6,316)
Current portion of lease liabilities		$ 69,139	$ 5,092	$ 5,789	$ 80,020

Expressed in Canadian dollars (Unaudited)

11. Share capital and share-based payment reserve

(a) Authorized

The Company has an unlimited number of authorized common shares and preferred shares with no par value.

(b) Issued share capital

The Company did not issue any common shares during the three month period ended February 28, 2023 and year ended November 30, 2022.

(c) Share-based payment reserve

Pursuant to the Company's equity-settled stock option plan, as last amended on October 11, 2022, the Board of 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.

During the three month period ended February 28, 2023, 270,000 (2022 - Nil) stock options were cancelled or expired, resulting in a reclassification of amounts totalling $24,615 (2022 – $Nil) from share-based payment reserve to deficit.

	As at February 28, 2023			As at November 30, 2022		
	Number of Options		**Weighted Ave. Exercise Price**	Number of Options		Weighted Ave. Exercise Price
Outstanding, beginning of year	**16,181,667**	**$**	**0.15**	14,268,667	$	0.15
Granted	**-**	**$**	**0.11**	5,386,667	$	0.11
Expired	**-**	**$**	**0.14**	(2,768,667)	$	0.14
Cancelled	**(270,000)**	**$**	**0.14**	(705,000)	$	0.14
Outstanding, end of period	**15,911,667**	**$**	**0.14**	16,181,667	$	0.14

Expressed in Canadian dollars (Unaudited)

11. Share capital and share-based payment reserve (continued)

(c) Share-based payment reserve (continued)

As at February 28, 2023, the following stock options are outstanding and exercisable:

Number of options outstanding	Number of options exercisable	Exercise price		Remaining life (yrs)	Expiry
1,360,000	1,360,000	$	0.15	0.14	April 19, 2023
250,000	250,000	$	0.12	0.73	November 23, 2023
1,440,000	1,440,000	$	0.13	1.38	July 15, 2024
400,000	400,000	$	0.15	1.67	October 28, 2024
200,000	200,000	$	0.23	1.68	November 1, 2024
400,000	400,000	$	0.23	1.79	December 13, 2024
200,000	200,000	$	0.15	1.97	February 15, 2025
1,000,000	666,667	$	0.20	2.01	March 2, 2025
2,120,000	1,413,333	$	0.16	2.79	December 14, 2025
3,240,000	1,080,000	$	0.15	3.59	September 30, 2026
690,000	230,000	$	0.16	3.61	October 7, 2026
4,611,667	-	$	0.10	4.41	July 27, 2027
15,911,667	7,640,000			2.94	

The Company did not grant any stock options during the three month period ended February 28, 2023.

During the year ended November 30, 2022, 5,386,667 stock options were granted. Vesting terms are as follows:

- 400,000 stock options granted December 13, 2021, vested immediately,
- 200,000 stock options granted February 15, 2022, vested immediately, and;
- 4,786,667 stock options grated July 27, 2022: one third vesting one, two and three years from the grant date.

Expressed in Canadian dollars (Unaudited)

11. Share capital and share-based payment reserve (continued)

(c) Share-based payment reserve (continued)

The Company uses the Black-Scholes option-pricing model to determine the estimated fair value, at the grant date, of the stock 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
2022	5,386,667	$ 0.11	$ 0.09	93%	2.65%	$ 0.06	4.8

For the three month period ended February 28, 2023, the Company recognized compensation expense in relation to these stock options of $86,180 (2022 – $202,302), which is included in profit or loss.

Share-based payment reserve consists of the following amounts:

	February 28, 2023	November 30, 2022
Outstanding options	**$ 1,394,100**	$ 1,332,535
Convertible debt	**134,326**	134,326
Share exchange for Network Entertainment Inc.	**(302,651)**	(302,651)
	$ 1,225,775	$ 1,164,210

12. Accounts payable

During the three month period ended February 28, 2023, management reviewed the accounts payable and noted that a portion of the accounts payable had been outstanding for an extended period of time and there has been no correspondence received by the Company from these creditors for payment. As the statute of limitations has expired, management determined to write-off $nil (2022 – $51,718) from accounts payable.

