

Management's Discussion and Analysis of

NETWORK MEDIA GROUP INC.

For the year ended November 30, 2024

N E T W O R K

www.networkentertainment.ca

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (“MD&A”) prepared as of March 27, 2025, should be read in conjunction with Network Media Group Inc.’s (the “Company” or “Network”) audited consolidated financial statements and accompanying notes for the years ended November 30, 2024 and 2023. The Company reports its financial results in accordance with IFRS Accounting 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.sedarplus.ca.

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’s primary business entails developing, producing, distributing, and exploiting its film and television properties, as well as providing production services to third parties.

During the year ended November 30, 2024, the Company delivered two proprietary feature length documentaries entitled *I Am Joe Frazier*, and *I Am Raquel Welch*. It also completed and delivered a 4-part series documentary and a feature length documentary as contracted services work for third parties. In addition, Network continued production on four other feature length documentaries.

For the year ended November 30, 2024, the Company realized the following:

- Revenues of \$11.2M (2023 – \$7.1M)
- Net and comprehensive loss of \$1.9M (2023 – loss of \$0.3M):
- Loss per share of \$0.11 (2023 – loss per share of \$0.02)
- Adjusted EBITDA loss of \$0.2M (2023 – income of \$0.2M)
- Adjusted EBITDA loss per share of \$0.01 (2023 – earnings per share of \$0.01)
- Backlog of \$11.6M (2023 – \$22.7M)

For the three months ended November 30, 2024, the Company realized the following:

- Revenues of \$3.3M (2023 –\$1.4M)
- Net and comprehensive income of \$0.2M (2023 – income of \$0.3M):
- Earnings per share of \$0.01 (2023 – earnings per share of \$0.02)
- Adjusted EBITDA \$1.1M (2023 – loss \$0.1M)
- Adjusted EBITDA per share of \$0.06 (2023 – loss per share of \$0.01)

A summary of the significant events and operational highlights for Network’s year ended November 30, 2024 include the following:

- In June 2024, our BRATS feature documentary, directed by original Brat Pack member Andrew McCarthy (based on his New York Times bestselling book *Brat: An ‘80s Story*), in partnership with NEON and ABC News Studios, showcased at the Tribeca Film Festival and premiered shortly after that on Hulu, reaching the #1 spot. The film explores what it meant to be part of the notorious group of young Hollywood actors in the 1980s who were dubbed the Brat Pack.
- Subsequent to November 30, 2024, our Sly Stone feature documentary, *Sly Lives!*, debuted on January 23, 2025 at the Sundance Film Festival. Directed by Academy Award-winner and four-time Grammy and Sundance Film Festival Award-winner Ahmir “Questlove” Thompson, in partnership with MRC Non-Fiction and Onyx Collective, the film celebrates the ground-breaking musical artist Sly Stone, of Sly and the Family Stone. After the 2025 Sundance Film Festival, it premiered on February 13, 2025, on Hulu/Disney.

Operations & Outlook

Network’s production slate is primarily comprised of two forms of programming: feature-length documentary films and docu-series. The Company works closely with streaming platforms, broadcasters, distributors, and independent financiers to maximize the sales and distribution opportunities, and resulting financial return, of its productions. Produced for distribution and exhibition on streaming services, theater screens, television (including cable and linear), online, and other forms of home entertainment, these productions are the foundation of Network's brand and statement of quality to the marketplace.

Over the last couple of years, Network invested in its Non-Fungible Token (“NFT”) division. Network NFT Studios was created as an extension of the core business to develop partnerships with top creators from film, music, art, fashion, and sports. The market for NFT’s has not reemerged to the extent that the Company had anticipated and as such, took a write-down of its investment in NFTs by recording an impairment of intangible assets for \$150,000 during this fiscal year.

Financing

During the year ended November 30, 2024, the Company’s operations were financed primarily by cash generated from operating activities, production financing, and bank advances.

The Company finances its proprietary productions by way of advances from funding partners (broadcasters, distributors, and streaming services), as well as by securing production loans and equity investment partners. During the year, the Company received \$1.7M (2023 – \$0.8M) of production loans which are secured by future contracted funding from broadcasters and distributors, as well as government labour tax credits receivable. The Company also received a \$Nil (2023 - \$0.7M) promissory note which is secured by a general security interest over the assets and undertakings of the Company. In addition, operating activities generated \$1.7M (2023 – \$4.9M) of cash.

History and Business of the Company

Network was founded in 1999 as a television and film production company. Network’s principal business is the development, financing, production, marketing and distribution of factual/non-scripted feature-length documentary films, documentary television series, online programming and specialty sports and entertainment productions. Network is focused on developing and producing high quality, high profile content for the North American and international markets.

One strand of Network’s programming is feature-length documentaries and docu-series showcasing the lives of the world’s most inspiring cultural icons and their enduring legacies. Network’s films have featured a compelling lineup of icons from the worlds of Music, Movies, Comedy, Sports, Politics and Business. Network’s premium brand of programming features A-list casts along with highly cinematic, richly crafted storytelling. Network productions are consistently embraced by both popular and critical acclaim, garnering awards, high ratings and media coverage.

Network has a collaborative, interdisciplinary team of producers, directors, cinematographers, editors, writers, and designers who are committed to producing stories that strike a chord with audiences around the world. Network works with global broadcasters and streaming platforms, including *ABC, AHC, AMC, Apple TV+, Discovery, ESPN, ESPN Classic, CBC, CMT, CTV, HBO Canada, History Channel, National Geographic, Paramount Network, Peacock, EPIX, Spike, Sundance, TMN, TSN, Discovery, MRC, NEON, YouTube*, and most recently with *Netflix*.

Network’s work has been recognized by leading industry associations around the world, including the Oscars, the Emmys, the Critics’ Choice Documentary Awards, the African American Film Critics Association, the NAACP Image Awards, the Realscreen Awards, and in Canada, the Gemini and Leo Awards, as well as renowned festivals including Sundance, Tribeca, TIFF, and SXSW, among many others.

Network’s feature documentaries, series and specials budgets vary, depending on the amount of archival/licensed footage included, music rights, IP acquisition costs, and any rights fees paid to subjects and or key participants. Once financed, films and series are typically produced and released within 12 to 18 months, depending on the subject, cast availability and release strategy. Delivery timelines can be delayed and are subject to streamer/broadcaster air date changes, talent availability and decisions to add additional shoot days and content.

