Condensed Interim Consolidated Financial Statements of

NETWORK MEDIA GROUP INC.

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

(Unaudited – Prepared by management)

N E T W O R K

www.networkmediagroup.ca

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Vancouver, BC
October 30, 2024

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statements of Financial Position
As at August 31, 2024 and November 30, 2023
Expressed in Canadian dollars (Unaudited)

	Note	**August 31, 2024**	November 30, 2023
ASSETS			
Current			
Cash		**$ 3,035,435**	$ 2,275,164
Restricted cash	9	**-**	543,350
Accounts receivable	3	**264,438**	1,344,650
Tax credits receivable		**1,062,445**	3,155,280
Prepaid expenses and deposits		**79,568**	81,729
		4,441,886	7,400,173
Tax credits receivable		**2,064,652**	255,089
Property, equipment and right of use assets	4	**897,916**	312,499
Intangible asset	5	**-**	150,000
Investment in film and television properties	6, 13, 19	**10,766,752**	11,710,187
Total Assets		**$18,171,206**	$ 19,827,948
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Line of credit	7	**$ 300,000**	$ 285,000
Accounts payable and accrued liabilities	5, 8, 13	**3,630,464**	3,408,755
Production financing	9	**-**	1,574,755
Deferred revenue	10	**3,835,941**	2,307,770
Current portion of debt payable	11	**300,000**	420,000
Promissory note	13	**663,249**	695,536
Current lease obligations	12	**440,818**	147,296
		9,170,472	8,839,112
Accounts payable and accrued liabilities	5	**104,039**	50,000
Debt payable	11	**150,000**	375,000
Lease obligations	12	**219,105**	1,023
Total Liabilities		**9,643,616**	9,265,135
Shareholders' Equity			
Share capital	14	**12,927,976**	12,927,976
Share-based payment reserve	14(c)	**1,217,890**	1,125,538
Deficit		**(5,618,276)**	(3,490,701)
Total Shareholders' Equity		**8,527,590**	10,562,813
Total Liabilities and Shareholders' Equity		**$18,171,206**	$ 19,827,948

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

Approved by the Board of Directors on October 30, 2024

"Paul Gertz" ***"Derik Murray"***

Paul Gertz, Director 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 Income (Loss)
For the three and nine month period ended August 31, 2024 and 2023
Expressed in Canadian dollars (Unaudited)

	Note	Three month period ended August 31, 2024	Three month period ended August 31, 2023	Nine month period ended August 31, 2024	Nine month period ended August 31, 2023
Total revenue	15	**$ 2,836,100**	$ 2,638,225	**$ 7,971,885**	$ 5,732,555
Production costs	13, 17(a), 19	**2,717,064**	666,429	**7,269,612**	2,068,699
Amortization of investment in film and television properties	6	**380,826**	498,975	**1,151,387**	2,429,239
Amortization of property, equipment and right of use assets	4	**106,270**	84,890	**336,643**	253,882
General and administrative	13, 16, 17(a)	**263,408**	306,868	**693,336**	834,795
Impairment of investment in film and television properties	6	**27,753**	50,000	**55,649**	56,302
Selling and distribution		**15,049**	65,652	**97,722**	153,633
Share-based payments	13, 14(c)	**28,459**	79,758	**94,920**	253,355
Foreign exchange loss (gain)		**(45,925)**	(5,578)	**116,353**	149,084
		3,492,904	1,746,994	**9,815,622**	6,198,989
Income (loss) before other items		**(656,804)**	891,231	**(1,843,737)**	(466,434)
Other income	4	**38,914**	-	**24,296**	(28,021)
Loss on lease modifications	4	**-**	-	**7,779**	-
Financing expense, net	17(b)	**(26,066)**	68,913	**150,018**	146,507
Write-off of intangible asset	5	**100,000**	-	**100,000**	-
Income (loss) before income taxes		**(769,652)**	822,318	**(2,125,830)**	(584,920)
Income tax expense (recovery)	18	**(253)**	16,617	**4,313**	16,617
Net and comprehensive income (loss) for the period		**$ (769,399)**	$ 805,701	**$ (2,130,143)**	$ (601,537)
Earnings (loss) per share					
- basic		**$ (0.04)**	$ 0.05	**$ (0.12)**	$ (0.03)
- diluted		**$ (0.04)**	$ 0.05	**$ (0.12)**	$ (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

