

Condensed Interim Consolidated Financial Statements of

# **NETWORK MEDIA GROUP INC.**

For the six month period ended May 31, 2024 and 2023  
(Expressed in Canadian dollars)

(Unaudited – prepared by management)

**N E T W O R K**

[www.networkmediagroup.ca](http://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  
July 24, 2024

**NETWORK MEDIA GROUP INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at May 31, 2024 and November 30, 2023**  
**Expressed in Canadian dollars (Unaudited)**

	Note	May 31, 2024	November 30, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 3,054,575	\$ 2,275,164
Restricted cash	9	415,929	543,350
Accounts receivable	3	141,635	1,344,650
Tax credits receivable		1,915,275	3,155,280
Prepaid expenses and deposits		122,188	81,729
		<b>5,649,602</b>	<b>7,400,173</b>
Tax credits receivable		1,267,280	255,089
Property, equipment and right of use assets	4	1,004,186	312,499
Intangible asset	5	150,000	150,000
Investment in film and television properties	6, 13, 19	10,823,214	11,710,187
<b>Total Assets</b>		<b>\$ 18,894,282</b>	<b>\$ 19,827,948</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Line of credit	7	\$ 280,000	\$ 285,000
Accounts payable and accrued liabilities	5, 8, 13	3,639,769	3,408,755
Production financing	9	839,066	1,574,755
Deferred revenue	10	2,838,521	2,307,770
Current portion of debt payable	11	300,000	420,000
Promissory note	13	729,425	695,536
Current lease obligations	12	529,866	147,296
		<b>9,156,647</b>	<b>8,839,112</b>
Accounts payable and accrued liabilities	5	25,000	50,000
Debt payable	11	225,000	375,000
Lease obligations	12	219,105	1,023
<b>Total Liabilities</b>		<b>9,625,752</b>	<b>9,265,135</b>
<b>Shareholders' Equity</b>			
Share capital	14	12,927,976	12,927,976
Share-based payment reserve	14(c)	1,191,999	1,125,538
Deficit		(4,851,445)	(3,490,701)
<b>Total Shareholders' Equity</b>		<b>9,268,530</b>	<b>10,562,813</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 18,894,282</b>	<b>\$ 19,827,948</b>

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

Approved by the Board of Directors on July 24, 2024

"Paul Gertz"

Paul Gertz, Director

"Derik Murray"

Derik Murray, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## NETWORK MEDIA GROUP INC.

### Consolidated Statements of Net and Comprehensive Loss

For the three and six month period ended May 31, 2024 and 2023

Expressed in Canadian dollars (Unaudited)

	Note	Three month period ended		Six month period ended	
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
<b>Total revenue</b>	15	\$ 3,006,969	\$ 1,266,215	\$ 5,135,785	\$ 3,094,330
Production costs	13, 17(a), 19	2,680,361	838,187	4,552,548	1,402,270
Amortization of investment in film and television properties	6	387,003	621,773	770,561	1,930,264
Amortization of property, equipment and right of use assets	4	110,651	85,011	230,373	168,992
General and administrative	13, 16, 17(a)	212,164	166,612	429,928	526,522
Impairment of investment in film and television properties	6	27,896	-	27,896	6,302
Selling and distribution		72,398	27,431	82,673	87,981
Share-based payments	13, 14(c)	32,658	87,417	66,461	173,597
Foreign exchange loss		127,130	78,916	162,278	154,662
		<b>3,650,261</b>	<b>1,905,347</b>	<b>6,322,718</b>	<b>4,450,590</b>
<b>Loss before other items</b>		<b>(643,292)</b>	<b>(639,132)</b>	<b>(1,186,933)</b>	<b>(1,356,260)</b>
Other income	4	(14,618)	-	(14,618)	(28,021)
Loss on lease modifications	4	-	1,405	7,779	1,405
Financing expense, net	17(b)	121,533	25,328	176,084	77,594
<b>Loss before income taxes</b>		<b>(750,207)</b>	<b>(665,865)</b>	<b>(1,356,178)</b>	<b>(1,407,238)</b>
Income tax expense	18	4,566	-	4,566	-
<b>Net and comprehensive loss for the period</b>		<b>\$ (754,773)</b>	<b>\$ (665,865)</b>	<b>\$ (1,360,744)</b>	<b>\$ (1,407,238)</b>
<b>Loss per share</b>					
- basic		\$ (0.04)	\$ (0.04)	\$ (0.08)	\$ (0.08)
- diluted		\$ (0.04)	\$ (0.04)	\$ (0.08)	\$ (0.08)
<b>Weighted average number of shares outstanding</b>					
- basic		17,824,707	17,824,707	17,824,707	17,824,707
- diluted		17,824,707	17,824,707	17,824,707	17,824,707

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**NETWORK MEDIA GROUP INC.**

