

Condensed Interim Consolidated Financial Statements of

NETWORK MEDIA GROUP INC.

For the nine month period ended August 31, 2025 and 2024
(Expressed in Canadian dollars)

(Unaudited – Prepared by management)

N E T W O R K

www.networkmediagroup.ca

NOTICE TO READER

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 Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Vancouver, BC
October 30, 2025

NETWORK MEDIA GROUP INC.

Condensed Interim Consolidated Statements of Financial Position

As at August 31, 2025 and November 30, 2024

Expressed in Canadian dollars (Unaudited)

	Note	August 31, 2025	November 30, 2024
ASSETS			
Current			
Cash		\$ 3,564,064	\$ 3,016,447
Accounts receivable	3	1,290,267	1,102,719
Tax credits receivable		1,443,552	1,866,909
Prepaid expenses and deposits		99,471	80,206
		6,397,354	6,066,281
Tax credits receivable		2,015,120	786,670
Property, equipment and right-of-use assets	4	504,330	767,678
Investment in film and television properties	6, 13, 19	9,158,868	10,462,903
Total Assets		\$ 18,075,672	\$ 18,083,532
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Line of credit	7	\$ 280,000	\$ 295,000
Accounts payable and accrued liabilities	5, 8, 13	4,577,780	3,853,952
Production financing	9	1,673,679	1,234,243
Deferred revenue	10	1,569,523	2,010,628
Current portion of debt payable	11	150,000	300,000
Promissory note	13	721,549	662,996
Current lease obligations	12	214,944	293,318
		9,187,475	8,650,137
Accounts payable and accrued liabilities	5	69,548	69,548
Debt payable	11	-	75,000
Lease obligations	12	160,581	315,155
Total Liabilities		9,417,604	9,109,840
Shareholders' Equity			
Share capital	14	12,927,976	12,927,976
Share-based payment reserve	14(c)	1,415,832	1,444,085
Deficit		(5,685,740)	(5,398,369)
Total Shareholders' Equity		8,658,068	8,973,692
Total Liabilities and Shareholders' Equity		\$ 18,075,672	\$ 18,083,532

Nature of operations and going concern (Note 1)

Subsequent events (Note 23)

Approved by the Board of Directors on October 30, 2025.

"Paul Gertz"

Paul Gertz, Director

"Derik Murray"

Derik Murray, Director

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

NETWORK MEDIA GROUP INC.
Consolidated Statements of Net and Comprehensive Income (Loss)
For the three and nine month period ended August 31, 2025 and 2024
Expressed in Canadian dollars (Unaudited)

	Note	Three month period ended		Nine month period ended	
		August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Total revenue	15	\$ 2,849,848	\$ 2,836,100	\$ 5,366,881	\$ 7,971,885
Production costs	13, 17(a), 19	1,708,726	2,717,064	2,665,967	7,269,612
Amortization of investment in film and television properties	6	552,153	380,826	1,639,203	1,151,387
Amortization of property, equipment and right-of-use assets	4	85,838	106,270	293,095	336,643
General and administrative	13, 16, 17(a)	167,909	263,408	666,923	693,336
Impairment of investment in film and television properties	6	9,601	27,753	136,784	55,649
Selling and distribution	16	183,270	15,049	194,474	97,722
Share-based payments	13, 14(c)	6,514	28,459	27,023	94,920
Derecognition of accounts payable		-	-	(12,329)	-
		2,714,011	3,538,829	5,611,140	9,699,269
Income (loss) before other items		135,837	(702,729)	(244,259)	(1,727,384)
Other income		(20,143)	27,175	(20,808)	12,544
Foreign exchange loss (gain)		(29,665)	(45,925)	(3,880)	116,353
Remeasurement on lease modifications	4	-	-	-	7,779
Financing expense	17(b)	47,895	(14,327)	174,615	161,770
Write-off of intangible asset	6	-	100,000	-	100,000
Income (loss) before income taxes		137,750	(769,652)	(394,186)	(2,125,830)
Income tax expense (recovery)	18	1,897	(253)	(51,539)	4,313
Net and comprehensive income (loss) for the period		\$ 135,853	\$ (769,399)	\$ (342,647)	\$ (2,130,143)
Earnings (loss) per share					
- basic		\$ 0.01	\$ (0.04)	\$ (0.02)	\$ (0.12)
- diluted		\$ 0.01	\$ (0.04)	\$ (0.02)	\$ (0.12)
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 Statements of Changes in Shareholders' Equity