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

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
For the nine month period ended August 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)	-	-	253,355	-	253,355
Reclassification of fair value of expired/cancelled stock options	14(c)	-	-	(179,472)	179,472	-
Net and comprehensive loss for the period		-	-	-	(601,537)	(601,537)
Balance as at August 31, 2023		**17,824,707**	**$ 12,927,976**	**$ 1,238,093**	**(3,931,140)**	**$ 10,234,929**
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)	-	-	94,920	-	94,920
Reclassification of fair value of expired/cancelled stock options	14(c)	-	-	(2,568)	2,568	-
Net and comprehensive loss for the period		-	-	-	(2,130,143)	(2,130,143)
Balance as at August 31, 2024		**17,824,707**	**$ 12,927,976**	**$ 1,217,890**	**$ (5,618,276)**	**$ 8,527,590**

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 nine month period ended August 31, 2024 and 2023
Expressed in Canadian dollars (Unaudited)

	Nine month period ended	
	August 31, 2024	August 31, 2023
Operating activities		
Loss for the period	**$ (2,130,143)**	$ (601,537)
Items not involving cash:		
Amortization of property, equipment and right of use assets	**336,643**	253,882
Amortization of investment in film and television properties	**1,151,387**	2,429,239
Impairment of investment in film and television properties	**55,649**	56,302
Write-off of intangible asset	**100,000**	-
Loss on lease modification	**7,779**	-
Other income	**(746)**	-
Share-based payments	**94,920**	253,355
	(384,511)	2,391,241
Net changes in non-cash working capital items		
Accounts receivable	**1,080,212**	(63,091)
Tax credits receivable	**(283,272)**	(101,095)
Prepaid expenses and deposits	**2,161**	(75,946)
Accounts payable and accrued liabilities	**308,600**	355,534
Accrued interest	**161,770**	196,258
Deferred revenue	**1,528,171**	279,003
Net cash provided by operating activities	**2,413,131**	2,981,904
Financing activities		
Repayment of production financing, net	**(1,043,606)**	(1,870,386)
Proceeds from (repayment of) line of credit	**(3,834)**	115,000
Proceeds from (repayment of) promissory note	**(91,053)**	650,000
Repayment of lease obligations	**(262,811)**	(220,488)
Repayment of debt payable	**(384,905)**	(298,886)
Net cash used in financing activities	**(1,786,209)**	(1,624,760)
Investing activities		
Purchase of property, equipment and right of use assets	**(288,901)**	(8,569)
Proceeds from sale and leaseback	**107,905**	-
Investment in film and television properties, net of tax credits	**661,209**	(388,984)
Investment in properties in development	**(341,119)**	(676,098)
Net cash provided by (used in) investing activities	**139,094**	(1,073,651)
Effect of exchange rate changes on cash	**(5,745)**	-
Increase in cash	**760,271**	283,493
Cash, beginning of period	**2,275,164**	708,287
Cash, end of period	**$ 3,035,435**	$ 991,780

Supplemental cash flow information (Note 18)

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

1. Nature of operations and going concern

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

The Company has a working capital deficit of $4,728,586 and a deficit of $5,618,276 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 condensed interim 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 nine month period ended August 31, 2024 and 2023 were authorized for issue by the Board of Directors on October 30, 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.

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 Pictures Twenty-Seven Inc. (British Columbia Incorporated)
- Network Entertainment Corp. (Delaware 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.