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

**For the six month period ended May 31, 2024 and 2023**

**Expressed in Canadian dollars (Unaudited)**

	Note	Number of common shares	Share capital	Share-based payment reserve	Deficit	Total
Balance as at November 30, 2022	14(b)	17,824,707	\$ 12,927,976	\$ 1,164,210	\$ (3,509,075)	\$ 10,583,111
Share-based payments	14(c)	-	-	173,597	-	173,597
Reclassification of fair value of expired/cancelled stock options	14(c)	-	-	(179,472)	179,472	-
Net and comprehensive loss for the period		-	-	-	(1,407,238)	(1,407,238)
<b>Balance as at May 31, 2023</b>		<b>17,824,707</b>	<b>\$ 12,927,976</b>	<b>\$ 1,158,335</b>	<b>(4,736,841)</b>	<b>\$ 9,349,470</b>
Balance as at November 30, 2023		17,824,707	\$ 12,927,976	\$ 1,125,538	\$ (3,490,701)	\$ 10,562,813
Share-based payments	14(c)	-	-	66,461	-	66,461
Net and comprehensive loss for the period		-	-	-	(1,360,744)	(1,360,744)
<b>Balance as at May 31, 2024</b>		<b>17,824,707</b>	<b>\$ 12,927,976</b>	<b>\$ 1,191,999</b>	<b>\$ (4,851,445)</b>	<b>\$ 9,268,530</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NETWORK MEDIA GROUP INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the six month period ended May 31, 2024 and 2023**  
**Expressed in Canadian dollars (Unaudited)**

	Six month period ended	
	May 31, 2024	May 31, 2023
<b>Operating activities</b>		
Loss for the period	\$(1,360,744)	\$(1,407,238)
Items not involving cash:		
Amortization of property, equipment and right of use assets	230,373	168,992
Amortization of investment in film and television properties	770,561	1,930,264
Impairment of investment in film and television properties	27,896	6,302
Loss on lease modification	7,779	-
Other income	(746)	-
Share-based payments	66,461	173,597
	<b>(258,420)</b>	871,917
Net changes in non-cash working capital items		
Accounts receivable	1,203,015	534,217
Tax credits receivable	(227,814)	(98,845)
Prepaid expenses and deposits	(40,459)	(16,667)
Accounts payable and accrued liabilities	591,037	(219,507)
Accrued interest	176,097	141,523
Deferred revenue	530,751	(149,555)
<b>Net cash provided by operating activities</b>	<b>1,974,207</b>	<b>1,063,083</b>
<b>Financing activities</b>		
Repayment of production financing	(616,709)	(2,023,543)
Proceeds from (repayment of) line of credit	(17,560)	110,000
Proceeds from (repayment of) promissory note	(71,607)	450,000
Repayment of lease obligations	(163,826)	(147,500)
Repayment of debt payable	(297,473)	(203,123)
<b>Net cash used in financing activities</b>	<b>(1,167,175)</b>	<b>(1,814,166)</b>
<b>Investing activities</b>		
Purchase of property, equipment and right of use assets	(288,901)	(4,449)
Proceeds from sale and leaseback	107,905	-
Investment in film and television properties, net of tax credits	444,772	1,805,949
Investment in properties under development	(285,651)	(1,262,529)
<b>Net cash provided by (used in) investing activities</b>	<b>(21,875)</b>	538,971
<b>Effect of exchange rate changes on cash</b>	<b>(5,745)</b>	-
<b>Change in cash</b>	<b>779,412</b>	<b>(212,112)</b>
<b>Cash, beginning of period</b>	<b>2,275,164</b>	<b>708,287</b>
<b>Cash, end of period</b>	<b>\$ 3,054,575</b>	<b>\$ 496,175</b>

**Supplemental cash flow information (Note 18)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023

Expressed in Canadian dollars (Unaudited)

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### 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 \$3,507,045 and an accumulated deficit of \$4,851,445 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, 2023.

The condensed interim consolidated financial statements of the Company for the six month period ended May 31, 2024 and 2023 were authorized for issue by the Board of Directors on July 24, 2024.

#### (b) *Basis of measurement*

The financial statements have been prepared on an accrual basis under the historical cost convention, except for cash flow information.

#### (c) *Functional currency*

The consolidated financial statements are presented in Canadian dollars.

The determination of functional currency, which is performed on an entity-by-entity basis, is based on various judgmental factors outlined in *IAS 21 – The Effects of Changes in Foreign Exchange Rates*. Based on an assessment of the factors in IAS 21, management determined that the functional currency for the Company and its subsidiaries is the Canadian dollar.