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

	Note	Number of common shares	Share capital	Share-based payment reserve	Deficit	Total
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 cancelled or expired 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
Balance as at November 30, 2024		17,824,707	\$ 12,927,976	\$ 1,444,085	\$ (5,398,369)	\$ 8,973,692
Share-based payments	14(c)	-	-	27,023	-	27,023
Reclassification of fair value of cancelled or expired stock options	14(c)	-	-	(55,276)	55,276	-
Net and comprehensive loss for the period		-	-	-	(342,647)	(342,647)
Balance as at August 31, 2025		17,824,707	\$ 12,927,976	\$ 1,415,832	(5,685,740)	\$ 8,658,068

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, 2025 and 2024
Expressed in Canadian dollars (Unaudited)

	Nine month period ended	
	August 31, 2025	August 31, 2024
Operating activities		
Net loss for the period	\$ (342,647)	\$ (2,130,143)
Items not involving cash:		
Amortization of investment in film and television properties	1,639,203	336,643
Amortization of property, equipment and right-of-use assets	293,095	1,151,387
Impairment of investment in film and television properties	136,784	55,649
Write-off of intangible asset	-	100,000
Share-based payments	27,023	94,920
Derecognition of accounts payable	(12,329)	-
Other income	-	(746)
Remeasurement on lease modifications	-	7,779
	1,741,129	(384,511)
Net changes in non-cash working capital items		
Accounts receivable	(187,548)	1,080,212
Tax credits receivable	1,820,691	(283,272)
Prepaid expenses and deposits	(19,265)	2,161
Accounts payable and accrued liabilities	710,964	308,600
Accrued interest	181,838	161,770
Deferred revenue	(441,105)	1,528,171
Net cash provided by operating activities	3,806,704	2,413,131
Financing activities		
Proceeds from production financing	1,378,580	408,863
Repayment of production financing	(1,574,308)	(1,452,469)
Proceeds from line of credit	-	15,000
Repayment of line of credit	(28,557)	(18,834)
Repayment of promissory note	-	(91,053)
Repayment of lease obligations	(279,096)	(262,811)
Repayment of debt payable	(239,780)	(384,905)
Net cash used in financing activities	(743,161)	(1,786,209)
Investing activities		
Additions to property, equipment and right-of-use assets	(2,801)	(288,901)
Proceeds from sale and leaseback	-	107,905
Investment in film and television properties, net of tax credits	(2,371,251)	661,209
Investment in properties in development	(141,874)	(341,119)
Net cash provided by (used in) investing activities	(2,515,926)	139,094
Effect of exchange rate changes on cash	-	(5,745)
Increase in cash	547,617	760,271
Cash, beginning of period	3,016,447	2,275,164
Cash, end of period	\$ 3,564,064	\$ 3,035,435

Supplemental cash flow information (Note 18)

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

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

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 deficiency of \$2,790,121 and an accumulated deficit of \$5,685,740 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. Such adjustments could be material.

The Company’s principal place of business is 1684 West 2nd Avenue, Vancouver, British Columbia, V6J 1H4. 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 IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). 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, 2024.

The condensed interim consolidated financial statements of the Company for the nine month period ended August 31, 2025 and 2024 were authorized for issue by the Board of Directors on October 30, 2025.

(b) *Basis of measurement*

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

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

2. Basis of presentation (continued)

(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.

(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-Three Inc. (British Columbia Incorporated)
- Network Films Twenty-Four Inc. (British Columbia Incorporated)
- Network Films Twenty-Five Inc. (British Columbia Incorporated)
- Network Films Twenty-Six Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Two Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Three Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Five Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Seven Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Eight Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Nine Inc. (British Columbia Incorporated)
- Network Entertainment Corp. (Delaware Incorporated)
- 1451463 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, 2024. Actual results may differ materially from these estimates.

