Management's Discussion and Analysis of

NETWORK MEDIA GROUP INC.

For the nine month period ended August 31, 2023 and 2022

N E T W O R K

www.networkentertainment.ca

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion & Analysis ("MD&A") prepared as of October 24, 2023, should be read in conjunction with Network Media Group Inc.'s (the "Company" or "Network") unaudited condensed interim consolidated financial statements as of August 31, 2023 and its audited consolidated financial statements and accompanying notes for the years ended November 30, 2022 and 2021. The Company reports its financial results in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars.

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

Forward-looking Statements

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

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

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

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

Overview and Summary of Results

Network'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 nine month period ended August 31, 2023, the Company delivered 11 episodes of the *Legends of Hockey* series and continued production on two other feature length documentaries. In addition, the Company commenced pre-production on a new feature length documentary. The Company also started pre-production on another four feature length documentaries.

Subsequent to August 31, 2023, the Company, the Company completed a consolidation of its share capital on a 5:1 basis. Accordingly, the weighted average number of shares outstanding and earnings (loss) per share reported within the MD&A have been retroactively presented on a post-consolidated basis.

For the three and nine month period ended August 31, 2023, the Company realized the following:

- Revenues of:
  - $2.6M (2022 – $9.5M) for the three month period ended, and;
  - $5.7M (2022 – $10.5M) for the nine month period ended.
- Net and comprehensive income (loss) of:
  - $0.8M (2022 – $2.4M) for the three month period ended, and;
  - Loss of $0.6M (2022 – $0.6M) for the nine month period ended.
- Adjusted EBITDA of:
  - $1.1M (2022 – income of $3.0M) for the three month period ended, and;
  - $0.3M (2022 – income of $1.8M) for the nine month period ended.
- Earnings (loss) per share of:
  - $0.05 (2022 – $0.13) for the three month period ended, and;
  - Loss per share of $0.03 (2022 – $0.03) for the nine month period ended.
- Adjusted EBITDA per share of:
  - $0.06 (2022 – $0.17) for the three month period ended, and;
  - $0.02 (2022 – $0.10) for the nine month period ended.
- Backlog of $11.0M

A summary of other significant events for Network's quarter that ended August 31, 2023, include:

- Successfully re-licensed a slate of library films in the US;
- Winner of the 2023 Leo Award for Best Documentary Series for *Women Who Rock*, and
- Announced 5 to 1 Share Consolidation, effective on September 21, 2023.

Network continues to develop its Non-Fungible Token ("NFT") division. Network NFT Studios is an extension of the core business and creates partnerships with top creators from film, music, art, fashion, and sports to create leading edge Web 3.0 experiences and limited-edition collections. Consumers gain a deeper connection to their favorite artists, icons, and personalities and unlock exclusive access, benefits and content beyond mainstream productions and social media.

The Network NFT Studios' teams have been actively iterating and executing with a number of IP holders, talent and potential partnerships as evidenced by the Company's partnership with the Hockey Hall of Fame ("HHOF").

The Company is developing Legends of Hockey: Greatness Calling 2000-2020, a fan-focused NFT program that will encourage peer-to-peer collaboration and incentives to purchase HHOF digital collectibles, unlocking new rewards, experiences and benefits in the process. This initiative will inspire hockey fans and NFT collectors alike to buy, collect and trade digital collectibles, and to gain exclusive access to a holistic and vibrant community to celebrate the history of hockey and the greatest players of all time.

In December 2022, Network announced a partnership with ethos, a white-label platform that makes digital collectibles easy to purchase and helps brands securely and authentically utilize NFTs. The platform provides token-gated content and e-commerce functionality to further enhance the Legends campaign and will open the door to future collaborations across Network’s slate of IP.

Operations & Outlook

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

During the current quarter, the Company completed delivery of the final 6 episodes of the 11 episode television series *Legend of Hockey: Greatness Calling 2000-2020*; 2) continued work on two other feature length documentaries, and; 3) commenced pre-production on another 4 feature length documentaries.

Financing

During the nine month period ended August 31, 2023, the Company’s operations were financed primarily by cash generated from operating activities, interim financing and bank advances.