Network’s release strategy for its feature documentaries often includes a limited theatrical release in key markets, supported by a strategic public relations campaign that leads into the US world television premiere. Our public relations campaigns are coordinated with the streamer’s/broadcaster’s marketing efforts and typically include magazine covers (*People, Rolling Stone*) along with interviews on the morning show circuit. Network maximizes the attention drawn to the title with a release to online transactional platforms such as *iTunes, Amazon* and Blu-ray distribution shortly thereafter. Network’s business model is de-risked by pre-selling its films with commitments from

U.S., international and Canadian buyers/partners, minimizing the amount of investment required from the Company, if any. Any investment by the Company typically comes by way of deferring its overhead or producer fees which are recouped through subsequent sales into the international markets. Network also maximizes the BC and Canadian film tax credit incentives to assist in funding its production budgets.

Distribution and Revenue Model

Network's revenue is generated from a variety of sources. The main sources are: (1) licensing to linear and cable television networks, OTT media services (streaming services), distributors, and independent financiers, which provide a buyout, license fee or minimum guarantee against future sales/royalties; (2) ancillary distribution including DVD/digital distribution, plus online/Video on Demand ("VOD") sales; and (3) third-party service work.

(1) Television/Streaming Licensing

US licensing agreements for commercial television and streaming stipulate a broadcaster's/streamer's rights to telecast/release the property over a prescribed period of time in a specific territory for a negotiated license fee, or an outright sale of all rights in perpetuity. License fees vary widely from thousands to millions of dollars depending on whether the buyer is a conventional network, cable TV operator, or streaming service, and what territory it broadcasts/releases in. With the establishment of streaming services by many of the industry's biggest and most influential companies, including *Disney*, *Apple*, *NBC Universal*, *Paramount/CBS*, *HBO*, *Netflix*, *Amazon*, *YouTube*, and *Epix*, among others, the number of potential buyers for Network properties continues to expand. Other considerations that determine the license fees paid include: the television or film production's market recognition (brand equity), attached brands (talent or organization), and the overall creative. For many of its projects, U.S. licensing fees are a foundational part of the funding of the production of the television or film property the Company is creating.

(2) Distribution

Network also finances its proprietary productions through minimum guarantees from domestic and international distributors. Once these minimum guarantees have been reached, Network participates in all future revenues received from the distributor. The distributors typically earn a fee plus expenses equaling a total of 25-30% of the sale, with the balance going to Network. Similar to the initial television licensing agreements, the minimum guarantees Network receives are typically included in the financing structure of the production of the property.

In recent years, Network has been financing selected proprietary productions through independent channels, which include third-parties who provide all or a portion of the funding required in exchange for a back-end, equity interest in future sales and revenue streams. In this financing structure, 50% of the net proceeds from the sale of a project are typically split 50/50 between the Company as the creator/producer, and the financiers. Under this structure, investors will recoup their original investment, plus a premium, and then receive 50% of the sale proceeds. Network will sometimes also contribute to the financing of the production, and in such instances, the Company will participate in the financier's 50% participation, in addition to its producer's share of 50% of the net proceeds. Other key creative parties (Executive Producers, Directors, Talent and Estates) will often also be entitled to a participation in Networks 50% share of the creator/producer's share of net proceeds. Network's goal is to net a minimum of 25% of the net sales proceeds after third-party and investor participations.

Network strives to retain digital and online rights to its properties, which it can then exploit/distribute directly and thereby maximize revenues. Because Network's properties typically feature high-profile and well-known subjects, they are particularly popular in digital and online mediums due to their market recognition. Digital and online distribution provides additional sales primarily through the following mediums:

- Digital download, all forms of VOD, including Subscription Video on Demand ("SVOD"), Transactional Video on Demand ("TVOD"), and Advertising-based Video on Demand ("AVOD"), and mobile distribution are additional revenue generators for Network's properties
- DVD/Blu-ray sales

(3) Third party service work

Network not only produces its own proprietary content, but will also work with other major studios/broadcasters to produce properties that are ultimately owned by third parties. In its Development Phase, Network will work on a concept and pitch it to streamers/studios/broadcasters as a television or film property. Often, these streamers/studios/broadcasters will want to retain full ownership of the concept or idea. In such a situation, the streamer/studio/broadcaster typically funds 100% of the project's budget and, in turn, engages Network to produce the project. Under this structure, Network earns production fees, a potential premium fee, overhead allocations, and also typically has a participation on future revenues of these projects.

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, 2024 and 2023). 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 performance obligations under the contract have been achieved and the goods or services have been transferred to the customer, which are normally:

- Persuasive evidence of a contractual arrangement exists;
- The program is complete;
- The contractual delivery arrangements have been satisfied;
- The customer has access to the licensed content and has the contractual right to broadcast or stream the content;
- The fee is fixed or determinable;
- Collection of the fee is reasonably assured; and
- The costs incurred or to be incurred in respect of the contractual arrangement can be measured reliably.

Cash received pursuant to broadcast license fees or distribution advances is recorded as deferred revenue and recognized as revenue at a specific point in time, after all foregoing conditions of revenue recognition have been met.

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, where performance obligations are satisfied over time, based upon the proportion of direct costs incurred in the current year to total expected costs. When it is expected that total costs will exceed revenue the expected loss is recognized immediately in profit or loss.

Forward-looking revenue

Contracts and funding for a film or television property are secured in advance of commencement of production of the property. The Company has certain properties currently in production which have been sold to buyers under binding purchase agreements. Deferred revenue totaling approximately \$2.0M as at November 30, 2024 (2023 – \$2.3M), represents funding advances received on these properties.

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 audited consolidated financial statements and accompanying notes for the years ended November 30, 2024, 2023 and 2022 and can be found at www.sedarplus.ca.