NETWORK MEDIA GROUP INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended August 31, 2025 and 2024
Expressed in Canadian dollars (Unaudited)

2. Basis of presentation (continued)

(f) New accounting standards adopted

The Company adopted the following amendment to IFRS Accounting Standards. Their adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

Amendments to IAS 1 - Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled non-current liabilities with covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, Classification of liabilities as current or noncurrent, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if an entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments were effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. Retrospective application was required on adoption.

(g) New accounting standards not yet adopted

Amendments to IAS 21, Lack of Exchangeability

In August 2024, the IASB issued amendments to IAS 21 to clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments are effective for annual periods beginning on or after January 1, 2025, with early adoption is permitted. When applying the amendments, an entity cannot restate comparative information. The Company is currently in the process of assessing the impact of the amendments on the consolidated financial statements and notes to the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category. These amendments are effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

2. Basis of presentation (continued)

(g) *New accounting standards not yet adopted (continued)*

Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments

IFRS 9 requires entities to recognize financial assets and liabilities when they become party to the contractual terms and to measure them initially at fair value, adjusted for directly attributable transaction costs where applicable. The standard is being clarified to provide better guidance on the derecognition of financial liabilities, which can impact bank reconciliation processes, especially during debt restructuring based on the timing of payments on financial liabilities as compared to the actual settlement of those debts. This clarification may result in a change in the derecognition timing of financial liabilities in situations where electronic payments are involved. These amendments are effective for annual periods beginning on or after January 1, 2026. The Company is currently assessing the impact that the adoption of this clarification of IFRS 9 will have on its consolidated financial statements.

3. Accounts receivable

	August 31, 2025	November 30, 2024
Receivables from broadcasters	\$ 1,257,971	\$ 987,092
Input tax credits and other receivables	32,296	115,627
	<u>\$ 1,290,267</u>	<u>\$ 1,102,719</u>

The aging of current receivables from broadcasters is as follows:

	August 31, 2025	November 30, 2024
Less than 60 days	\$ 1,228,284	\$ 828,268
Over 61 days	29,687	158,824
	<u>\$ 1,257,971</u>	<u>\$ 987,092</u>

NETWORK MEDIA GROUP INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine month period ended August 31, 2025 and 2024
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, 2023	\$ 1,018,828	\$ 106,286	\$ 72,187	\$ -	\$ 1,210,243	\$ 2,407,544
Additions	236,294	-	-	51,109	554,791	842,194
Lease modifications	-	-	-	-	(417,849)	(417,849)
Sale and leaseback	(115,458)	-	-	-	159,897	44,439
Balance at November 30, 2024	1,139,664	106,286	72,187	51,109	1,507,082	2,876,328
Additions	2,801	-	-	-	-	2,801
Lease modification	-	-	-	-	26,946	26,946
Balance at August 31, 2025	\$ 1,142,465	\$106,286	\$ 72,187	\$ 51,109	\$ 1,534,028	\$ 2,906,075
Accumulated amortization						
Balance at November 30, 2023	\$ 907,237	\$ 88,169	\$ 56,983	\$ -	\$ 1,042,656	\$ 2,095,045
Amortization expense	105,177	3,617	4,561	25,554	364,942	503,851
Lease modifications	-	-	-	-	(484,315)	(484,315)
Sale and leaseback	(5,931)	-	-	-	-	(5,931)
Balance at November 30, 2024	1,006,483	91,786	61,544	25,554	923,283	2,108,650
Amortization expense	30,288	2,170	2,395	9,583	248,659	293,095
Balance at August 31, 2025	\$ 1,036,771	\$ 93,956	\$ 63,939	\$ 35,137	\$ 1,171,942	\$ 2,401,745
Carrying amount						
November 30, 2024	\$ 133,181	\$ 14,500	\$ 10,643	\$ 25,555	\$ 583,799	\$ 767,678
August 31, 2025	\$ 105,694	\$ 12,330	\$ 8,248	\$ 15,972	\$ 362,086	\$ 504,330

During the year ended November 30, 2024, there were modifications to certain lease agreements to either extend the lease term or terminate the agreement. 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 remeasurement recognized in profit or loss 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, for a term of 59 months. 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 was recorded in other income.