The Company finances its individual productions by way of advances from funding partners (broadcasters, distributors, and streaming services), as well as by securing interim loans. During the period, the Company received $0.8M (2022 – $2.4M) of interim loans which are secured by future contracted funding from broadcasters and distributors, as well as government labour tax credits receivable. In addition, operating activities generated $3.0M (2022 – $5.3M) of cash.

Revenue Recognition and Forward-Looking Statements

The Company follows a revenue recognition policy that is standard to the film industry (Note 3 of the audited consolidated financial statements for the years ended November 30, 2022 and 2021). Under this policy the Company does not recognize revenues for a film or episode where the copyright is owned by the Company (referred to as proprietary productions) until all of the following events have occurred:

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

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

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

Forward-looking revenue

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

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

The Company has certain properties currently in production which have been sold to buyers under binding purchase agreements. Deferred revenue totaling approximately $0.8M as at August 31, 2023 (November 30, 2022 – $0.6M), represents funding advances received on these properties. Below is an estimate of the ultimate gross revenue and the expected period of recognition for these properties:

Contracted Future Production Revenues	**$ Millions**	
Deferred revenue as at August 31, 2023	$	0.9
Contracted future revenue		10.1
Total expected revenue - contracted	**$**	**11.0**
Revenues expected within 6 months	$	3.1
Revenues expected within 7 to 12 months	$	3.1
Revenues beyond 12 months	$	4.8

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 October 24, 2023, Network has contracts for $11.0 that have yet to be recorded as revenue, but are expected to be received and recognized as revenue within the periods noted above.

The above statements regarding the Company's anticipated, or contracted for, future revenue constitutes "forward-looking information" under applicable Canadian securities laws – readers are directed to refer to the Forward-Looking Statement disclosures at the beginning of this MD&A. The above calculations are based on expectations, estimates and projections as of the date of this MD&A and are necessarily based upon assumptions and expectations regarding future production revenues and partial revenues generated from properties under contract. Estimates of future revenues are based on the terms of contracts entered into. Such assumptions and expectations include, but are not limited to the following: the terms of the contracts will not be altered; delivery of the Company's products will occur as scheduled; the purchasing party will make payment as and when due under the contract, and will comply with all payment terms; the US-Canadian currency exchange rates remain stable (assumed to be 1.35 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 above revenue estimates may not be met and actual results may differ, perhaps materially.

Summary Consolidated Financial Information

The summary consolidated financial information set out below has been prepared in accordance with IFRS and is derived from the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the nine month period ended August 31, 2023, and can be found at **www.sedar.com.**

Consolidated Summary of Financial Position	**As at August 31, 2023**	As at November 30, 2022	As at November 30, 2021
Cash	**$ 991,780**	$ 708,287	$ 2,788,730
Current assets	**5,156,524**	6,299,594	4,747,336
Investment in film and television	**11,913,514**	11,714,410	11,021,091
Total assets	**19,344,229**	20,558,530	18,536,296
Current liabilities	**8,449,593**	9,024,103	7,753,064
Total liabilities	**9,109,300**	9,975,419	9,081,379
Shareholders' equity	**10,234,929**	10,583,111	9,454,917
Working capital deficit	**$ (3,293,069)**	$ (2,724,509)	$ (3,005,728)

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

	Three month period ended		Nine month period ended	
	August 31, 2023	August 31, 2022	**August 31, 2023**	August 31, 2022
Total revenue	**$ 2,638,225**	$ 9,507,901	**$ 5,732,555**	$ 10,470,930
Production costs	**666,429**	1,349,999	**2,068,699**	1,798,890
Amortization of film and television properties	**498,975**	4,751,376	**2,429,239**	5,720,419
Amortization of property, equipment and right of use assets	**84,890**	93,852	**253,882**	288,309
General and administrative	**306,868**	378,655	**834,795**	1,127,920
Impairment of investment in film and television properties	**50,000**	23,877	**56,302**	86,196
Selling and distribution	**65,652**	26,908	**153,633**	37,633
Share-based compensation	**79,758**	156,863	**253,355**	472,145
Foreign exchange loss (gain)	**(5,578)**	15,378	**149,084**	37,390
Write-off of accounts payable	**-**	-	**-**	(51,718)
	1,746,994	6,796,908	**6,198,989**	9,517,184
Income (loss) before other items	**891,231**	2,710,993	**(466,434)**	953,746
Other income	**-**	-	**(28,021)**	-
Financing expense, net	**68,913**	22,748	**146,507**	78,481
Income (loss) before income taxes	**822,318**	2,688,245	**(584,920)**	875,265
Income tax expense	**16,617**	298,862	**16,617**	298,862
Net and comprehensive income (loss) for the period	**$ 805,701**	$ 2,389,383	**$ (601,537)**	$ 576,403
Earnings (loss) per share				
- basic	**$ 0.05**	$ 0.13	**$ (0.03)**	$ 0.03
- diluted	**$ 0.05**	$ 0.13	**$ (0.03)**	$ 0.03
Weighted average number of shares outstanding				
- 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
Adjusted EBITDA	**$ 1,100,301**	$ 3,000,963	**$ 274,210**	$ 1,786,068
Adjusted EBITDA per share	**$ 0.06**	$ 0.17	**$ 0.02**	$ 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 and Adjusted EBITDA. The Company believes these supplemental financial measures reflect the Company's on-going business in a manner that assist the reader's meaningful period-to-period comparisons and analysis of trends in its business.