Consolidated Summary of Financial Position	As at November 30, 2024	As at November 30, 2023	As at November 30, 2022
Cash	\$ 3,016,447	\$ 2,275,164	\$ 708,287
Current assets	6,066,281	7,400,173	6,299,594
Investment in film and television properties	10,462,903	11,710,187	11,714,410
Total assets	18,083,532	19,827,948	20,558,530
Current liabilities	8,650,137	8,839,112	9,024,103
Total liabilities	9,109,840	9,265,135	9,975,419
Shareholders' equity	8,973,692	10,562,813	10,583,111
Working capital deficit	\$ (2,583,856)	\$ (1,438,939)	\$ (2,724,509)

Consolidated Statements of Net and Comprehensive Income (Loss)

Expressed in Canadian dollars

	Year ended November 30, 2024	Year ended November 30, 2023	Year ended November 30, 2022
Total revenue	\$ 11,231,656	\$ 7,127,055	\$ 12,433,913
Production costs	7,868,468	2,875,428	1,998,660
Amortization of investment in film and television properties	2,656,581	2,624,348	7,016,264
Amortization of property, equipment and right-of-use assets	503,851	338,744	377,068
General and administrative	907,337	1,069,903	1,540,340
Impairment of investment in film and television properties	405,685	52,199	87,167
Selling and distribution	90,765	416,047	137,439
Share-based payments	321,736	300,639	530,815
Derecognition of accounts payable	(106,836)	(604,473)	(54,613)
	12,647,587	7,072,835	11,633,140
Income (loss) before other items	(1,415,931)	54,220	800,773
Other income	(29,220)	(28,021)	(44,232)
Interest income	(19,145)	(92,589)	(4,774)
Foreign exchange loss	153,189	181,880	110,692
Remeasurement on lease modifications	7,779	-	-
Financing expense	205,516	268,719	137,103
Impairment of intangible asset	150,000	-	-
Income (loss) before income taxes	(1,884,050)	(275,769)	601,984
Income tax expense	26,807	45,168	4,605
Net and comprehensive income (loss) for the year	\$ (1,910,857)	\$ (320,937)	\$ 597,379
Earnings (loss) per share			
- basic	\$ (0.11)	\$ (0.02)	\$ 0.03
- diluted	\$ (0.11)	\$ (0.02)	\$ 0.03
Weighted average number of shares outstanding			
- basic	17,824,707	17,824,707	17,824,707
- diluted	17,824,707	17,824,707	17,824,707
Adjusted EBITDA	\$ (262,275)	\$ 169,350	\$ 1,785,442
Adjusted EBITDA per share	\$ (0.01)	\$ 0.01	\$ 0.10

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, Adjusted EBITDA and Future Contracted Production Revenue (commonly referred to as backlog). 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 payments 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:

	Year ended November 30, 2024	Year ended November 30, 2023	Year ended November 30, 2022
Income (loss) for the period	\$ (1,910,857)	\$ (320,937)	\$ 597,379
<u>Adjustments</u>			
Amortization of property, equipment and right of use assets	503,851	338,744	377,068
Impairment of investment in film and television properties	405,685	52,199	87,167
Financing expense	205,516	268,719	137,103
Share-based payments	321,736	300,639	530,815
Interest income	(19,145)	(92,589)	(4,774)
Foreign exchange loss	153,189	181,880	110,692
Derecognition of accounts payable	(106,836)	(604,473)	(54,613)
Impairment of intangible asset	150,000	-	-
Remeasurement on lease modifications	7,779	-	-
Income tax expense	26,807	45,168	4,605
Adjusted EBITDA	\$ (262,275)	\$ 169,350	\$ 1,785,442

Contracted Future Production Revenues (Backlog)

The Company uses the non-IFRS measure "backlog", which is defined as the undiscounted value of signed agreements for production services for work that has not yet been performed, but which the Company expects to recognize revenue in future periods. The extent of eventual revenue recognized in future periods may be materially higher or lower than this amount, depending upon assumptions and expectations that 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 1.35 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 revenue estimates may not be met and actual results may differ, perhaps materially.

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. One 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.

Below is an estimate of the ultimate gross revenue and the expected period of recognition for these properties included in backlog:

Contracted Future Production Revenues	\$ Millions
Deferred revenue as at November 30, 2024	\$ 2.0
Contracted future revenue	9.6
Total expected revenue - contracted	<u><u>\$ 11.6</u></u>
Revenues expected within 6 months	\$ 5.7
Revenues expected within 7 to 12 months	\$ 3.0
Revenues beyond 12 months	\$ 2.9

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 March 27, 2025, Network has contracts for \$11.6M that have yet to be recorded as revenue but are expected to be received and recognized as revenue within the periods noted above.

Overall Financial Position – Fiscal 2024

Net and comprehensive income decreased by \$1,589,920 to a loss of \$1,910,857 for the year ended November 30, 2024, as compared to a loss of \$320,937 in 2023.

The \$1.8M decrease in total assets was mainly due to the receipt of tax credits receivable and offset by an influx of cash.

The \$0.2M decrease in total liabilities was mainly due to the increase of payables offset by repayment of production financing.

A more detailed analysis of the other components of earnings from operations is provided below under the title *Results of Operations – Fiscal 2024 Compared to Fiscal 2023* and *Results of Operations – Fourth Quarter of Fiscal 2024*.

Results of Operations – Fiscal 2024 Compared to Fiscal 2023

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

Revenue

Revenue increased by \$4,104,601 from \$7,127,055 in 2023 to \$11,231,656 in 2024.

The detailed breakdown of revenues is as follows:

- Production revenue was \$2,379,393 in 2024 as compared to \$1,525,541 in 2023. The increase is due to the deliveries of two proprietary projects being *I Am Joe Frazier* and *I Am Raquel Welch*, where in 2023 Network delivered one proprietary project.
- Contract production services revenue was \$8,494,841 in 2024 as compared to \$3,032,353 in 2023. The increase in revenues is due to a larger volume of service projects being worked on in the current year.
- Distribution revenue was \$357,422 in 2024 as compared to \$2,569,161 in 2023. The decrease was due to the re-licensing of the I Am slate of library films to the CW Network in the prior year.

	Year Ended	
	November 30, 2024	November 30, 2023
Revenue recognized at a specific point in time		
Distribution revenue	\$ 357,422	\$ 2,569,161
Production revenue	2,379,393	1,525,541
	<u>2,736,815</u>	<u>4,094,702</u>
Revenue recognized when performance obligations are satisfied over time		
Contract production services revenue	<u>8,494,841</u>	<u>3,032,353</u>
Total revenue	\$ 11,231,656	\$ 7,127,055

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 \$7,868,468 in fiscal 2024 as compared to \$2,875,428 in fiscal 2023, an increase of \$4,993,040 over last year. The current year's costs were associated directly to the amount of service work projects in production during the year.