During the nine month period ended August 31, 2025, the Company modified a certain lease agreement for a change in consideration. As a result of the lease modification, the Company remeasured the lease liability and recorded a corresponding adjustment to the relevant right-of-use asset.

There were no impairment write-downs or any reversals of previous write-downs, nor did the Company have any disposals of property and equipment during the periods presented, other than the sale-leaseback agreement noted above.

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

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, 2023	\$ 13,734	\$ 1,113,957	\$ 34,186	\$ 48,366	\$ 1,210,243
Additions	-	319,370	38,468	196,953	554,791
Lease modifications	-	(417,849)	-	-	(417,849)
Sale and leaseback	-	-	-	159,897	159,897
Balance at November 30, 2024	13,734	1,015,478	72,654	405,216	1,507,082
Lease modification	-	26,946	-	-	26,946
Balance at August 31, 2025	\$ 13,734	\$ 1,042,424	\$ 72,654	\$ 405,216	\$ 1,534,028
Accumulated amortization					
Balance at November 30, 2023	\$ 13,734	\$ 955,706	\$ 28,444	\$ 44,772	\$ 1,042,656
Amortization expense	-	294,328	7,346	63,268	364,942
Lease modifications	-	(484,315)	-	-	(484,315)
Balance at November 30, 2024	13,734	765,719	35,790	108,040	923,283
Amortization expense	-	175,130	7,213	66,316	248,659
Balance at August 31, 2025	\$ 13,734	\$ 940,849	\$ 43,003	\$ 174,356	\$ 1,171,942
Carrying amount					
November 30, 2024	\$ -	\$ 249,759	\$ 36,864	\$ 297,176	\$ 583,799
August 31, 2025	\$ -	\$ 101,575	\$ 29,651	\$ 230,860	\$ 362,086

5. Intangible asset

On February 1, 2022, as last amended on December 1, 2024, 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 first amending agreement, consideration for the NFT Licenses was reduced by \$250,000, resulting in a corresponding reduction in accounts payable and accrued liabilities. During the year ended November 30, 2024, the Company determined that it would not exercise its right to renew and extend the term of the NFT Licenses. Accordingly, the Company impaired the intangible asset of \$150,000 and derecognized accounts payable and accrued liabilities in the amount of \$50,000.

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

5. Intangible asset (continued)

A continuity schedule of the intangible asset is as follows:

Cost	
Balance at November 30, 2022	\$ 400,000
Amendment to consideration	(250,000)
Balance at November 30, 2023	150,000
Impairment of intangible asset	(150,000)
Balance at November 30, 2024 and August 31, 2025	\$ -

During the nine month period ended August 31, 2025, the Company entered into another amendment to the NFT Licensing Agreement whereby a payment of \$25,000 would be due on June 30, 2025, if the Company exercises its right to renew and further extend the term of the NFT Licenses. On May 1, 2025, the Company provided notice that it would not be exercising its right to renew.

6. Investment in film and television properties

	Properties in development	Properties in progress	Properties completed and released	Total
Balance, November 30, 2023	\$ 1,635,035	\$ 2,196,847	\$ 7,878,305	\$ 11,710,187
Additions	462,102	3,748,704	7,155	4,217,961
Tax credits accrued	-	(2,387,874)	(15,105)	(2,402,979)
Transferred to properties in progress	(118,192)	118,192	-	-
Transferred to properties completed and released	-	(2,489,694)	2,489,694	-
Impairment	(205,685)	(200,000)	-	(405,685)
Amortization	-	-	(2,656,581)	(2,656,581)
Balance, November 30, 2024	1,773,260	986,175	7,703,468	10,462,903
Additions	190,803	1,278,956	56,544	1,526,303
Tax credits accrued	-	(961,553)	(92,798)	(1,054,351)
Transferred to properties in progress	(48,929)	48,929	-	-
Transferred to properties completed and released	-	(1,288,047)	1,288,047	-
Impairment	(9,601)	-	(127,183)	(136,784)
Amortization	-	-	(1,639,203)	(1,639,203)
Balance, August 31, 2025	\$ 1,905,533	\$ 64,460	\$ 7,188,875	\$ 9,158,868
As at November 30, 2024				
Cost	\$ 1,773,260	\$ 986,175	\$ 44,788,218	\$ 47,547,653
Accumulated amortization	-	-	(37,084,750)	(37,084,750)
Carrying amount	\$ 1,773,260	\$ 986,175	\$ 7,703,468	\$ 10,462,903
As at August 31, 2025				
Cost	\$ 1,905,533	\$ 64,460	\$ 45,912,828	\$ 47,882,821
Accumulated amortization	-	-	(38,723,953)	(38,723,953)
Carrying amount	\$ 1,905,533	\$ 64,460	\$ 7,188,875	\$ 9,158,868