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023  
Expressed in Canadian dollars (Unaudited)

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### 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 condensed interim consolidated financial statements are as follows:

- Network Media Group Inc. (British Columbia Incorporated)
- Network Entertainment Inc. (British Columbia Incorporated)
- Network Films Twenty-Two Inc. (British Columbia Incorporated)
- Network Films Twenty-Three Inc. (British Columbia Incorporated)
- Network Films Twenty-Four Inc. (British Columbia Incorporated)
- Network Films Twenty-Five Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Two Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Three Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Four Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Five Inc. (British Columbia Incorporated)
- Network Entertainment Corp. (Delaware Incorporated)
- Network NFT Studios Inc. (British Columbia Incorporated)
- 1454463 B.C. Ltd. (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, 2023. Actual results may differ materially from these estimates.

#### (f) *New accounting standards adopted*

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements", in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The IASB also issued non-mandatory guidance in its amendments to IFRS Practice Statement 2 "Making Materiality Judgements" to support the amendments in IAS 1 by explaining and demonstrating the application of the 'four-step materiality process' to accounting policy disclosures. The amendments to IAS 1 were applicable for annual periods beginning on or after January 1, 2023.

In February 2021, the IASB also issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The amendments were effective for annual periods beginning on or after January 1, 2023.



# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023

Expressed in Canadian dollars (Unaudited)

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### 2. Basis of presentation (continued)

(f) *New accounting standards adopted (continued)*

The adoption of these accounting standards or amendments have not had an impact on the Company's condensed interim consolidated financial statements. However, the Company will reduce the accounting policy information disclosed in the annual consolidated financial statements.

(g) *New accounting standards not yet adopted*

The amendments to IAS 1 "Classification of Liabilities as Current and Non-current" provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2024.

The amendment to IAS 1 "Non-current Liabilities with Covenants" clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2024.

Other 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.

### 3. Accounts receivable

	<b>May 31, 2024</b>	November 30, 2023
Receivables from broadcasters	\$ 90,941	\$ 1,320,804
Input tax credits and other receivables	50,694	23,846
	<b>\$ 141,635</b>	<b>\$ 1,344,650</b>

The aging of current receivables from broadcasters is as follows:

	<b>May 31, 2024</b>	November 30, 2023
Less than 60 days	\$ 50,437	\$ 957,408
Over 61 days	40,504	363,396
	<b>\$ 90,941</b>	<b>\$ 1,320,804</b>

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023

Expressed in Canadian dollars (Unaudited)

### 4. Property, equipment and right of use assets

	Computer equipment	Furniture and office equipment	Production equipment	Leasehold Improvements	Right of use assets	Total
<b>Cost</b>						
Balance at November 30, 2022	\$ 1,010,259	\$ 106,286	\$ 72,187	\$ -	\$ 915,083	\$ 2,103,815
Additions	8,569	-	-	-	-	8,569
Lease modifications	-	-	-	-	295,160	295,160
Balance at November 30, 2023	1,018,828	106,286	72,187	-	1,210,243	2,407,544
Additions	237,792	-	-	51,109	516,323	805,224
Lease modifications	-	-	-	-	(417,849)	(417,849)
Sale and leaseback	(115,458)	-	-	-	159,897	44,439
<b>Balance at May 31, 2024</b>	<b>\$ 1,141,162</b>	<b>\$ 106,286</b>	<b>\$ 72,187</b>	<b>\$ 51,109</b>	<b>\$ 1,468,614</b>	<b>\$ 2,839,358</b>
<b>Accumulated amortization</b>						
Balance at November 30, 2022	\$ 861,235	\$ 83,648	\$ 50,467	\$ -	\$ 760,951	\$ 1,756,301
Amortization expense	46,002	4,521	6,516	-	281,705	338,744
Balance at November 30, 2023	907,237	88,169	56,983	-	1,042,656	2,095,045
Amortization expense	25,238	1,808	2,281	12,777	188,269	230,373
Lease modifications	-	-	-	-	(484,315)	(484,315)
Sale and leaseback	(5,931)	-	-	-	-	(5,931)
<b>Balance at May 31, 2024</b>	<b>\$ 926,544</b>	<b>\$ 89,977</b>	<b>\$ 59,264</b>	<b>\$ 12,777</b>	<b>\$ 746,610</b>	<b>\$ 1,835,172</b>
<b>Carrying amount</b>						
November 30, 2023	\$ 111,591	\$ 18,117	\$ 15,204	\$ -	\$ 167,587	\$ 312,499
<b>May 31, 2024</b>	<b>\$ 214,618</b>	<b>\$ 16,309</b>	<b>\$ 12,923</b>	<b>\$ 38,332</b>	<b>\$ 722,004</b>	<b>\$ 1,004,186</b>

During the six month period ended May 31, 2024, the Company modified the term of certain lease agreements. As a result of the lease modifications, the Company remeasured the lease liability and recorded a corresponding adjustment to the relevant right of use asset, resulting in a loss on lease modifications of \$7,779. The Company also entered into a sale-leaseback agreement whereby certain computer equipment was sold to a third party and immediately leased back. The Company derecognized the computer equipment at its carrying value and recorded a right of use asset retained through the leaseback, resulting in a gain of \$746 which has been recorded in other income.