Amortization of investment in film and television properties

Amortization of investment in film and television properties increased by \$32,233 from \$2,624,348 in fiscal 2023 to \$2,656,581 in fiscal 2024. Please refer to the material accounting policies in Note 3 of the audited consolidated financial statements for the years ended November 30, 2024 and 2023 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 increased by \$165,107 to \$503,851 in fiscal 2024 as compared to \$338,744 in fiscal 2023. The increase is due to the acquisition of property and equipment, leasehold improvements and an office lease which was entered into during the year.

General and administrative expenses

General and administrative expenses decreased by \$162,566 from \$1,069,903 in fiscal 2023 to \$907,337 in fiscal 2024. The decrease in expenses is primarily due to the decrease in salaries and wages and technology and licenses.

A detailed breakdown of the expenses is as follows:

	Year Ended	
	November 30, 2024	November 30, 2023
Insurance	\$ 46,035	\$ 40,660
Interest and bank charges	137,324	92,563
Office and general	156,415	108,616
Professional fees	126,232	152,192
Salaries and wages	332,622	507,609
Technology and licenses	7,776	74,980
Telecommunications	9,173	12,738
Transfer agent and filing fees	49,487	53,278
Travel	42,273	27,267
General and administrative	907,337	1,069,903

Impairment of investment in film and television properties

The valuation of investment in film and television properties is reviewed for indicators of impairment on a property-by-property basis at each reporting period. The property is tested for impairment when circumstances indicate that the recoverable amount of a property may be less than its carrying value. Such indicators may include an adverse change in business climate, technology, or regulations that impact the industry. The determination of whether such indicators exist requires significant judgment.

If indication of impairment exists, the asset's recoverable amount is estimated to determine the extent of an impairment loss, if any. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each film and television property is considered to be a CGU.

The recoverable amount of an asset or CGU is the greater of fair value less costs of disposal and value in use. The determination of the recoverable amount in the impairment assessment requires estimates based on present value or other valuation techniques or a combination thereof, requiring management to make subjective judgments and assumptions. When calculating an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the cash flows have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset, or CGU, exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, if any, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. The Company has no goodwill balance for any of the reporting periods presented.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized. The reversal of an impairment loss is recognized immediately in profit or loss

Network recorded impairment of investment in film and television properties of \$405,685 in fiscal 2024 compared to \$52,199 in fiscal 2023, an increase of \$381,239.

The impairment in fiscal 2024 was the result of management's decision to cease further development of certain properties which resulted in the write-off of the property's carrying amounts.

Selling and distribution expenses

Selling and distribution expenses decreased to \$90,765 in fiscal 2024 as compared to \$416,047 in fiscal 2023 which is primarily due to costs related to the relicensing of a slate of library films in the U.S.

A detailed breakdown of selling and distribution expenses is as follows:

	Year Ended	
	November 30, 2024	November 30, 2023
Distribution and relicensing	\$ 68,427	\$ 386,317
Media and advertising	4,650	14,498
Royalty payments	17,688	15,232
Selling and distribution	\$ 90,765	\$ 416,047

Share-based payments

Share-based payments increased by \$21,097 from \$300,639 in fiscal 2023 to \$321,736 in fiscal 2024. The increase is primarily due to the incremental increase in fair value of stock options amended during the year.

Foreign exchange loss

Foreign exchange loss decreased by \$28,691 to \$153,189 in fiscal 2024 as opposed to \$181,880 in fiscal 2023. The change is due to the fluctuation of the Canadian dollar against the U.S. dollar throughout the fiscal year.

Financing expense

Total financing expense decreased by \$63,203 from \$268,719 in fiscal 2023 to \$205,516 in fiscal 2024. This decrease was mainly due to the repayment of interim loans on completed projects from the prior year.

Income (Loss) /Adjusted EBITDA for the year

Loss for the year ended November 30, 2024 was \$1,910,857 (\$0.11 per share) as compared to a loss of \$320,937 (\$0.02 per share) for the year ended November 30, 2023.

In each period, a number of expenses were attributed to non-cash items such as share-based payments, amortization and impairments, which provided Adjusted EBITDA loss of \$262,275 (\$0.01 per share) in 2024 and adjusted EBITDA of \$169,350 (\$0.01 per share) in 2023. See "Non-IFRS Measures".

Results of Operations – Fourth Quarter of Fiscal 2024

The following discussion describes the significant changes in the results from operations for the three-month period ended November 30, 2024 (Q4 2024), compared to the same period in 2023 (Q4 2023).

Revenue

Revenue increased by \$1,865,271 from \$1,394,500 in Q4 2023 to \$3,259,771 in Q4 2024.

The detailed breakdown of revenues is as follows:

- Production revenue was \$2,379,393 in Q4 2024 as compared to \$402,740 in Q4 2023. The increase is due to the deliveries of *I Am Joe Frazier*, and *I Am Raquel Welch*.
- Contract production services revenue was \$660,989 in Q4 2024 as compared to \$674,746 in Q4 2023, a marginal decrease.
- Distribution revenue was \$219,389 in Q4 2024 as compared to \$317,014 in Q4 2023. Distribution revenue from the prior year relates to the re-licensing of the I Am slate of library films to the CW Network.

	Three month period ended	
	November 30, 2024	November 30, 2023
Revenue recognized at a specific point in time		
Distribution revenue	\$ 219,389	317,014
Production revenue	2,379,393	402,740
	<u>2,598,782</u>	<u>719,754</u>
Revenue recognized when performance obligations are satisfied over time		
Contract production services revenue	<u>660,989</u>	674,746
Total revenue	<u>\$ 3,259,771</u>	<u>1,394,500</u>

Production costs

Production costs were \$598,856 in Q4 2024 as compared to \$806,729 in Q4 2023 in relation to the amount of service work projects in production during the period.