Expressed in Canadian dollars (Unaudited)

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

	August 31, 2024	November 30, 2023
Receivables from broadcasters	**$ 168,174**	$ 1,320,804
Input tax credits and other receivables	**96,264**	23,846
	$ 264,438	$ 1,344,650

The aging of current receivables from broadcasters is as follows:

	August 31, 2024	November 30, 2023
Less than 60 days	**$ 128,274**	$ 957,408
Over 61 days	**39,900**	363,396
	$ 168,174	$ 1,320,804

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
Cost						
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
Balance at August 31, 2024	**$ 1,141,162**	**$ 106,286**	**$ 72,187**	**$ 51,109**	**$ 1,468,614**	**$ 2,839,358**
Accumulated amortization						
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	34,891	2,713	3,421	19,166	276,452	336,643
Lease modifications	-	-	-	-	(484,315)	(484,315)
Sale and leaseback	(5,931)	-	-	-	-	(5,931)
Balance at August 31, 2024	**$ 936,197**	**$ 90,882**	**$ 60,404**	**$ 19,166**	**$ 834,793**	**$ 1,941,442**
Carrying amount						
November 30, 2023	$ 111,591	$ 18,117	$ 15,204	$ -	$ 167,587	$ 312,499
August 31, 2024	**$ 204,965**	**$ 15,404**	**$ 11,783**	**$ 31,943**	**$ 633,821**	**$ 897,916**

During the nine month period ended August 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.

Expressed in Canadian dollars (Unaudited)

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

The continuity of right of use assets is as follows:

	Leasehold improvements	Office	Vehicle	Equipment	Total
Cost					
Balance at November 30, 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
Balance at August 31, 2024	**$ 13,734**	**$1,015,478**	**$ 34,186**	**$ 405,216**	**$ 1,468,614**
Accumulated amortization					
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	-	230,019	5,470	40,963	276,452
Lease modifications	-	(484,315)	-	-	(484,315)
Balance at August 31, 2024	**$ 13,734**	**$ 701,410**	**$ 33,914**	**$ 85,735**	**$ 834,793**
Carrying amount					
November 30, 2023	$ -	$ 158,251	$ 5,742	$ 3,594	$ 167,587
August 31, 2024	**$ -**	**$ 314,068**	**$ 272**	**$ 319,481**	**$ 633,821**

5. Intangible asset

On February 1, 2022, as amended on August 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"). 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:

	Intangible asset
Cost	
Balance at November 30, 2022	$ 400,000
Amendment to consideration	(250,000)
Balance at November 30, 2023	150,000
Write-off of intangible asset	(150,000)
Balance at August 31, 2024	**$ -**
Carrying amount	
November 30, 2023	$ 150,000
August 31, 2024	**$ -**

Expressed in Canadian dollars (Unaudited)

5. Intangible asset (continued)

Consideration for the NFT Licenses, as amended, to November 30, 2023 was as follows:

- $25,000 (amended from $75,000) due on August 31, 2023 (paid);
- $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 $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).

During the nine month period ended August 31, 2024, the Company determined that it would not exercise its right to renew and extend the term of the NFT Licenses. Accordingly, the Company wrote-off the intangible asset and corresponding reduction of $50,000 in accounts payable and accrued liabilities, resulting in a net write-off of intangible asset $100,000.

6. Investment in film and television properties

	Properties in development	Properties in progress	Properties completed and released	Total
Balance, November 30, 2022	$ 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)
Balance, November 30, 2023	1,635,035	2,196,847	7,878,305	11,710,187
Additions	403,514	1,299,651	7,155	1,710,320
Tax credits accrued	-	(1,443,991)	(2,728)	(1,446,719)
Transferred to properties in progress	(62,395)	62,395	-	-
Amounts written off and impaired	(55,649)	-	-	(55,649)
Amortization	-	-	(1,151,387)	(1,151,387)
Balance, August 31, 2024	**$ 1,920,505**	**$ 2,114,902**	**$ 6,731,345**	**$ 10,766,752**
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 August 31, 2024				
Cost	**$ 1,920,505**	**$ 2,114,902**	**$ 42,310,901**	**$ 46,346,308**
Accumulated amortization	**-**	**-**	**(35,579,556)**	**(35,579,556)**
Carrying amount	**$ 1,920,505**	**$ 2,114,902**	**$ 6,731,345**	**$ 10,766,752**

During the nine month period ended August 31, 2024, interest of $Nil (November 30, 2023 – $43,068) has been capitalized within the properties in progress and productions completed and released balances.