During the year ended November 30, 2023, the Company extended certain lease agreements. As a result of the lease modifications, the Company remeasured the lease liability and recorded a corresponding adjustment to the relevant right of use asset, resulting in a loss on lease modifications of \$1,098.

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023

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
<b>Cost</b>					
Balance at November 30, 2022	\$ 13,734	\$ 818,797	\$ 34,186	\$ 48,366	\$ 915,083
Lease modifications	-	295,160	-	-	295,160
Balance at November 30, 2023	13,734	1,113,957	34,186	48,366	1,210,243
Additions	-	319,370	-	196,953	516,323
Lease modifications	-	(417,849)	-	-	(417,849)
Sale and leaseback	-	-	-	159,897	159,897
<b>Balance at May 31, 2024</b>	<b>\$ 13,734</b>	<b>\$1,015,478</b>	<b>\$ 34,186</b>	<b>\$ 405,216</b>	<b>\$ 1,468,614</b>
<b>Accumulated amortization</b>					
Balance at November 30, 2022	\$ 10,437	\$ 686,661	\$ 21,333	\$ 42,520	760,951
Amortization expense	3,297	269,045	7,111	2,252	281,705
Balance at November 30, 2023	13,734	955,706	28,444	44,772	1,042,656
Amortization expense	-	165,710	3,555	19,004	188,269
Lease modifications	-	(484,315)	-	-	(484,315)
<b>Balance at May 31, 2024</b>	<b>\$ 13,734</b>	<b>\$ 637,101</b>	<b>\$ 31,999</b>	<b>\$ 63,776</b>	<b>\$ 746,610</b>
<b>Carrying amount</b>					
November 30, 2023	\$ -	\$ 158,251	\$ 5,742	\$ 3,594	\$ 167,587
<b>May 31, 2024</b>	<b>\$ -</b>	<b>\$ 378,377</b>	<b>\$ 2,187</b>	<b>\$ 341,440</b>	<b>\$ 722,004</b>

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023

Expressed in Canadian dollars (Unaudited)

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### 5. Intangible asset

On February 1, 2022, as amended on May 31, 2023, 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. As a result of the amendment, consideration for the NFT Licenses was reduced by \$250,000, resulting in a corresponding reduction in accounts payable and accrued liabilities.

A continuity schedule of the intangible asset is as follows:

	<b>Intangible asset</b>
<b>Cost</b>	
Balance at November 30, 2022	\$ 400,000
Amendment to consideration	(250,000)
<b>Balance at November 30, 2023 and May 31, 2024</b>	<b>150,000</b>
<b>Carrying amount</b>	
November 30, 2023	\$ 150,000
<b>May 31, 2024</b>	<b>\$ 150,000</b>

Consideration for the NFT Licenses, as amended, 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;
- \$25,000 (amended from \$75,000) due on May 31, 2023 (paid);
- \$25,000 (amended from \$100,000) due on December 31, 2024, if the Company exercises its right to renew and extend the term of the NFT Licenses to December 31, 2025 (recorded in accounts payable and accrued liabilities), and
- \$25,000 (amended from \$150,000) due on December 31, 2025, if the Company exercises its right to renew and extend the term of the NFT Licenses to December 31, 2026 (recorded in accounts payable and accrued liabilities).

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

For the six month period ended May 31, 2024 and 2023

Expressed in Canadian dollars (Unaudited)

### 6. Investment in film and television properties

	Properties in development	Properties in progress	Properties completed and released	Total
<b>Balance, November 30, 2022</b>	\$ 1,197,613	\$ 1,163,471	\$ 9,353,326	\$ 11,714,410
Additions	907,140	3,108,306	1,103,503	5,118,949
Tax credits accrued	-	(299,877)	(2,146,748)	(2,446,625)
Transferred to projects in progress	(3,313)	3,313	-	-
Transferred to properties completed and released	(414,206)	(1,778,366)	2,192,572	-
Amounts written off and impaired	(52,199)	-	-	(52,199)
Amortization	-	-	(2,624,348)	(2,624,348)
<b>Balance, November 30, 2023</b>	1,635,035	2,196,847	7,878,305	11,710,187
Additions	297,846	433,492	9,630	740,968
Tax credits accrued	-	(826,196)	(3,288)	(829,484)
Transferred to properties in progress	(12,195)	12,195	-	-
Amounts written off and impaired	(27,896)	-	-	(27,896)
Amortization	-	-	(770,561)	(770,561)
<b>Balance, May 31, 2024</b>	<b>\$ 1,892,790</b>	<b>\$ 1,816,338</b>	<b>\$ 7,114,086</b>	<b>\$ 10,823,214</b>
As at November 30, 2023				
Cost	\$ 1,635,035	\$ 2,196,847	\$ 42,306,474	\$ 46,138,356
Accumulated amortization	-	-	(34,428,169)	(34,428,169)
Carrying amount	\$ 1,635,035	\$ 2,196,847	\$ 7,878,305	\$ 11,710,187
As at May 31, 2024				
Cost	\$ 1,892,790	\$ 1,816,338	\$ 42,312,816	\$ 46,021,944
Accumulated amortization	-	-	(35,198,730)	(35,198,730)
Carrying amount	<b>\$ 1,892,790</b>	<b>\$ 1,816,338</b>	<b>\$ 7,114,086</b>	<b>\$ 10,823,214</b>