Amortization of investment in film and television properties

Amortization of investment in film and television properties increased by \$1,310,085 from \$195,109 in Q4 2023 to \$1,505,194 in Q4 2024. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the years ended November 30, 2024 and 2023 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 increased by \$82,346 to \$167,208 in Q4 2024 as compared to \$84,862 in Q4 2023. The increase is due to the acquisition of property and equipment, leasehold improvements and an office lease entered into during the current period.

General and administrative expenses

General and administrative expenses decreased by \$21,107 from \$235,108 in Q4 2023 to \$214,001 in Q4 2024.

A detailed breakdown of the expenses is as follows:

	Three month period ended	
	November 30, 2024	November 30, 2023
Insurance	\$ 16,048	\$ 12,857
Interest and bank charges	73,473	3,265
Office and general	19,349	7,885
Professional fees	25,697	47,359
Salaries and wages	57,760	84,161
Technology and licenses	3,867	54,428
Telecommunications	2,206	1,813
Transfer agent and filing fees	13,904	12,743
Travel	1,697	10,597
General and administrative	\$ 214,001	\$ 235,108

Impairment of investment in film and television properties

Network recorded impairment of investment in film and television properties of \$350,036 in Q4 2024 compared to a recovery of \$4,103 in fiscal 2023.

The impairment in Q4 2024 was the result of management's decision to cease further development of certain properties which resulted in the write-off of the property's carrying amounts.

Selling and distribution expenses (recovery)

Selling and distribution expenses were \$262,414 in Q4 2023 as compared to a recovery of \$6,957 in Q4 2024. Expenses in the prior year were primarily due to costs related to the relicensing of a slate of library films in the U.S.

A detailed breakdown of the expenses is as follows:

	Three month period ended	
	November 30, 2024	November 30, 2023
Distribution and relicensing	(6,957)	262,337
Media and advertising	-	77
Selling and distribution	(6,957)	262,414

For the three months ended November 30, 2024, the Company posted a recovery of \$6,957 as opposed to an expense of \$262,414 in the corresponding 2023 period. The recovery was due to a reallocation of certain expenses at the November 30, 2024 period end. The expenditures in the 2023 period were due to the relicensing expenses associated with the re-sale of certain titles to *CW Network* for the *I Am* library.

Share-based payments

Share-based payments increased by \$179,532 from \$47,284 in Q4 2023 to \$226,816 in Q4 2024. The increase is primarily due to the incremental increase in fair value of stock options amended during the quarter.

Foreign exchange loss

Foreign exchange loss marginally increased by \$4,040 to \$36,836 in Q4 2024 as opposed to \$32,796 in Q4 2023. The change is due to the fluctuation of the Canadian dollar against the U.S. dollar throughout the quarter.

Financing expense

Total financing expense decreased by \$60,735 from \$104,481 in Q4 2023 to \$43,746 in Q4 2024. This decrease was mainly due to the repayment of interim loans on completed projects from the prior year.

Income/Adjusted EBITDA for the quarter

Net and comprehensive income for the three months ended November 30, 2024 was \$219,286 (earnings of \$0.01 per share) as compared to an income of \$280,600 (earnings of \$0.02 per share) in Q4 2023.

In each period, a number of expenses were attributed to non-cash items such as share-based payments, amortization and impairments, which provided Adjusted EBITDA of \$1,102,193 (\$0.06 per share) in 2024 and adjusted EBITDA loss of \$104,860 (\$0.01 per share) in 2023. See “Non-IFRS Measures”.

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							
	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Total revenue	\$ 3,260	\$ 2,836	\$ 3,007	\$ 2,129	\$ 1,394	\$ 2,639	\$ 1,266	\$ 1,828
Net and comprehensive income (loss)	\$ 219	\$ (769)	\$ (755)	\$ (606)	\$ 281	\$ 806	\$ (666)	\$ (741)
Earnings (loss) per share - basic and diluted	\$ 0.01	\$ (0.04)	\$ (0.04)	\$ (0.03)	\$ 0.02	\$ 0.05	\$ (0.04)	\$ (0.04)

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 debt and share issuances. The primary uses of cash are operating expenses, capital expenditures, interest and principal payments on current debt, and investment in its film and television properties.

Overall, the Company’s cash position increased by \$0.7M between November 30, 2024 and November 30, 2023. Cash provided by operating activities in the year ended November 30, 2024, was \$1.7M, compared to \$4.9M in the prior year.

Financing activities for the year ended November 30, 2024 resulted in cash used of \$0.8M compared to cash used of \$2.0M in fiscal 2023. During the year, the Company received production financing of \$1.7M (2023 – \$0.8M) and repaid \$1.5M (2023 – \$2.8M) of production financing. The cycle of incurring 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 the tax credits, the production financing is repaid and any excess funds go into working capital.

Cash used in investing activities in the year ended November 30, 2024 was \$0.2M, compared to \$1.4M in the prior year. The Company used the cash primarily for its continued development and production of its film and television properties.

Liquidity

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 November 30, 2024, Network had a working capital deficit of \$2.6M compared to \$1.4M as at November 30, 2023. Readers are cautioned to be aware that deferred revenue is recorded by the Company as a current liability, whereas the related productions for which deferred revenue is recognized are long-term assets. If readers were to adjust working capital deficit for deferred revenue, the Company’s working capital would be as follows:

	November 30, 2024	November 30, 2023
Current assets	\$ 6,066,281	\$ 7,400,173
Current liabilities	(8,650,137)	(8,839,112)
Working capital deficit	\$ (2,583,856)	\$ (1,438,939)
Deferred revenue adjustment	2,010,628	2,307,770
Adjusted working capital (deficit)	\$ (573,228)	\$ 868,831

Network believes that, through cash flow generated from operations, the Company’s ability to negotiate short-term debt instruments, share 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. Capital for the year ended November 30, 2024, was \$8,973,692 (2023 – \$10,562,813).

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 year ended November 30, 2024. The Company is subject to externally imposed capital requirements (Note 22 of the audited consolidated financial statements for the years ended November 30, 2024 and 2023).