7. Line of credit

The Company has available a line of credit agreement with a Canadian chartered bank which provides that the Company may borrow up to $300,000. Borrowing under the line of credit bears interest, payable monthly, at the bank's prime rate plus 1.8% and is secured by a general security agreement over the property of the Company. The balances payable under this agreement are due on demand. As of Augst 31, 2024, outstanding borrowings were $300,000 (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.

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 nine month period ended August 31, 2024, the Company repaid interim production financing of $1,043,606.

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. To August 31, 2024, production has commenced, and all of the funding has been transferred to the production subsidiary.

Expressed in Canadian dollars (Unaudited)

10. Deferred revenue

As at August 31, 2024, the Company had a deferred revenue balance of $3,835,941 (November 30, 2023 – $2,307,770).

The following table reflects the movement in deferred revenue:

		August 31, 2024		November 30, 2023
Deferred revenue, beginning of period	**$**	**2,307,770**	$	575,782
Revenue recognized that was included in the deferred revenue balance at the beginning of period		**(1,880,487)**		(225,000)
Increase due to cash received, excluding amounts recognized as revenue during the period		**3,408,658**		1,956,988
Deferred revenue, end of period	**$**	**3,835,941**	$	2,307,770

11. Debt payable

		August 31, 2024		November 30, 2023
The Company has secured a $1,200,000 loan ("line of credit") from a chartered bank through the Export Development Canada COVID relief funding program. The line of credit is secured by a general charge over the assets of the Company, postponement and assignment of claim agreement and an intercreditor agreement. The line of credit accrues interest payable monthly, at the bank's prime rate plus 0.25%. The term of the loan is 5 years from initial drawdown, commencing on February 1, 2021, with interest only for the first year, then converts to a term loan for the final 4 years. Refer to Note 17(b) for related interest expense.	**$**	**450,000**	$	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
	$	**450,000**	$	795,000
Less: current portion		**(300,000)**		(420,000)
Non-current portion of debt payable	**$**	**150,000**	$	375,000

Expressed in Canadian dollars (Unaudited)

11. Debt payable (continued)

Principal repayments on long term debt are as follows:

- $75,000 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 nine month period ended August 31, 2024, the CEBA loans were repaid in full.

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)	21,352	130	4,836	26,318
Lease payments		(202,996)	(6,140)	(53,675)	(262,811)
Lease obligations recognized at August 31, 2024		350,582	306	309,035	659,923
Less: non-current portion		(132,006)	-	(87,099)	(219,105)
Current portion of lease obligations		$ 218,576	$ 306	$ 221,936	$ 440,818

Expressed in Canadian dollars (Unaudited)

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 nine month period ended August 31, 2024 and 2023, the Company paid or accrued wages and recognized share-based payments to key management personnel in the following manner:

	Nine month period ended			
		August 31, 2024		August 31, 2023
Short-term employee benefits	**$**	**756,431**	$	505,150
Share-based compensation		**42,678**		37,938
	$	**799,109**	$	543,088
Recorded as:				
General and administrative expenses	**$**	**36,000**	$	22,500
Share-based compensation		**42,678**		37,938
Production costs		**306,301**		237,981
Investment in film and television properties		**414,130**		244,669
	$	**799,109**	$	543,088