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

6. Investment in film and television properties (continued)

During the nine month period ended August 31, 2025, interest of \$7,223 (2024 – \$Nil) has been capitalized within the properties in progress and productions completed and released balances.

As at August 31, 2025, the Company determined that the recoverability of certain properties in development and progress is less than their respective carrying values. As a result, the Company recognized an impairment of \$136,784 (November 30, 2024 - \$405,685) in profit or loss during the periods presented.

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 August 31, 2025, outstanding borrowings were \$280,000 (November 30, 2024 – \$295,000). 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. During the nine month period ended August 31, 2025, management derecognized \$12,329 (2024 – \$Nil) of accounts payable.

9. Production financing

Interim production financing

Certain subsidiaries of the Company have secured interim bank loans and/or third-party loans to finance the cost of producing their respective productions or related to certain of the Company's productions. These loans bear interest at the rates ranging from the bank's prime rate plus 1.50% to a rate of 12% per annum and are either short-term or repayable on demand. Each loan is secured by the tax credits receivable of the respective subsidiary and may also have 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, 2025, the Company repaid interim production financing of \$1,574,308 and received additional financing of \$1,378,580. Refer to Note 18.

Production financing obligation

During the nine month period ended August 31, 2025, the Company entered into independent, third party film financing agreements, pursuant to which the Company receives financing to fund a certain production.

As of August 31, 2025, production has commenced, and the total financing has been received by the production subsidiary. As at August 31, 2025, the funding received or accrued exceeded the carrying amount of the related production costs. Accordingly, the excess amount of \$559,418 has been recognized as a financial liability. The liability will be extinguished as future production costs are incurred.

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10. Deferred revenue

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

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

The following table reflects the movement in deferred revenue:

	August 31, 2025	November 30, 2024
Deferred revenue, beginning of period	\$ 2,010,628	\$ 2,307,770
Revenue recognized that was included in the deferred revenue balance at the beginning of period	(1,882,677)	(1,797,976)
Increase due to cash received, excluding amounts recognized as revenue during the period	1,441,572	1,500,834
Deferred revenue, end of period	\$ 1,569,523	\$ 2,010,628

11. Debt payable

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.

	August 31, 2025	November 30, 2024
Total debt payable	\$ 150,000	\$ 375,000
Current portion	(150,000)	(300,000)
Non-current portion of debt payable	\$ -	\$ 75,000

Principal repayments on debt payable are as follows:

- \$75,000 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, 2024, the Company was in compliance with the debt service coverage covenant.

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12. Lease obligations

The Company's leases are comprised of the following:

	Note	Office	Vehicle	Equipment	Total
Lease obligations recognized at November 30, 2023		\$ 138,611	\$ 6,316	\$ 3,392	\$ 148,319
Additions		319,370	38,468	196,953	554,791
Lease modifications		74,245	-	-	74,245
Sale and leaseback		-	-	157,529	157,529
Interest expense	17(b)	27,255	905	7,415	35,575
Lease payments		(276,289)	(8,479)	(77,218)	(361,986)
Lease obligations recognized at November 30, 2024		283,192	37,210	288,071	608,473
Less: non-current portion		(68,006)	(34,550)	(212,599)	(315,155)
Current portion of lease obligations		\$ 215,186	\$ 2,660	\$ 75,472	\$ 293,318
Lease obligations recognized at November 30, 2024		\$ 283,192	\$ 37,210	\$ 288,071	\$ 608,473
Lease modification		26,946	-	-	26,946
Interest expense	17(b)	9,441	3,157	6,604	19,202
Lease payments		(200,147)	(9,146)	(69,803)	(279,096)
Lease obligations recognized at August 31, 2025		119,432	31,221	224,872	375,525
Less: non-current portion		-	(24,389)	(136,192)	(160,581)
Current portion of lease obligations		\$ 119,432	\$ 6,832	\$ 88,680	\$ 214,944