During the six month period ended May 31, 2024, interest of \$Nil (2023 – \$43,068) has been capitalized within the properties in progress and productions completed and released balance.

### 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 May 31, 2024, outstanding borrowings were \$280,000 (November 30, 2023 – \$285,000). Refer to Note 17(b) for related interest expense.

### 8. Accounts payable

Management periodically reviews accounts payable and may reverse a portion that has been outstanding for an extended period of time, if there has been no correspondence received by the Company from creditors for payment and the statute of limitations has expired.

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 9. Production financing

#### *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 17(b) for related interest expense. During the six month period ended May 31, 2024, the Company repaid interim production financing of \$1,025,572 and received additional financing of \$408,863. Subsequent to May 31, 2024, the interim production financing was repaid in full (Note 23).

#### *Production financing obligation*

During the year ended November 30, 2023, the Company entered into film financing agreements, pursuant to which the Company received \$549,095 (\$400,000 U.S.) to fund a certain production. As at November 30, 2023, the production was not fully financed and had not commenced production. As such, the production financing received had not yet been transferred to the production subsidiary and accordingly, the funds were recorded as restricted cash.

During the six month period ended May 31, 2024, the Company funded \$475,353 (\$350,000 U.S.) and received a further \$1,743,053 (\$1,300,000 U.S.) to fund the production, the total of which was deposited in trust with an escrow agent and released to the production subsidiary on a scheduled basis. To May 31, 2024, a total of \$2,355,750 (\$1,745,000 U.S.) has been transferred to the production subsidiary. As at May 31, 2024, a total of \$415,929 (\$305,000 U.S.) remains in escrow as an obligation to fund the production and accordingly, the funds have been recorded as restricted cash.

### 10. Deferred revenue

As at May 31, 2024, the Company had a deferred revenue balance of \$2,838,521 (November 30, 2023 – \$2,307,770).

The following table reflects the movement in deferred revenue:

	May 31, 2024	November 30, 2023
<b>Deferred revenue, beginning of period</b>	<b>\$ 2,307,770</b>	\$ 575,782
Revenue recognized that was included in the deferred revenue balance at the beginning of period	<b>(1,410,663)</b>	(225,000)
Increase due to cash received, excluding amounts recognized as revenue during the period	<b>1,941,414</b>	1,956,988
<b>Deferred revenue, end of period</b>	<b>\$ 2,838,521</b>	\$ 2,307,770

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 11. Debt payable

	May 31, 2024	November 30, 2023
The Company has secured a \$700,000 (2022 - \$1,200,000) loan ("line of credit") 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, postponement and assignment of claim agreement and an intercreditor agreement. The line of credit 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 17(b) for related interest expense.	\$ 525,000	\$ 675,000
The Company received loans of \$180,000 through the Canada Emergency Business Account ("CEBA") to provide emergency support due to the impact of COVID-19. If the principal of \$120,000 is repaid by January 18, 2024, as amended by the CEBA, 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 anticipated that \$120,000 of this loan will be repaid, 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
	<u>\$ 525,000</u>	<u>\$ 795,000</u>
Less: current portion	<u>(300,000)</u>	<u>(420,000)</u>
Non-current portion of debt payable	<u>\$ 225,000</u>	<u>\$ 375,000</u>

Principal repayments on long term debt are as follows:

- \$150,000 for the fiscal year ended November 30, 2024;
- \$300,000 for the fiscal year ended November 30, 2025, and
- \$75,000 for the fiscal year ended November 30, 2026.

Under the terms of the line of credit, the Company is required to maintain a debt service coverage ratio of not less than 1.1:1, tested annually. As at November 30, 2023, the Company was in compliance with the debt service coverage covenant.

During the six month period ended May 31, 2024, the CEBA loans were repaid in full.