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

a) $13,650 (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;
b) pursuant to an amendment to a Promissory Note agreement, an executive producer fee of $84,500 (November 30, 2023 - $Nil) of which $69,875 was recorded in production costs in profit and loss and 14,625 in investment in film and television properties, and
c) pursuant to Executive Producer Agreements (the "EP Agreements") entered into on June 7, 2023, as amended effective as of April 30, 2024:
   - $65,000 (November 30, 2023 - $31,342) in yearly fees, as amended to an executive producer fee, of which $31,342 was recorded in production costs in profit and loss during the year ended November 30, 2023 and $33,658 has been recorded as investment in film and television properties during the nine month period ended August 31, 2024. The first instalment is payable on achieving particular production milestones of certain projects for which production has not yet commenced, and
   - $55,000 (November 30, 2023 - $20,000) in executive producer fees which has been recorded as investment in film and television properties. The amounts were payable on achieving particular production milestones for productions that have commenced and were due by June 7, 2024. Of such amount, $30,000 has been subsequently paid.

Promissory note

On April 25, 2023, as last amended effective as of April 30, 2024, the Company entered into a Promissory Note agreement with certain Directors of the Company for a loan (the "Loan") of up to $650,000. The Loan bears interest of 12% per annum and is secured by a general security interest over the assets and undertakings of the Company. Additionally, the Directors of the Company have agreed to a postponement and assignment of claim in favour of the line of credit lender (Note 11).

13. Related parties (continued)

Promissory note (continued)

As consideration for an amendment to the Loan, the Directors would receive a fee of $32,500, which was due on or before April 30, 2024. As at November 30, 2023, the fee was recorded in promissory note and as a financing expense in profit or loss and was paid during the nine month period ended August 31, 2024.

The Loan was due on April 30, 2024 and if not repaid by such date, the Directors would receive a further $65,000 as a penalty fee, as amended to an executive producer fee, and the Loan would bear interest at a rate of 15% per annum. At August 31, 2024, the Loan has not been repaid and the executive producer fee has been recorded in in production costs in profit and loss (Note 13(b)).

Pursuant to an amendment, the Company and the Directors of the Company agreed upon an extension to October 31, 2024 at an interest rate of 12% per annum, with an option to mutually renew the term for an additional 6 months. As consideration, the Directors would receive an executive producer fee of $19,500, in lieu of the incremental interest for every 12 month period the Promissory Note is outstanding. As at August 31, 2024, a total of $4,875 has been recorded in production costs in profit and loss and $14,625 in investment in film and television properties (Note 13(b)).

As at August 31, 2024 and November 30, 2023, the Company has drawn upon the total Loan of $650,000 and recorded $58,767 (August 31, 2023 – $20,631) in interest expense (Note 17b) of which $13,249 (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 nine month period ended August 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.

(c) Share-based payment reserve

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

During the nine month period ended August 31, 2024, 10,000 (2023 – 270,000) stock options were cancelled or expired, resulting in a reclassification of amounts totalling $2,568 (2023 – $179,472) from share-based payment reserve to deficit.

Expressed in Canadian dollars (Unaudited)

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

(c) Share-based payment reserve (continued)

	As at August 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	**(10,000)**	**$**	**0.50**	(348,000)	$	0.76
Outstanding, end of period	**2,696,333**	**$**	**0.70**	2,706,333	$	0.69

As at August 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	0.00	*
80,000	80,000	$	0.75	0.16	October 28, 2024
40,000	40,000	$	1.15	0.17	November 1, 2024
40,000	40,000	$	0.75	0.46	February 15, 2025
200,000	200,000	$	1.00	0.50	March 2, 2025
398,000	398,000	$	0.80	1.29	December 14, 2025
575,000	383,333	$	0.75	2.08	September 30, 2026
138,000	92,000	$	0.80	2.10	October 7, 2026
829,333	552,889	$	0.50	2.90	July 27, 2027
40,000	40,000	$	0.50	3.56	March 24, 2028
80,000	53,333	$	0.50	3.88	July 17, 2028
2,696,333*	2,155,556			1.84	

*During the nine month period ended August 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 such, stock options that were set to expire during such time have not been cancelled. As of August 31, 2024, the amendment remained subject to regulatory approvals (which was received) and shareholder approval and was received subsequent to August 31, 2024.