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

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

	Three month period ended		Nine month period ended	
	August 31, 2023	August 31, 2022	**August 31, 2023**	August 31, 2022
Income (loss) for the period	**$ 805,701**	$ 2,389,383	**$ (601,537)**	$ 576,403
Adjustments				
Amortization of property, equipment and right of use assets	**84,890**	93,852	**253,882**	288,309
Impairment of investment in film and television properties	**50,000**	23,877	**56,302**	86,196
Financing expense, net	**68,913**	22,748	**146,507**	78,481
Share-based compensation	**79,758**	156,863	**253,355**	472,145
Foreign exchange loss (gain)	**(5,578)**	15,378	**149,084**	37,390
Write-off of accounts payable	**-**	-	**-**	(51,718)
Adjusted EBITDA	**$ 1,100,301**	$ 3,000,963	**$ 274,210**	$ 1,786,068
Adjusted EBITDA per share	**$ 0.06**	$ 0.17	**$ 0.02**	$ 0.10

Overall Financial Position – Third Quarter Fiscal 2023

Net and comprehensive income decreased by $1.6M to $0.8M for the three month period ended August 31, 2023, from an income of $2.4M in 2022.

The $1.2M decrease in total assets was mainly due to the receipt of tax credits receivable.

The $0.9M decrease in total liabilities was mainly due to the repayment of interim financing through the receipt of the above noted tax credits.

A more detailed analysis of the other components of profits and loss is provided below under the title *Results of Operations – Quarter ended August 31, 2023 compared to the quarter ended August 31, 2022*.

Results of Operations

Three month period ended August 31, 2023 compared to the three month period ended August 31, 2022

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

Revenue

Revenue decreased by $6,869,676 from $9,507,901 in 2022 to $2,638,225 in 2023.

Production revenue was $6,951 in 2023 as compared to $8,507,615 in 2022. No proprietary projects were delivered during the nine month period ended August 31, 2023, resulting in a relatively low amount of revenue being recorded as production revenue. The Company re-licensed a slate of library films in the U.S., resulting in the increase in distribution revenue.

The detailed breakdown of revenues is as follows:

	Three month period ended	
	August 31, 2023	August 31, 2022
Production revenue	**$ 6,951**	$ 8,507,615
Contract production services revenue	**780,863**	875,553
Distribution revenue	**1,850,411**	124,733
Other revenue	**-**	-
	$ 2,638,225	$ 9,507,901

Production costs

Production costs were $666,429 in 2023 as compared to $1,349,999 in 2022 and is associated directly to the amount of service work project in production during the period.

Amortization of film and television properties

Amortization of film and television properties decreased by $4,252,401 from $4,751,376 in 2022 to $498,975 in 2023. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the year ended November 30, 2022 for information on how the amortization of the properties is calculated.

Amortization of property, equipment and right of use assets

Amortization of property, equipment and right of use assets decreased by $8,962 to $84,890 in 2023 as compared to $93,852 in 2022. The decrease is due to the derecognition of several equipment and office leases that had expired in the prior year.

General and administrative expenses

General and administrative expenses decreased by $71,787 from $378,655 in 2022 to $306,868 in 2023. The decrease is primarily due to the reduction of salaries and wages during the quarter.