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 12. Lease obligations

The Company's leases are comprised of the following:

	Note	Office	Vehicle	Equipment	Total
Lease obligations recognized at November 30, 2022		\$ 137,388	\$ 13,800	\$ 7,249	\$ 158,437
Lease modifications		295,160	-	-	295,160
Interest expense	17(b)	9,920	498	1,264	11,682
Lease payments		(303,857)	(7,982)	(5,121)	(316,960)
Lease obligations recognized at November 30, 2023		138,611	6,316	3,392	148,319
Less: non-current portion		-	-	(1,023)	(1,023)
Current portion of lease obligations		\$ 138,611	\$ 6,316	\$ 2,369	\$ 147,296
Lease obligations recognized at November 30, 2023		\$ 138,611	\$ 6,316	\$ 3,392	\$ 148,319
Additions		319,370	-	196,953	516,323
Lease modifications		74,245	-	-	74,245
Sale and leaseback		-	-	157,529	157,529
Interest expense	17(b)	14,202	110	2,069	16,381
Lease payments		(129,703)	(3,991)	(30,132)	(163,826)
Lease obligations recognized at May 31, 2024		416,725	2,435	329,811	748,971
Less: non-current portion		(132,006)	-	(87,099)	(219,105)
Current portion of lease obligations		\$ 284,719	\$ 2,435	\$ 242,712	\$ 529,866

### 13. 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. During the six month period ended May 31, 2024 and 2023, the Company paid or accrued wages and recognized share-based payments to key management personnel in the following manner:

	Six month period ended	
	May 31, 2024	May 31, 2023
Short-term employee benefits	\$ 362,565	\$ 333,500
Share-based compensation	30,162	87,653
	<b>\$ 392,727</b>	<b>\$ 421,153</b>
Recorded as:		
General and administrative expenses	\$ 24,000	\$ 15,000
Share-based compensation	30,162	87,653
Production costs	271,293	80,090
Investment in film and television properties	67,272	238,410
	<b>\$ 392,727</b>	<b>\$ 421,153</b>



# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 13. Related parties (continued)

Recorded in accounts payable and accrued liabilities at May 31, 2024 are the following amounts:

- a) \$15,750 (November 30, 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, and
- b) \$63,932 (November 30, 2023 - \$31,342) in yearly fees which has been recorded in production costs in profit and loss and \$Nil (November 30, 2023 - \$20,000) in executive producer fees, which has been recorded as investment in film and television properties, owed to two Directors of the Company for the provision of services related to Executive Producer Agreements (the “EP Agreements”) entered into on June 7, 2023. As consideration, each of the Directors will receive a yearly fee of \$32,500 and an executive producer fee of \$37,500, which is payable on achieving particular production milestones. All such amounts are due by June 7, 2024 and the EP Agreements are renewable upon mutual option of the parties.

On April 25, 2023, as amended on November 21, 2023, 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 was due on April 30, 2024, bears interest of 12% per annum and is secured by a general security interest over the assets and undertakings of the Company. As consideration for the 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 six month period ended May 31, 2024. If the Loan was not repaid by April 30, 2024, the Directors would receive a further \$65,000 as a penalty fee and the Loan would bear interest at a rate of 15% per annum. As at May 31, 2024, the Loan has not been repaid and the penalty fee has been recorded in promissory note and as a financing expense in profit or loss. The Directors of the Company have agreed to a postponement and assignment of claim in favour of the line of credit lender (Note 11). As at May 31, 2024 and November 30, 2023, the Company has drawn upon the total Loan of \$650,000 and recorded \$40,496 (May 31, 2023 – \$3,403) in interest expense (Note 17b) of which \$14,425 (November 30, 2023 – \$13,036) was accrued for and subsequently paid.

### 14. 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 six month period ended May 31, 2024 and year ended November 30, 2023.

On September 21, 2023, the Company completed a consolidation of its share capital on a 5:1 basis. Accordingly, the share consolidation has been retroactively applied and the number of outstanding common shares, stock options, and per share amounts are stated on an adjusted basis.

# NETWORK MEDIA GROUP INC.

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

#### (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 3,400,000 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 six month period ended May 31, 2024, Nil (2023 – 1,630,000) stock options were cancelled or expired, resulting in a reclassification of amounts totalling \$Nil (2023 – \$179,472) from share-based payment reserve to deficit.

	As at May 31, 2024		As at November 30, 2023	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of year	2,706,333	\$ 0.69	3,236,333	\$ 0.71
Granted	-	\$ -	140,000	\$ 0.50
Expired	-	\$ -	(322,000)	\$ 0.73
Cancelled	-	\$ -	(348,000)	\$ 0.76
Outstanding, end of period	2,706,333	\$ 0.69	2,706,333	\$ 0.69