The following table presents a reconciliation of the Company's undiscounted cash flows as at August 31, 2025 and November 30, 2024 to their present value for the Company's lease obligations:

	August 31, 2025	November 30, 2024
Within one year	\$ 234,104	\$ 333,112
Between one and five years	160,581	315,155
Total undiscounted lease obligations	394,685	648,267
Less: future interest charges	(19,160)	(39,794)
Total discounted lease obligations	375,525	608,473
Less: current portion of lease obligations	(214,944)	(293,318)
Non-current portion of lease obligations	\$ 160,581	\$ 315,155

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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, 2025 and 2024, 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, 2025	August 31, 2024
Short-term employee benefits	\$ 536,181	\$ 756,431
Share-based payments	17,092	42,678
	<u>\$ 553,273</u>	<u>\$ 799,109</u>
Recorded as:		
General and administrative expenses	\$ 36,000	\$ 36,000
Share-based payments	17,092	42,678
Production costs	126,703	306,301
Investment in film and television properties	373,478	414,130
	<u>\$ 553,273</u>	<u>\$ 799,109</u>

Recorded in accounts payable and accrued liabilities at August 31, 2025 are the following amounts:

- a) \$6,300 (November 30, 2024 – \$13,250) owed to a company controlled by an Officer of the Company. Amounts due to the related party are unsecured, non-interest bearing and due on demand.
- b) Pursuant to Executive Producer Agreements, as last amended on June 7, 2024:
 - \$130,000 (November 30, 2024 – \$96,342) in yearly executive producer (“EP”) fees, of which \$33,658 (November 30, 2024 - \$65,000) was recorded in production costs in profit and loss in the current period. The first instalment was payable on achieving particular production milestones of certain projects for which production has not yet commenced and payment of such fees was due on or before July 31, 2025 (Note 23); and
 - \$Nil (November 30, 2024 – \$25,000) in EP fees which was recorded as investment in film and television properties. The fees were payable on achieving particular production milestones for productions that have commenced.
- c) Pursuant to an amendment to a Promissory Note agreement, an EP fee of \$84,500 (November 30, 2024 - \$79,625) of which \$Nil (November 30, 2024 – \$65,000) was recorded in production costs in profit and loss and \$4,875 (November 30, 2024 – \$14,625) in investment in film and television properties and payment of such fees was due on or before July 31, 2025 (Note 23).

Promissory note

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

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, 2024, the fee was recorded in promissory note and as a financing expense in profit or loss and was paid during the year ended November 30, 2024.

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13. Related parties (continued)

Promissory note (continued)

The Loan was due on April 30, 2024 and if not repaid by such date, the Directors would receive a further \$65,000 as an EP fee which has been recorded in production costs in profit and loss during the year ended November 30, 2024 (Note 13(c)).

Pursuant to an amendment, the Company and the Directors of the Company agreed upon an extension to July 31, 2025 at an interest rate of 12% per annum. As consideration, the Directors would receive an executive producer fee of \$19,500 for every 12-month period the Promissory Note is outstanding, in lieu of incremental interest at a rate of 15%. During the nine month period ended August 31, 2025, \$Nil (November 30, 2024 – \$4,875) was paid and has been recorded in production costs in profit and loss and \$19,500 (November 30, 2024 – \$14,625) has been recorded in accounts payable and accrued liabilities and is included in investment in film and television properties (Note 13(c)).