A detailed breakdown of the expenses is as follows:

	Three month period ended	
	August 31, 2023	August 31, 2022
Insurance	**$ 10,371**	$ 11,696
Interest and bank charges	**49,182**	18,744
Office and general	**31,376**	35,626
Professional fees	**41,484**	26,741
Salaries and wages	**149,343**	224,020
Technology and licenses	**5,578**	26,113
Telecomunications	**3,255**	1,898
Transfer agent and filing fees	**9,594**	9,412
Travel	**6,685**	24,405
	$ 306,868	$ 378,655

Impairment of investment in film and television properties

Network recorded impairment of film and television properties of $50,000 in 2023 compared to $23,877 in 2022 as a result of its assessment of the future viability of its various completed and projects in development.

Share-based compensation

Share-based compensation decreased by $77,105 from $156,863 in 2022 to $79,758 in 2023. The decrease is due to the cancellation of options previously issued as calculated using the Black-Scholes model, which resulted in a decrease in the number of options that vested during the six month period.

Foreign exchange gain

Foreign exchange gain increased by $20,956 to $5,578 in 2023 as compared to a loss of $15,378 in 2022. The change is due to the fluctuation of the Canadian dollar against the US dollar throughout the fiscal period.

Financing expense, net

Total net financing expense increased by $46,165 from $22,748 in 2022 to $68,913 in 2023. This increase was due to the costs of the interim loans on completed projects as well as the interest on the EDC loan received in prior years and interest on the promissory note received in the current quarter.

Income for the period

Net and comprehensive income for the three month period ended August 31, 2023 was $805,701 ($0.05 per share) as compared to $2,389,383 ($0.13 per share) in 2022.

Nine month period ended August 31, 2023 compared to the nine month period ended August 31, 2022

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

Revenue

Revenue decreased by $4,738,375 from $10,407,930 in 2022 to $5,732,555 in 2023.

The detailed breakdown of revenues is as follows:

Production revenue was $1,122,801 in 2023 as compared to $8,821,396 in 2022. The decrease is due to the large amount of proprietary work the Company completed in the prior year.

Contract production services revenue was $2,357,607 in 2023 as compared to $1,399,213 in 2022. The increase in revenues is due to a larger volume of service projects being worked on in the period.

Distribution revenue was $2,252,147 in 2023 as compared to $218,817 in 2022 and was due to the re-licensing of a slate of library films in the US.

	Nine month period ended			
		August 31, 2023		August 31, 2022
Production revenue	**$**	**1,122,801**	$	8,821,396
Contract production services revenue		**2,357,607**		1,399,213
Distribution revenue		**2,252,147**		218,817
Other revenue		**-**		31,504
	$	**5,732,555**	$	10,470,930

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 $2,068,699 in 2023 as compared to $1,798,890 in 2022 is associated directly to the amount of service work project in production during the period.

Amortization of film and television properties

Amortization of film and television properties decreased by $3,291,180 from $5,720,419 in 2022 to $2,429,239 in 2023. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the year ended November 30, 2022 for information on how the amortization of the properties is calculated.

Amortization of property, equipment and right of use assets

Amortization of property, equipment and right of use assets decreased by $34,427 to $253,882 in 2023 as compared to $288,309 in 2022. The decrease is due to the derecognition of several equipment and office leases that had expired in the prior year.

General and administrative expenses

General and administrative expenses decreased by $293,125 from $1,127,920 in 2022 to $834,795 in 2023. The decrease in expenses is primarily due to the decrease in salaries and wages.

A detailed breakdown of the expenses is as follows:

	Nine month period ended August 31, 2023	August 31, 2022
Insurance	**$ 27,803**	$ 25,047
Interest and bank charges	**89,298**	47,394
Office and general	**100,731**	119,262
Professional fees	**104,833**	116,255
Salaries and wages	**423,448**	659,294
Technology and licenses	**20,552**	32,922
Telecomunications	**10,925**	5,739
Transfer agent and filing fees	**40,535**	65,623
Travel	**16,670**	56,384
	$ 834,795	$ 1,127,920

Impairment of investment in film and television properties

Network recorded impairment of development properties of $56,302 in 2022 compared to of $86,196 in 2022 as a result of its assessment of the future viability of its various completed and projects in development.