Expressed in Canadian dollars (Unaudited)

13. Debt payable

		February 28, 2023		November 30, 2022
The Company has secured a $1,200,000 loan from a chartered bank through the Export Development Canada COVID relief funding program. The line of credit is secured by a general charge over the assets of the Company and accrues interest payable monthly, at the bank's prime rate plus 0.25%. The term of the loan is 5 years from initial drawdown, commencing on February 1, 2021, with interest only for the first year, then converts to a term loan for the final 4 years. Refer to Note 14(b) for related interest expense.	**$**	**900,000**	$	975,000
The Company received loans of $180,000 through the Canada Emergency Business Account to provide emergency support due to the impact of COVID-19. If the principal of $120,000 is repaid by December 31, 2023, the remaining $60,000 will be forgiven. Commencing January 1, 2024 any remaining balance will be converted into a two-year term loan which will incur interest at 5% per annum. The Company anticipates that $120,000 of this loan will be repaid during 2023, therefore, the forgivable balance of $60,000 was recognized as other income in profit or loss during the year ended November 30, 2021.		**120,000**		120,000
	$	**1,020,000**	$	1,095,000
Less: current portion		**(420,000)**		(300,000)
Non-current portion of debt payable	**$**	**600,000**	$	795,000

Principal repayments on long term debt are as follows:

- $300,000 for the fiscal year ended November 30, 2023,
- $420,000 for the fiscal year ended November 30, 2024, and;
- $300,000 for the fiscal year ended November 30, 2025.

14. Supplemental statement of net and comprehensive loss disclosure

(a) Employee benefit expenses

Total salaries and wages recognized in profit or loss is $739,577 (2022 – $305,596) of which $505,848 was recorded as production costs (2022 – $16,875) and $233,729 was recorded as general and administrative (2022 – $288,721).

Expressed in Canadian dollars (Unaudited)

14. Supplemental statement of net and comprehensive loss disclosure (continued)

(b) Financing expense

Financing expense is comprised of the following:

	Three month period ended **February 28, 2023**	Three month period ended February 28, 2022
Interest income	**$ (13,058)**	$ -
Interest expense on interim production financing	**37,093**	6,297
Interest expense on line of credit	**25,560**	21,639
Interest expense on lease obligations	**2,671**	4,971
Net financing expense	**$ 52,266**	$ 32,907

15. Government assistance

Refundable tax credits relating to production activities of the Company are claimed from the federal and provincial governments in Canada. The refundable tax credits for the three month period ended February 28, 2023 were recorded as follows:

- Reduction to production costs of $766,458 (2022 – $41,892), and;
- Reduction to investment in film and television properties of $159,731 (2022 – $486,723).

16. Financial instruments

The Company's financial assets and liabilities are classified as follows:

Financial instrument	**Classification**
Cash	Amortized cost
Accounts receivable	Amortized cost
Line of credit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Interim production financing	Amortized cost
Debt payable	Amortized cost

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 has no financial instruments measured at FVTPL.

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 classifies the fair value of these transactions according to a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

16. Financial instruments (continued)

Risks arising from financial instruments

The Company is exposed to various risks related to its financial instruments as follows:

(i) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's net income and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. Market risk is comprised of foreign exchange risk, interest rate risk and other price risk. The Company is not exposed to material other price risk. The Company's exposure to market risk is as follows:

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 three month period ended February 28, 2023 would result in a $34,642 (2022 – $5,406) 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 U.S. dollars, being, respectively, $653,345 (November 30, 2022 – $470,234), $507,201 (November 30, 2022 – $928,993) and $1,287,296 (November 30, 2022 – $428,704).

A five percent fluctuation in the US dollar closing rate at February 28, 2023 would result in a net change to profit or loss of $6,338 (2022 – $37,487).

The Company's exposure to and management of foreign exchange risk, has not changed materially from that of the prior year.

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 line of credit, interim production financing and debt payable.

If the market interest rates had changed 100 basis points, the Company's cost of capital would have fluctuated by $50,495 (2022 – $36,258).

The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

Expressed in Canadian dollars (Unaudited)

16. Financial instruments (continued)

(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, and there are no expected credit losses.

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

As of February 28, 2023, there are $562,556 (November 30, 2022 – $363,396) of accounts receivable due over 61 days, but not considered impaired. Refer to Note 3 for a breakdown.

The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

(iii) 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.

The timing of payments required for accounts payable and debt in the next 5 years, by year, is as follows:

	2023	2024	2025	2026	2027
Accounts payable and accrued liabilities	$ 4,310,660	$ 150,000	$ -	$ -	$ -
Interim production financing	1,229,325	-	-	-	-
Debt payable	420,000	300,000	300,000	-	-
	$ 5,959,985	$ 450,000	$ 300,000	$ -	$ -

The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

Expressed in Canadian dollars (Unaudited)

17. 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. Capital as at February 28, 2023 was $9,927,918 (November 30, 2022 – $10,583,111).

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.

There were no changes in the Company's approach to capital management during the three month period ended February 28, 2023. The Company is not subject to externally imposed capital requirements.