As at August 31, 2025 and November 30, 2024 the Company has drawn upon the total Loan of \$650,000. During the nine month period ended August 31, 2025, the Company recorded \$58,553 (2024 – \$40,496) in interest and financing expense on the Promissory Note. As at August 31, 2025, a total of \$71,549 (November 30, 2024 – \$12,996) in interest and financing expense has been recorded in accounts payable and accrued liabilities (Note 23).

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, 2025 and year ended November 30, 2024.

(c) *Share-based payment reserve*

Pursuant to the Company's equity-settled stock option plan, as last amended on April 4, 2024, the Board of Directors may, from time to time, authorize the granting of options to Directors, employees and consultants of the Company to a maximum of 20% of the then outstanding shares of the Company which is limited to a maximum of 3,564,940 options as approved by the shareholders of the Company. Options granted under the plan have contractual option terms not exceeding 10 years and vesting periods as determined by the Company's Board of Directors.

During the nine month period ended August 31, 2025, 85,000 (2024 – 10,000) stock options were cancelled or expired, resulting in a reclassification of amounts totalling \$55,276 (2024 – \$2,568) from share-based payment reserve to deficit.

During the year ended November 30, 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.

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

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

	As at August 31, 2025		As at November 30, 2024	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of period	2,696,333	\$ 0.30	2,706,333	\$ 0.69
Cancelled	(85,000)	\$ 0.30	(10,000)	\$ 0.30
Outstanding, end of period	2,611,333	\$ 0.30	2,696,333	\$ 0.30

As at August 31, 2025, the following stock options are outstanding and exercisable:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (yrs)	Expiry
2,611,333	2,584,667	\$ 0.30	3.59	April 4, 2029

The Company did not grant any stock options during the nine month period ended August 31, 2025 or during the year ended November 30, 2024.

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 / Amendment	Options granted	Exercise price	Share price	Annual volatility rate	Risk free interest rate	Fair value at grant date	Expected life
2024*	2,706,333	\$ 0.30	\$ 0.24	98%	3.58%	\$ 0.24	5.0

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

For the nine month period ended August 31, 2025, the Company recognized share-based payments expense in relation to vested stock options of \$27,023 (2024 – \$94,920), which is included in profit or loss.

Share-based payment reserve consists of the following amounts:

	August 31, 2025	November 30, 2024
Outstanding stock options	\$ 1,584,157	\$ 1,612,410
Convertible debt	134,326	134,326
Share exchange for Network Entertainment Inc.	(302,651)	(302,651)
	\$ 1,415,832	\$ 1,444,085

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15. Revenue

	Three month period ended		Nine month period ended	
	August 31,	August 31,	August 31,	August 31,
	2025	2024	2025	2024
Revenue recognized at a specific point in time				
Distribution revenue	\$ 880,000	\$ 16,024	\$ 1,130,287	\$ 138,033
Production revenue	-	-	1,194,613	-
	<u>880,000</u>	<u>16,024</u>	<u>2,324,900</u>	<u>138,033</u>
Revenue recognized when performance obligations are satisfied over time				
Contract production services revenue	<u>1,969,848</u>	<u>2,820,076</u>	<u>3,041,981</u>	<u>7,833,852</u>
Total revenue	<u>\$ 2,849,848</u>	<u>\$ 2,836,100</u>	<u>\$ 5,366,881</u>	<u>\$ 7,971,885</u>

Of the Company's \$5,366,881 (2024 – \$7,971,885) in revenue for the nine month period ended August 31, 2025, \$259,897 (2024 – \$5,473,025) was attributable to external customers located in Canada, \$4,915,147 (2024 – \$2,424,323) was attributable to external customers located in the U.S., and \$191,837 (2024 – \$74,537) was attributable to other external customers.

The Company had four customers (2024 – three customers) whose revenue individually represented 10% or more of the Company's total revenue from contracts with customers. For the nine month period ended August 31, 2025, those four customers accounted for 85% of this revenue (2024 – three customers accounted for 92% of revenue).