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 year ended November 30, 2024, the Company:

- paid or accrued wages to key management personnel in the following manner:
 - Recorded as general and administrative expenses – \$48,000 (2023 – \$30,000);
 - Recorded as investment in film and television properties – \$505,315 (2023 – \$318,012);
 - Recorded as production costs – \$371,301 (2023 – \$369,873);
 - These costs were paid to the following related parties:
 - \$298,000 (2023 – \$280,000) as salaries and wages to the CEO;
 - \$225,000 (2023 – \$225,000) as salaries and wages to the COO;
 - \$178,715 (2023 – \$157,543) as salaries and wages to the CFO and to a company controlled by the CFO; and
 - \$18,400 (2023 – \$4,000) as salaries and wages to two related parties.
- recorded share-based payments of \$174,652 (2023 – \$131,322) on options that vested and incremental share-based payments expense in relation to the amendment of stock options during the year, as follows:
 - \$21,237 (2023 – \$19,923) to two Directors;
 - \$57,048 (2023 – \$16,572) to the current Chairman of the Board of Directors;
 - \$42,623 (2023 – \$43,351) to the CEO;
 - \$35,052 (2023 – \$36,274) to the COO;
 - \$17,594 (2023 – \$14,933) to the CFO; and
 - \$1,098 (2023 – \$269) to another related party.

Recorded in accounts payable and accrued liabilities at November 30, 2024 are the following amounts:

- a) \$13,250 (2023 – \$16,926) 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.
- b) Pursuant to Executive Producer Agreements, as last amended on April 20, 2024:
 - \$96,342 (2023 - \$31,342) in yearly executive producer (“EP”) fees, of which \$65,000 (2023 - \$31,342) was recorded in production costs in profit or loss in the current year. The first instalment is payable on achieving particular production milestones of certain projects for which production has not yet commenced, and
 - \$25,000 (2023 - \$20,000) in EP fees which was recorded as investment in film and television properties. The fees were payable on achieving particular production milestones for productions that have commenced.
- c) Pursuant to an amendment to a Promissory Note agreement, an EP fee of \$84,500 (2023 - \$Nil) of which \$69,875 was recorded in production costs in profit or loss and \$14,625 in investment in film and television properties.

Promissory note

On April 25, 2023, as last amended effective April 30, 2024, the Company entered into a Promissory Note agreement with certain Directors of the Company for a loan (the “Loan”) of up to \$650,000. The Loan bears interest of 12% per annum and is secured by a general security interest over the assets and undertakings of the Company. Additionally, the Directors of the Company have agreed to a postponement and assignment of claim in favour of the line of credit lender.

As consideration for an amendment to the Loan, the Directors would receive a fee of \$32,500, which was due on or before April 30, 2024. As at November 30, 2023, the fee was recorded in promissory note and as a financing expense in profit or loss and was paid during the year ended November 30, 2024.

The Loan was due on April 30, 2024 and if not repaid by such date, the Directors would receive a further \$65,000 as an EP fee which has been recorded in production costs in profit or loss in the current year.

Pursuant to an amendment, the Company and the Directors of the Company agreed upon an extension to July 31, 2025 at an interest rate of 12% per annum. As consideration, the Directors would receive an executive producer fee of \$19,500 for every 12 month period the Promissory Note is outstanding, in lieu of incremental interest at a rate of 15%. As at November 30, 2024, a total of \$4,875 has been recorded in production costs in profit or loss and \$14,625 in investment in film and television properties.

As at November 30, 2024 and 2023, the Company has drawn upon the total Loan of \$650,000 and recorded \$78,214 (November 30, 2023 – \$72,577) in interest expense of which \$12,995 (November 30, 2023 – \$13,036) was accrued for and subsequently paid.

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

The Company did not issue any common shares during the years ended November 30, 2024 and 2023.

Options

Pursuant to the Company's equity-settled stock option plan, as last amended on October 11, 2024, 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 3,564,940 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 weighted-average assumptions are summarized below:

Grant date / Amendment	Options granted	Exercise price	Share price	Annual volatility rate	Risk free interest rate	Fair value at grant date	Expected life
2023	140,000	\$ 0.50	\$ 0.25	96%	3.51%	\$ 0.05	5.0
2024*	2,706,333	\$ 0.30	\$ 0.24	98%	3.58%	\$ 0.24	5.0

*Weighted average inputs to determine the fair value of amended options

For the year ended November 30, 2024, the Company recognized share-based payments expense in relation to vested stock options of \$108,357 (2023 – \$300,639) and \$213,379 (2023 - \$Nil) in incremental share-based payments expense in relation to the amendment of stock options, the total of which is included in profit or loss.

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, 2024, 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) *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. The Company is not exposed to material other price risk than market risk, as follows:

Currency risk

Currency 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 currency 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 foreign exchange rates impacting foreign currency revenues during the year ended November 30, 2024 would result in a \$281,024 (2023 – \$290,355) impact to profit or loss.

The Company is also exposed to currency risk on its cash, accounts receivable and accounts payable balances that are denominated in U.S. dollars, being, respectively, \$1,309,614 (2023 – \$2,267,315), \$966,816 (2023 – \$1,119,405) and \$894,786 (2023 – \$722,056).

A five percent fluctuation in the U.S. dollar closing rate at November 30, 2024 would result in a net change to profit or loss of \$69,083 (2023 – \$133,233).

The Company's exposure to and management of currency 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 \$63,602 (2023 – \$71,945).

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

(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 receivables from broadcasters. 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 at November 30, 2024, three broadcasters (2023 – three) represented receivables from broadcasters, as such, the Company is exposed to concentration of credit risk for receivables. As of November 30, 2024, there are \$158,824 (2023 – \$393,217) of receivables from broadcasters due over 61 days, but not considered impaired.

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

Off-Balance Sheet Arrangements

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

Outstanding Shares

As at March 27, 2025, the Company had 17,824,707 common shares issued and outstanding and has 2,611,333 stock options outstanding.

Risks and Uncertainties

The following are the specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects, and financial condition. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all of the risks and uncertainties the Company may be subject to.

Risks Related to the Nature of the Entertainment Industry

The entertainment industry involves a substantial degree of risk. Acceptance of entertainment programming represents a response not only to the production's artistic components, but also the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly or without notice and cannot be predicted with certainty. There is a risk that some or all of the Company's programming will not be purchased or accepted by the public generally, resulting in a portion of costs not being recouped or anticipated profits not being realized. There can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any particular production.