Expressed in Canadian dollars (Unaudited)

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 nine month period ended August 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 nine month period ended August 31, 2024, the Company recognized share-based payments expense in relation to vested stock options of $94,920 (2023 – $253,355), which is included in profit or loss.

Share-based payment reserve consists of the following amounts:

	August 31, 2024	November 30, 2023
Outstanding options	**$ 1,386,215**	$ 1,293,863
Convertible debt	**134,326**	134,326
Share exchange for Network Entertainment Inc.	**(302,651)**	(302,651)
	$ 1,217,890	$ 1,125,538

Expressed in Canadian dollars (Unaudited)

15. Revenue

	Three month period ended		Nine month period ended	
	August 31, 2024	August 31, 2023	**August 31, 2024**	August 31, 2023
Production revenue	**$ -**	$ 6,951	**$ -**	$ 1,122,801
Contract production services revenue	**2,820,076**	780,863	**7,833,852**	2,357,607
Distribution revenue	**16,024**	1,850,411	**138,033**	2,252,147
	$ 2,836,100	$ 2,638,225	**$ 7,971,885**	$ 5,732,555

Of the Company's $7,971,885 (2023 – $5,732,555) in revenue for the nine month period ended August 31, 2024, $5,473,025 (2023 – $1,283,672) was attributable to external customers located in Canada, $2,424,323 (2023 – $4,408,183) was attributable to external customers located in the U.S., and $74,537 (2023 – $40,700) 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 nine month period ended August 31, 2024, three customers accounted for 92% of revenue (2023 – three customers accounted for 86% of revenue).

16. General and administrative expenses

	Three month period ended		Nine month period ended	
	August 31, 2024	August 31, 2023	**August 31, 2024**	August 31, 2023
Insurance	**$ 12,973**	$ 10,371	**$ 29,987**	$ 27,803
Interest and bank charges	**21,529**	49,182	**63,851**	89,298
Office and general	**46,742**	31,376	**137,066**	100,731
Professional fees	**26,318**	41,484	**100,535**	104,833
Salaries and wages	**108,467**	149,343	**274,862**	423,448
Technology and licenses	**400**	5,578	**3,909**	20,552
Telecomunications	**920**	3,255	**6,967**	10,925
Transfer agent and filing fees	**13,578**	9,594	**35,583**	40,535
Travel	**32,481**	6,685	**40,576**	16,670
	$ 263,408	$ 306,868	**$ 693,336**	$ 834,795

Expressed in Canadian dollars (Unaudited)

17. Supplemental statement of net and comprehensive income (loss) disclosure

(a) Employee benefit expenses

Total salaries and wages recognized in profit or loss for the nine month period ended August 31, 2024 is $1,906,952 (2023 – $1,994,678) of which $1,632,090 was recorded as production costs (2023 – $1,571,230) and $274,862 and was recorded as general and administration (2023 – $423,448).

(b) Financing expense

Financing expense is comprised of the following:

	Three month period ended		Nine month period ended	
	August 31, 2024	August 31, 2023	**August 31, 2024**	August 31, 2023
Interest income	**$ (11,739)**	$ (272)	**$ (11,752)**	$ (17,731)
Interest expense on line of credit	**6,274**	6,079	**18,834**	17,184
Interest expense on production financing	**3,759**	23,863	**17,946**	60,956
Interest expense on lease obligations	**9,937**	3,928	**26,318**	8,765
Interest expense on debt payable	**12,432**	18,087	**39,905**	56,702
Interest and financing expense on promissory note	**(46,729)**	17,228	**58,767**	20,631
Net financing expense	**$ (26,066)**	$ 68,913	**$ 150,018**	$ 146,507

18. Supplemental cash flow information

i. Non-cash investing and financing activities

	Nine month period ended	
	August 31, 2024	August 31, 2023
Tax credits receivable included in production costs	**$ 3,113,764**	$ 4,179,880
Amount included in prior year projects in progress transferred to productions completed and released	**$ -**	$ 1,565,163
Accounts payable included in production costs	**$ 2,034,279**	$ 1,810,366
Fair value of expired/cancelled stock options	**$ 2,568**	$ 179,472

ii. Interest and income taxes paid

Interest paid during the nine month period ended August 31, 2024 was $261,069 (2023 – $180,614). Income taxes paid during the nine month period ended August 31, 2024 was $4,313 (August 31, 2023 – $16,617).