As at May 31, 2024, the following stock options are outstanding and exercisable:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (yrs)	Expiry
276,000	276,000	\$ 0.65	0.12	July 15, 2024
80,000	80,000	\$ 0.75	0.41	October 28, 2024
40,000	40,000	\$ 1.15	0.42	November 1, 2024
40,000	40,000	\$ 0.75	0.71	February 15, 2025
200,000	200,000	\$ 1.00	0.75	March 2, 2025
398,000	398,000	\$ 0.80	1.54	December 14, 2025
575,000	383,333	\$ 0.75	2.33	September 30, 2026
138,000	92,000	\$ 0.80	2.35	October 7, 2026
839,333	279,778	\$ 0.50	3.16	July 27, 2027
40,000	40,000	\$ 0.50	3.82	March 24, 2028
80,000	26,667	\$ 0.50	4.13	July 17, 2028
2,706,333	1,855,778		2.10	

\*During the six month period ended May 31, 2024, all of the issued and outstanding stock options were amended to an exercise price of \$0.30 per share and an expiration date of April 4, 2029. As of May 31, 2024 and to date, the amendment remains subject to regulatory and shareholder approval.

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

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

(c) *Share-based payment reserve (continued)*

The Company did not grant any stock options during the six month period ended May 31, 2024.

During the year ended November 30, 2023, the Company granted 140,000 stock options. Vesting terms are as follows:

- 60,000 stock options granted March 24, 2023, of which one-half vested upon the date of grant and one-half one year from the date of grant, and
- 80,000 stock options granted July 17, 2023, of which one-third vested upon the date of grant and one-third at the end of each year from the date of grant.

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 of the Company's share price. All other weighted-average 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
2023	140,000	\$ 0.50	\$ 0.25	96%	3.51%	\$ 0.05	5.0

For the six month period ended May 31, 2024, the Company recognized share-based payments expense in relation to vested stock options of \$66,461 (2023 – \$173,597), which is included in profit or loss.

Share-based payment reserve consists of the following amounts:

	May 31, 2024	November 30, 2023
Outstanding options	\$ 1,360,324	\$ 1,293,863
Convertible debt	134,326	134,326
Share exchange for Network Entertainment Inc.	(302,651)	(302,651)
	<b>\$ 1,191,999</b>	<b>\$ 1,125,538</b>

# NETWORK MEDIA GROUP INC.

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### 15. Revenue

	Three month period ended		Six month period ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Production revenue	\$ -	\$ 80,000	\$ -	\$ 1,115,850
Contract production services revenue	2,935,567	910,431	5,013,776	1,576,744
Distribution revenue	71,402	275,784	122,009	401,736
	<u>\$ 3,006,969</u>	<u>\$ 1,266,215</u>	<u>\$ 5,135,785</u>	<u>\$ 3,094,330</u>

Of the Company's \$5,135,785 (2023 – \$3,094,330) in revenues for the six month period ended May 31, 2024, \$3,626,690 (2023 – \$1,237,677) was attributable to external customers located in Canada, \$1,434,557 (2023 – \$1,839,093) was attributable to external customers located in the U.S., and \$74,538 (2023 – \$17,560) was attributable to other external customers.

The Company has certain customers whose revenue individually represent 10% or more of the Company's total revenue from contracts with customers. For the six month period ended May 31, 2024, two customers accounted for 85% of revenue (2023 – two customers accounted for 70% of revenue).

### 16. General and administrative expenses

	Three month period ended		Six month period ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Insurance	\$ 6,387	\$ 8,389	\$ 17,014	\$ 17,432
Interest and bank charges	26,635	21,553	42,322	40,116
Office and general	37,081	22,173	90,324	67,950
Professional fees	43,817	36,362	74,217	63,349
Salaries and wages	79,654	40,376	166,395	274,105
Technology and licenses	328	10,652	3,509	14,974
Telecommunications	3,968	3,971	6,047	7,670
Transfer agent and filing fees	13,619	15,853	22,005	30,941
Travel	675	7,283	8,095	9,985
	<u>\$ 212,164</u>	<u>\$ 166,612</u>	<u>\$ 429,928</u>	<u>\$ 526,522</u>

# NETWORK MEDIA GROUP INC.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 17. Supplemental statement of net and comprehensive loss disclosure

(a) *Employee benefit expenses*

Total salaries and wages recognized in profit or loss for the six month period ended May 31, 2024 is \$1,068,108 (2023 – \$600,399) of which \$901,713 (2023 – \$326,294) was recorded as production costs and \$166,395 (2023 – \$274,105) was recorded as general and administrative expenses.