Selling and distribution expenses

Selling and distribution expenses increased by $116,000 from $37,633 in 2022 to $153,633 in 2023 which is primarily due to costs related to the re-licensing of a slate of library films in the US.

Share-based compensation

Share-based compensation decreased $218,790 from $472,145 in 2022 to $253,355 in 2023. The decrease is due to the cancellation of options previously issued as calculated using the Black-Scholes model, which resulted in a decrease in the number of options that vested during the nine month period.

Foreign exchange loss

Foreign exchange loss increased by $111,694 to $149,084 in 2023 as opposed to $37,390 in 2022. The change is due to the fluctuation of the Canadian dollar against the US dollar throughout the fiscal period.

Financing expense, net

Total net financing expense increased $68,026 from $78,481 in 2022 to $146,507 in 2023. This increase was due to the costs of the interim loans on completed projects as well as the interest on the EDC loan received in prior years and interest on the promissory note received in the current quarter.

Loss for the period

Net and comprehensive loss for the nine month period ended August 31, 2023 was $601,537 ($0.03 per share) as compared to income of $576,403 ($0.03 per share) in 2022.

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.

	Quarter ended							
000's of dollars, except per share figures	Q3 2023	Q2 2023	Q1 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2021	Q4 2021
Total revenue	$ 2,639	$ 1,266	$ 1,828	$ 1,994	$ 9,477	$ 534	$ 429	$ 1,050
Net and comprehensive income (loss)	$ 806	$ (666)	$ (741)	$ 181	$ 2,229	$ (1,040)	$ (773)	$ (743)
Earnings (loss) per share - basic and diluted	$ 0.05	$ (0.04)	$ (0.04)	$ 0.00	$ 0.03	$ (0.01)	$ (0.01)	$ (0.01)

Subsequent to August 31, 2023, the Company completed a consolidation of its share capital on a 5:1 basis. Accordingly, earnings (loss) per share have been retroactively presented on a post-consolidated basis.

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

Liquidity and Capital Resources

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

Overall, the Company's cash position increased by approximately $0.3M as at August 31, 2023. Cash provided by operating activities in the nine month period ended August 31, 2023, was $3.0M, compared to $5.5M in 2022.

Financing activities for the nine month period ended August 31, 2023 resulted in cash used of $1.6M. During the nine month period, the Company received interim financing of $0.8M (2022 – $2.4M) and repaid $2.6M (2022 – $0.5M) of interim financing primarily through the receipt of film tax credits during the period. The cycle of incurring interim financing and repayments thereof is common in the entertainment industry. Chartered banks and third parties regularly lend companies such as Network the funding to produce and complete its production through the financing of future contracted payments and tax credits. Upon receipt of these funds, the interim financing is paid down and any excess funds go into working capital.

Cash required by investing activities in the nine month period ended August 31, 2023 was $1.1M, compared to requiring cash of $9.3M in the prior period. The Company used the cash primarily for its continued development and production of its film and television properties.

Liquidity

The Company 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 August 31, 2023, Network had a working capital deficit of $3.9M compared to $2.7M as at November 30, 2022. Readers are cautioned to be aware that deferred revenue is recorded by the Company as a current liability, whereas this funding is invested in film and television properties which is a long-term asset, thus creating an inherent working capital deficiency. If readers were to adjust the deficiency for the deferred revenue, the Company's working capital would be as follows:

	August 31, 2023	November 30, 2022
Current assets	**$ 5,156,524**	$ 6,299,594
Current liabilities	**(8,449,593)**	(9,024,103)
Working capital deficit	**$ (3,293,069)**	$ (2,724,509)
Deferred revenue adjustment	**854,785**	575,782
Adjusted working capital deficit	**$ (2,438,284)**	$ (2,148,727)

Network believes that between cash flow generated through operations, the Company's ability to negotiate short-term debt instruments, stock issuances and interim financing of its proprietary properties, it will generate sufficient liquidity to meet cash requirements for the next twelve 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 as at August 31, 2023 was $10.2M (November 30, 2022 – $10.5M).

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

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

There were no changes in the Company's approach to capital management during the nine month period ended August 31, 2023. The Company is not subject to externally imposed capital requirements.