18. Contingent liabilities

The Company and its subsidiaries may from time to time, be a party to certain legal disputes and claims arising from employment or commercial issues in the normal course of business.

The Company and its subsidiaries may, from time to time, enter into royalty or rights agreements for the use of images, stock footage, names and similar items. The Company is liable to pay for the use of these rights contingent on achieving particular production milestones. As these milestones are achieved, the Company accrues the related royalties and rights payable which are no longer contingent.

19. Related parties

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. Related parties are defined as key management personnel as well as any companies that are controlled by Officers or Directors of the Company. The Company paid or accrued wages and recognized share-based compensation to key management personnel in the following manner:

	Three month period ended	
	February 28, 2023	February 28, 2022
Short-term employee benefits	**$ 159,750**	$ 161,350
Share-based compensation	**45,901**	191,711
	$ 205,651	$ 353,061
Recorded as:		
General and administrative expenses	**$ 7,500**	$ 7,500
Share-based compensation	**45,901**	191,711
Production costs	**80,090**	-
Investment in film and television properties	**72,160**	153,850
	$ 205,651	$ 353,061

Recorded in accounts payable and accrued liabilities at February 28, 2023 is $13,650 (November 30, 2022 – $13,650) owed to a company controlled by an Officer of the Company. Amounts due to the related party are unsecured, non-interest bearing and due on demand.

Expressed in Canadian dollars (Unaudited)

20. Revenue

	Three month period ended February 28, 2023	February 28, 2022
Production revenue	**$ 1,035,850**	$ 313,851
Contract production services revenue	**666,313**	73,616
Distribution revenue	**125,952**	41,103
	$ 1,828,115	$ 428,570

Of the Company's $1,828,115 (2022 – $428,570) in revenues for the three month period ended February 28, 2023, $1,135,273 (2022 – $6,595) was attributable to external customers located in Canada, $675,282 (2022 – $393,141) was attributable to external customers located in the U.S., and $17,560 (2022 – $28,834) was attributable to other external customers.

21. General and administrative expenses

	Three month period ended February 28, 2023	February 28, 2022
Insurance	**$ 9,043**	$ 7,206
Interest and bank charges	**18,563**	9,651
Office and general	**45,777**	33,707
Professional fees	**26,987**	26,940
Salaries and wages	**233,729**	288,721
Technology and licenses	**4,322**	2,711
Telecomunications	**3,699**	2,380
Transfer agent and filing fees	**15,088**	17,070
Travel	**2,702**	4,121
	$ 359,910	$ 392,507

Expressed in Canadian dollars (Unaudited)

22. Supplemental cash flow information

i. Non-cash investing and financing activities

	Three month period ended			
		February 28, 2023		February 28, 2022
Amount included in prior year projects in progress transferred to productions completed and released	**$**	**1,515,126**	$	4,868,627
Tax credits receivable included in production costs	**$**	**3,449,992**	$	1,077,626
Accounts payable included in production costs	**$**	**2,128,642**	$	-
Fair value of options cancelled	**$**	**24,615**	$	-

ii. Interest and income taxes paid

Interest paid during the three month period ended February 28, 2023 was $124,398 (2022 – $29,038). The Company did not pay any income taxes during the three month periods ended February 28, 2023 and 2022.

iii. Reconciliation of liabilities arising from financing activities

			Three month period ended February 28, 2022					
				Cash flows		**Non-cash changes**		
						Accrued interest		
Line of credit	$	290,000	$	10,000	$	-	$	300,000
Interim production financing		509,588		630,000		6,297		1,145,885
Lease obligations		467,882		(90,060)		5,360		383,182
Debt payable		1,177,000		143,000		-		1,320,000
Total liabilities from financing activities	$	2,444,470	$	692,940	$	11,657	$	3,149,067

			Three month period ended February 28, 2023					
				Cash flows		**Non-cash changes**		
						Accrued interest		
Line of credit	$	185,000	$	115,000	$	-	$	300,000
Interim production financing		2,926,897		(1,756,838)		59,266		1,229,325
Lease obligations		158,437		(74,772)		2,671		86,336
Debt payable		1,095,000		(100,560)		25,560		1,020,000
Total liabilities from financing activities	**$**	**4,365,334**	**$**	**(1,817,170)**	**$**	**87,497**	**$**	**2,635,661**

23. Subsequent events

Subsequent to February 28, 2023:

i. the Company issued 300,000 stock options on March 24, 2023, exercisable at a price of $0.10 for a term of 5 years, with one-half vesting upon the date of grant and one-half one year from the date of grant; and
ii. 1,360,000 stock options expired, unexercised.