(b) *Net financing expense*

Net financing expense is comprised of the following:

	Three month period ended		Six month period ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Interest income	\$ (10)	\$ (4,401)	\$ (13)	\$ (17,459)
Interest expense on line of credit	6,026	5,496	12,560	11,105
Interest expense on production financing	8,695	-	14,187	37,093
Interest expense on lease obligations	8,715	2,166	16,381	4,837
Interest on debt payable	12,058	18,664	27,473	38,615
Interest and financing expense on promissory note	86,049	3,403	105,496	3,403
Net financing expense	\$ 121,533	\$ 25,328	\$ 176,084	\$ 77,594

### 18. Supplemental cash flow information

i. *Non-cash investing and financing activities*

	Six month period ended	
	May 31, 2024	May 31, 2023
Tax credits receivable included in production costs	\$ 3,169,222	\$ 3,449,992
Amount included in prior year projects in progress transferred to productions completed and released	\$ -	\$ 1,515,126
Accounts payable included in production costs	\$ 2,100,972	\$ 2,128,642
Production financing included in restricted cash	\$ 415,929	\$ -
Fair value of options expired/cancelled	\$ -	\$ 24,615

ii. *Interest and income taxes paid*

Interest paid during the six month period ended May 31, 2024 was \$190,417 (2023 – \$151,961). The Company paid \$4,566 (2023 – \$Nil) in income taxes during the six month period ended May 31, 2024.

**NETWORK MEDIA GROUP INC.**  
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**18. Supplemental cash flow information (continued)**

*iii. Reconciliation of liabilities arising from financing activities*

Six month period ended May 31, 2023:

	Cash flows		Non-cash changes		
			Accrued interest and financing expense	Additions	
Line of credit	\$ 185,000	\$ 98,895	\$ 11,105	\$ -	\$ 295,000
Production financing	2,926,897	(2,023,543)	80,161	-	983,515
Lease obligations	158,437	(147,500)	4,837	295,160	310,934
Debt payable	1,095,000	(188,615)	38,615	-	945,000
Promissory note	-	450,000	3,403	-	453,403
Total liabilities from financing activities	\$ 4,365,334	\$ (1,810,763)	\$ 138,121	\$ 295,160	\$ 2,987,852

Six month period ended May 31, 2024:

	Cash flows		Non-cash changes				
			Accrued interest and financing expense	Additions	Lease modifications	Sale and leaseback	
Line of credit	\$ 285,000	\$ (17,560)	\$ 12,560	\$ -	\$ -	\$ -	\$ 280,000
Production financing	1,574,755	(616,709)	14,187	-	-	-	972,233
Lease obligations	148,319	(163,826)	16,381	516,323	74,245	157,529	748,971
Debt payable	795,000	(297,473)	27,473	-	-	-	525,000
Promissory note	695,536	(71,607)	105,496	-	-	-	729,425
Total liabilities from financing activities	\$ 3,498,610	\$ (1,167,175)	\$ 176,097	\$ 516,323	\$ 74,245	\$ 157,529	\$ 3,255,629

**19. 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 six month period ended May 31, 2024 were recorded as follows:

- Reduction to investment in film and television properties of \$829,484 (2023 – \$578,844), and
- Reduction to production costs of \$85,885 (2023 – \$380,833).

# NETWORK MEDIA GROUP INC.

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### 20. Financial instruments

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

<b>Financial instrument</b>	<b>Classification</b>
Cash	Amortized cost
Restricted cash	Amortized cost
Receivables from broadcasters	Amortized cost
Line of credit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Production financing	Amortized cost
Debt payable	Amortized cost
Promissory note	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.

#### *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:

#### *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 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 U.S. dollar rate impacting US dollar revenues during the six month period ended May 31, 2024 would result in a \$73,838 (2023 – \$92,833) impact to profit or loss.

# NETWORK MEDIA GROUP INC.

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### 20. Financial instruments (continued)

#### (i) *Market risk (continued)*

##### *Currency risk (continued)*

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, \$2,597,006 (November 30, 2023 – \$2,267,315), \$212,516 (November 30, 2023 – \$1,119,405) and \$557,051 (November 30, 2023 – \$722,056).

A five percent fluctuation in the U.S. dollar closing rate at May 31, 2024 would result in a net change to profit or loss of \$112,623 (2023 – \$15,828).

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 \$55,731 (2023 – \$47,083).

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 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 May 31, 2024, there are \$40,504 (November 30, 2023 – \$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.



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### 20. Financial instruments (continued)

#### (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:

	2024	2025	2026	2027	2028
Line of credit	\$ 280,000	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	3,639,769	25,000	-	-	-
Production financing	839,066	-	-	-	-
Debt payable	150,000	300,000	75,000	-	-
Promissory note	729,425	-	-	-	-
	<u>\$ 5,638,260</u>	<u>\$ 325,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>

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

### 21. 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 May 31, 2024 was \$9,268,530 (November 30, 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 six month period ended May 31, 2024. The Company is subject to an externally imposed capital requirement (Note 11).

### 22. 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.

# **NETWORK MEDIA GROUP INC.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**For the six month period ended May 31, 2024 and 2023**

**Expressed in Canadian dollars (Unaudited)**

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### **23. Subsequent event**

Subsequent to May 31, 2024, the Company repaid production financing of \$408,863 (Note 9).