Risks Related to Television and Film Industries

Because the performance of television and film programs in ancillary markets, such as home video and pay and free television, is often directly related to reviews from critics and/or television ratings, poor reviews from critics or television ratings may negatively affect future revenue. The Company's results of operations will depend, in part, on the experience and judgment of its management to select and develop new investment and production opportunities. The Company cannot make assurances that the Company's films and television programs will obtain favourable reviews or ratings that its films will perform well in ancillary markets or that broadcasters will license the rights to broadcast any of the Company's film and television programs in development or renew licenses to broadcast film and television programs in the Company's library. The failure to achieve any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Licensed distributors' decisions regarding the timing of release and promotional support of the Company's films, television programs and related products are important in determining the success of these films, programs, and related products. The Company does not control the timing and manner in which our licensed distributors distribute our films, television programs, or related products. Any decision by those distributors not to distribute or promote one of the Company's films, television programs, or related products or to promote competitors' films, programs, or related products to a greater extent than they promote the Company's, could have a material adverse effect on the Company's business, results of operations, or financial condition.

Risks Related to Doing Business Internationally

The Company distributes films and television productions outside Canada through third party licensees and derives revenues from these sources. As a result, the Company's business is subject to certain risks inherent in international business, many of which are beyond its control. These risks include: changes in local regulatory requirements, including restrictions on content; changes in the laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes); differing degrees of protection for intellectual property; instability of foreign economies and governments; cultural barriers; wars and acts of terrorism; and the spread of widespread health hazard.

Loss of Canadian Status

The Company could lose its ability to exploit Canadian government tax credits and incentives described above if it ceases to be "Canadian" as defined under the Investment Canada Act. In particular, the Company would not qualify as a Canadian if Canadian nationals cease to beneficially own shares of the Company having more than

50% of the combined voting power of its outstanding shares. In Canada and under international treaties, under applicable regulations, a program will qualify as a Canadian-content production if, among other things: (i) it is produced by Canadians with the involvement of Canadians in principal functions; and (ii) a substantial portion of the budget is spent on Canadian elements. As well, substantially all of the Company's programs are contractually required by broadcasters to be certified as "Canadian". In the event a production does not qualify for certification as Canadian, the Company would be in default under any government incentive and broadcast licenses for that production. In the event of such default, the broadcaster could refuse acceptance of the Company's productions.

Competition

Substantially all of the Company's revenues are derived from the production and distribution of television and film programs. The business of producing and distributing television and film programs is highly competitive. The Company faces intense competition with other producers and distributors, both in the cable television market, but now also from on-line broadcasters like Netflix, Apple, Disney+ and Amazon, many of whom are substantially larger and have greater financial, technical, and marketing resources than the Company. The Company competes with other television and film production companies for ideas and storylines created by third parties as well as for actors, directors, and other personnel required for a production. The Company may not be successful in any of these efforts which may adversely affect business, results of operations, or financial condition.

The Company intends to increase its penetration of the prime-time television network market. The Company competes for time slots with a variety of companies which produce televised programming. The number of network prime-time slots remains limited (a "slot" being a broadcast time period for a program), even though the total number of outlets for television programming has increased over the last decade. Competition created by the emergence of new broadcasters has generally caused the market shares of the major networks to decrease. Even so, the license fees paid by the major networks remain the most lucrative. As a result, there continues to be intense competition for the time slots offered by those networks. There can be no assurance that the Company will be able to increase its penetration of the prime-time network market or obtain favourable stats, the failure to do so may have a negative impact on the Company's business.

Limited Ability to Exploit Filmed and Television Content Library

The Company depends on a limited number of titles for the majority of the revenues generated by its film and television content library. In addition, many of the titles in its library are not presently distributed and generate substantially no revenue. If the Company cannot acquire new products and rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures, or other strategic alliances, it could have a material adverse effect on its business, results of operations or financial condition.

Protecting and Defending Against Intellectual Property Claims

The Company's ability to compete depends, in part, upon successful protection of its intellectual property. Furthermore, the Company's revenues are dependent on the unrestricted ownership of its rights to television and film productions. Any successful claims to the ownership of these intangible assets could hinder the Company's ability to exploit these rights. The Company does not have the financial resources to protect its rights to the same extent as its competitors. The Company attempts to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws in a number of jurisdictions 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 in which the Company may distribute its products and in other jurisdictions no assurance can be given that challenges will not be made to the Company's copyright and trade-marks. In addition, technological advances and conversion of motion pictures into digital format have made it easier to create, transmit, and share unauthorized copies of motion pictures, DVDs, and television shows. Users may be able to download and distribute unauthorized or "pirated" copies of copyrighted material over the Internet. As long as pirated content is available to download digitally, some consumers may choose to digitally download material illegally. As a result, it may be possible for unauthorized third parties to copy and distribute the Company's productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business, results of operations, or financial condition.

Litigation may also be necessary in the future to enforce the Company'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 could result in substantial costs and the diversion of resources and could have a material adverse effect on the Company's business, results of operations, or financial condition. The Company cannot provide assurances that infringement or invalidity claims will not materially adversely affect its business, results of operations, or financial condition. Regardless of the validity or the success of the assertion of these claims, the Company 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 the Company's business, results of operations, or financial condition.

Fluctuating Results of Operations

Results of operations for any period are significantly dependent on the number and timing of television programs and films delivered or made available to various media. Consequently, the Company's results of 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 closely correlated with revenue recognition. Although traditions are changing, due in part to increased competition from new channels, industry practice is that broadcasters make most of their annual programming commitments between February and June in order that new programs can be ready for telecast at the start of the broadcast season in September, or as mid-season replacements in January. Because of this annual production cycle, the Company's revenues are not earned on an even basis throughout the year. Results from operations fluctuate materially from quarter to quarter and the results for any one quarter are not necessarily indicative of results for future quarters.

Raising Additional Capital – Going Concern Risk

The Company is likely to require capital in the future, to meet additional working capital requirements or capital expenditures or to take advantage of investment or acquisition opportunities. Accordingly, it may need to raise additional capital in the future. The Company's ability to obtain additional financing will be subject to a number of factors including market conditions and its operating performance. These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable for the Company. If the Company raises additional funds by issuing equity securities, the relative equity ownership of its existing investors could be diluted or new investors could obtain terms more favourable than previous investors. If the Company raises additional funds through debt financing it could incur significant borrowing costs. If the Company is unable to raise additional funds when needed, or on terms acceptable to the Company, its ability to operate as a going concern and grow its business could be impeded.