Expressed in Canadian dollars (Unaudited)

18. Supplemental cash flow information (continued)

iii. Reconciliation of liabilities arising from financing activities

Nine month period ended August 31, 2023:

		Cash flows	Non-cash changes		
			Accrued interest and financing expense	Additions	
Line of credit	$ 185,000	$ 97,816	$ 17,184	$ -	$ 300,000
Production financing	2,926,897	(1,870,386)	100,818	-	1,157,329
Lease obligations	158,437	(220,488)	8,765	295,160	241,874
Debt payable	1,095,000	(281,702)	56,702	-	870,000
Promissory note	-	650,000	12,789	-	662,789
Total liabilities from financing activities	$ 4,365,334	$ (1,624,760)	$ 196,258	$ 295,160	$ 3,231,992

Nine month period ended August 31, 2024:

		Cash flows	**Non-cash changes**				
			Accrued interest and financing expense	**Additions**	**Lease modifications**	**Sale and leaseback**	
Line of credit	$ 285,000	$ (3,834)	$ 18,834	$ -	$ -	$ -	$ 300,000
Production financing	1,574,755	(1,043,606)	17,946	-	-	-	549,095
Lease obligations	148,319	(262,811)	26,318	516,323	74,245	157,529	659,923
Debt payable	795,000	(384,905)	39,905	-	-	-	450,000
Promissory note	695,536	(91,053)	58,767	-	-	-	663,250
Total liabilities from financing activities	**$ 3,498,610**	**$ (1,786,209)**	**$ 161,770**	**$ 516,323**	**$ 74,245**	**$ 157,529**	**$ 2,622,268**

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 nine month period ended August 31, 2024, were recorded as follows:

- Reduction to production costs of $141,417 (2023 – $576,594), and
- Reduction to investment in film and television properties of $1,446,719 (2023 – $1,078,300).

20. Financial instruments

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

Financial instrument	Classification
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.

20. Financial instruments (continued)

(i) Market risk (continued)

Currency risk (continued)

A five percent fluctuation in the U.S. dollar rate impacting U.S. dollar revenues during the nine month period ended August 31, 2024 would result in a $124,943 (2023 – $222,444) impact to profit or loss.

The Company is also exposed to currency risk on its cash, accounts receivable and accounts payable balances that are denominated in U.S. dollars, being, respectively, $2,492,308 (November 30, 2023 – $2,267,315), $109,701 (November 30, 2023 – $1,119,405) and $1,530,058 (November 30, 2023 – $722,056).

A five percent fluctuation in the U.S. dollar closing rate at August 31, 2024 would result in a net change to profit or loss of $53,597 (2023 – $40,191).

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 $59,090 (2023 – $64,845).

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.

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

As of August 31, 2024, there are $39,900 (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.

Expressed in Canadian dollars (Unaudited)

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 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	$ 300,000	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	3,621,000	34,464	14,166	42,463	47,410
Production financing	-	-	-	-	-
Debt payable	75,000	300,000	75,000	-	-
Promissory note	663,249	-	-	-	-
	$ 4,659,249	$ 334,464	$ 89,166	$ 42,463	$ 47,410

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 and long-term debt less cash. Capital as at August 31, 2024 was $8,527,590 (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 nine month period ended August 31, 2024. The Company is not subject to externally imposed capital requirements.

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.

23. Subsequent event

Subsequent to August 31, 2024, the Company received approval from its shareholders to amend the terms of 2,706,333 outstanding stock options to an exercise price of $0.30 per share and an expiration date of April 4, 2029.