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 nine month period ended August 31, 2023, the Company:

- paid or accrued wages to key management personnel in the following manner:
  - Recorded as general and administrative expenses – $22,500 (2022 – $20,000);
  - Recorded as investment in film and television properties – $244,669 (2022 – $336,250);
  - Recorded as production costs – $237,981 (2022 – $Nil);
  - These costs were paid to the following related parties:
    - $214,000 (2022 – $207,500) as salaries and wages to the CEO;
    - $168,750 (2022 – $168,750) as salaries and wages to the COO, and;

- $122,400 (2022 – $121,700) as salaries and wages to a company controlled by the CFO.

- recorded share-based compensation of $37,938 (2022 – $202,213) on options that vested during the period, as follows:
  - $8,638 (2022 – $28,909) to three Directors;
  - $7,323 (2022 – $85,408) to the current and former Chairman of the Board of Directors;
  - $9,986 (2022 – $37,166) to the CEO;
  - $8,356 (2022 – $30,151) to the COO;
  - $3,600 (2022 – $18,459) to the CFO, and;
  - $35 (2022 – $2,120) to another related party.

- granted nil (2022 – 3,330,000) stock options under the Company's stock option plan

Recorded in accounts payable and accrued liabilities at August 31, 2023 is $13,650 (November 30, 2022 – $13,650) owed to a company controlled by an Officer of the Company. Amounts due to the related party are unsecured, non-interest bearing and due on demand.

On April 25, 2023, the Company entered into a Promissory Note agreement with Directors of the Company for a loan (the "Loan") of up to $650,000. The Loan is due on April 30, 2024, bears interest of 12% interest per annum and is secured by a general security interest over the assets and undertakings of the Company. As at August 31, 2023, the Company received a total of $650,000 of the Loan and recorded $20,631 in interest expense of which $12,789 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

During the nine month period ended August 31, 2023, the Company did not issue any common shares.

Subsequent to August 31, 2023, the Company completed a consolidation of its share capital on a 5:1 basis.

Options

Pursuant to the Company's equity-settled stock option plan, as last amended on October 11, 2022, the Board of Directors may, from time to time, authorize the granting of options to Directors, employees and consultants of the Company to a maximum of 20% of the outstanding shares of the Company which is limited to a maximum of 17,000,000 options as approved by the shareholders of the Company. Options granted under the plan have contractual option terms not exceeding 10 years and vesting periods as determined by the Company's Board of Directors.

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

Grant Date	Options Granted	Exercise Price	Share Price	Annual Volatility Rate	Risk Free Interest Rate	Fair Value at Grant Date	Expected Life
2022	5,386,667	$ 0.11	$ 0.09	93%	2.65%	$ 0.06	4.8
2023	700,000	$ 0.10	$ 0.05	96%	3.51%	$ 0.05	5.0

For the nine month period ended August 31, 2023, the Company recognized compensation expense in relation to these stock options of $253,355 (2022 – $472,145), 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 years ended November 30, 2022 and 2021, into quarterly or annual expectations in future years.

Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity or attached market rates of interest. The Company 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:

Foreign exchange risk

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

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

A five percent fluctuation in the US dollar rate impacting US dollar revenues during the nine month period ended August 31, 2023 would result in a $222,444 (2022 – $520,664) impact to profit or loss.

The Company is also exposed to foreign exchange risk on its cash, accounts receivable and accounts payable balances that are denominated in U.S. dollars, being, respectively, $950,603 (November 30, 2022 – $470,234), $1,126,224 (November 30, 2022 – $928,993) and $1,272,997(November 30, 2022 – $428,704).

A five percent fluctuation in the US dollar closing rate at August 31, 2023 would result in a net change to profit or loss of $40,191 (2022 – $34,500).

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 financing, debt payable and promissory note.

If the market interest rates had changed 100 basis points, the Company's cost of capital would have fluctuated by $64,845 (2022 – $30,673).

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 August 31, 2023, there are $1,243,587 (November 30, 2022 – $363,396) of accounts receivable due over 61 days, but not considered impaired. Refer to Note 3 of the unaudited condensed interim consolidated financial statements as of August 31, 2023 for a breakdown.

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

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liquidity needs can be met through a variety of sources. The Company generates cash from operations, by borrowing against earned tax credits through interim 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 October 24, 2023, the Company has 17,824,707 common shares issued and outstanding, and 3,050,333 (post-consolidated) stock options outstanding.

Other

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