Concentration Risk

Revenue may originate from disproportionately few productions and broadcasters. The value of the Common Shares may be substantially adversely affected should the Company lose the revenue generated by any such production or broadcaster.

Reliance on Key Personnel

The Company is substantially dependent upon the services of certain key personnel, particularly Derik Murray the CEO and an Executive Producer. The loss of the services of any one or more of such individuals could have a material adverse effect on the business, results of operations or financial condition of the Company.

Market Share Price Fluctuation

The market price of the Company's Common Shares may be subject to significant fluctuation in response to numerous factors, including variations in its annual or quarterly financial results or those of its competitors, changes by financial research analysts in their recommendations or estimates of the Company's earnings, conditions in the economy in general or in the broadcasting, film or television sectors in particular, unfavourable publicity or changes in applicable laws and regulations, exercise of the Company's outstanding options and/or warrants, or other factors. Moreover, from time to time, the stock markets on which the Company's Common Shares will be listed may

experience significant price and volume volatility that may affect the market price of the Company's Common Shares for reasons unrelated to its economic performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of Common Shares for future sale (including Common Shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of Common Shares, or the perception that such sales could occur, could adversely affect the prevailing price of the Company's Common Shares.

Risks Associated with Acquisitions and Joint Ventures

The Company has made or entered into, and will continue to pursue, various acquisitions, business combinations, and joint ventures intended to complement or expand its business. Any indebtedness incurred or assumed in any such transaction may or may not increase the Company's leverage relative to its earnings before interest, provisions for income taxes, amortization, non-controlling interests, gain on dilution of investment in subsidiary and discounted operation, or EBITDA, or relative to its equity capitalization, and any equity issued may or may not be at prices dilutive to its then existing shareholders. The Company may encounter difficulties in integrating acquired assets with its operations. Furthermore, the Company may not realize the benefits it anticipated when it entered into these transactions. In addition, the negotiation of potential acquisitions, business combinations or joint ventures as well as the integration of an acquired business could require the Company to incur significant costs and cause diversion of Management's time and resources. Future acquisitions could also result in impairment of goodwill and other intangibles, development write-offs and other acquisition-related expenses.

The Company continues to pursue opportunities to expand its distribution capacity, production capacity, and product libraries. There can be no assurance that appropriate acquisitions or expansion opportunities will be identified or available; that the Company will have or be able to obtain sufficient financing or acceptable terms to fund any such acquisition or expansion; that any such acquisition or expansion will be consummated, or, if consummated, the timing thereof; or that any such acquisition or expansion can be successfully integrated into or with the Company's existing operations and business strategy and ultimately prove beneficial to the Company.

Potential for Budget Overruns and Other Production Risks

A production's costs may exceed its budget. Unforeseen events such as labour disputes, death or disability of a star performer, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, damage to film negatives, master tapes and recordings, or adverse weather conditions, or other unforeseen events may cause cost overruns and delay or frustrate completion of a production. Although the Company has historically completed its productions within budget, there can be no assurance that it will continue to do so. The Company currently maintains insurance policies and when necessary, completion bonds, covering certain of these risks. There can be no assurance that any overrun resulting from any occurrence will be adequately covered or that such insurance and completion bonds will continue to be available or, if available, on terms acceptable to the Company. The Company has never made a material claim on its insurance or called on a completion bond. In the event of budget overruns, the Company may have to seek additional financing from outside sources in order to complete production of a television program. No assurance can be given as to the availability of such financing or, if available, on terms acceptable to the Company. In addition, in the event of substantial budget overruns, there can be no assurance that such costs will be recouped, which could have a significant impact on the Company's results of operations or financial condition.

Management Estimates in Revenues and Earnings

The Company makes numerous estimates as to its revenues and matching production and direct distribution expenses on a property-by-property basis. As a result of this accounting policy, earnings can widely fluctuate if Management has not accurately forecast the revenue potential of a production.

Financial Risks Resulting from the Company's Capital Requirements

The production, acquisition and distribution of films and television programs requires a significant amount of capital. The Company cannot provide assurance that it will be able to continue to successfully implement financing arrangements or that it will not be subject to substantial financial risks relating to the production, acquisition, completion, and release of future films and television programs. If the Company increases (through internal growth or acquisition) its production slate or its production budgets, it may be required to increase overhead, make larger up-front payments to talent, and consequently bear greater financial risks. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, results of operations, or financial condition.

Government Incentive Programs

In addition to license fees from domestic and foreign broadcasters and financial contributions from co-producers, the Company finances a significant portion of its production budgets from federal and provincial governmental agencies and incentive programs, including the Canadian Television and Cable Production Fund, the provincial film equity investment programs, federal tax credits, and provincial tax credits. The tax credits are considered part of the Company's equity in any production for which they are used as financing. There can be no assurance that individual incentive programs available to the Company will not be reduced, amended, or eliminated or that the Company or any production will qualify for them, any of which may have an adverse effect on the Company's business, results of operations, or financial condition.

Changes in Regulatory Environment

At the present time, the film industry is subject to a regulatory environment. The Company's operations may be affected in varying degrees by future changes in the regulatory environment. Any change in the regulatory environment could have a material adverse effect on the Company's revenues and earnings.

Litigation

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

Exchange Rates

The returns to the Company from foreign exploitations of its properties are customarily paid in USD, and, as such, may be affected by fluctuations in the exchange rate of the USD. Currency exchange rates are determined by market factors beyond the control of the Company and may vary substantially during the course of a production period. In addition, the ability of the Company to repatriate to Canadian funds arising in connection with foreign exploitation of its properties may also be adversely affected by currency and exchange control regulations imposed by the country in which the production is exploited. At present, the Company is not aware of any existing currency or exchange control regulations in any country in which the Company currently contemplates exploiting its properties which would have an adverse effect on the Company's ability to repatriate such funds. Where appropriate, the Company will hedge its foreign exchange risk through the use of derivatives.

Any of these factors could have a material adverse effect on the Company's business, results of operations or financial condition.

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.sedarplus.ca.