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16. Expenses by nature

The following sets out certain expenses by nature:

	Three month period ended		Nine month period ended	
	August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Insurance	\$ 13,179	\$ 12,973	\$ 38,249	\$ 29,987
Interest and bank charges	29,429	21,529	72,898	63,851
Office and general	17,680	46,742	84,831	137,066
Professional fees	24,648	26,318	122,772	100,535
Salaries and wages	55,039	108,467	276,439	274,862
Technology and licenses	4,163	400	4,950	3,909
Telecommunications	2,862	920	8,298	6,967
Transfer agent and filing fees	10,821	13,578	34,726	35,583
Travel	10,088	32,481	23,760	40,576
General and administrative	\$ 167,909	\$ 263,408	\$ 666,923	\$ 693,336
Distribution and relicensing	\$ 180,747	-	\$ 184,949	\$ 82,673
Media and advertising	2,523	-	9,525	-
Royalty payments	-	15,049	-	15,049
Selling and distribution	\$ 183,270	\$ 15,049	\$ 194,474	\$ 97,722

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17. Supplemental statement of net and comprehensive loss disclosure

(a) *Employee benefit expenses*

Total salaries and wages recognized in profit or loss for the nine month period ended August 31, 2025 is \$1,533,448 (2024 – \$1,906,952) of which \$1,257,009 was recorded as production costs (2024 – \$1,632,090) and \$276,439 was recorded as general and administrative (2024 – \$274,862).

(b) *Financing expense*

Financing expense is comprised of the following:

	Three month period ended		Nine month period ended	
	August 31,	August 31,	August 31,	August 31,
	2025	2024	2025	2024
Interest expense on line of credit	4,376	6,274	\$ 13,557	\$ 18,834
Interest expense on production financing	16,623	3,759	68,523	17,946
Interest expense on lease obligations	4,305	9,937	19,202	26,318
Interest expense on debt payable	2,931	12,432	14,780	39,905
Interest and financing expense on promissory note	19,660	(46,729)	58,553	58,767
Financing expense	<u>\$ 47,895</u>	<u>\$ (14,327)</u>	<u>\$ 174,615</u>	<u>\$ 161,770</u>

18. Supplemental cash flow information

i. *Non-cash investing and financing activities*

	Nine month period ended	
	August 31,	August 31,
	2025	2024
Tax credits receivable included in production costs	\$ 3,445,339	\$ 3,113,764
Amount included in prior year projects in progress transferred to productions completed and released	\$ 1,288,047	\$ -
Accounts payable included in production costs	\$ 809,913	\$ 2,034,279
Fair value of cancelled or expired stock options	\$ 55,276	\$ 2,568

ii. *Interest and income taxes paid*

Interest paid during the nine month period ended August 31, 2025 was \$71,961 (2024 – \$261,069). The Company paid \$Nil (2024 – \$4,313) in income taxes during the nine month period ended August 31, 2025.

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18. Supplemental cash flow information (continued)

iii. Reconciliation of liabilities arising from financing activities

Nine month period ended August 31, 2024:

	Opening balance	Cash flows	Non-cash changes				Ending balance
			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

Nine month period ended August 31, 2025:

	Opening balance	Cash flows	Non-cash changes			Ending balance
			Accrued interest and financing	Lease modification	Production financing obligation	
Line of credit	\$ 295,000	\$ (28,557)	\$ 13,557	\$ -	\$ -	280,000
Production financing	1,234,243	(195,728)	75,746	-	559,418	1,673,679
Lease obligations	608,473	(279,096)	19,202	26,946	-	375,525
Debt payable	375,000	(239,780)	14,780	-	-	150,000
Promissory note	662,996	-	58,553	-	-	721,549
Total liabilities from financing activities	\$ 3,175,712	\$(743,161)	\$ 181,838	\$ 26,946	\$ 559,418	\$ 3,200,753

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, 2025, were recorded as follows:

- Reduction to investment in film and television properties of \$1,054,351 (2024 – \$1,446,719); and
- Reduction to production costs of \$827,364 (2024 – \$141,417).

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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.

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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, 2025 would result in a \$140,209 (2024 – \$124,943) impact to profit or loss. The Company is also exposed to currency risk on its cash, accounts receivable and accounts payable balances that are denominated in U.S. dollars, being, respectively, \$1,833,793 (November 30, 2024 – \$1,309,614), \$1,257,423 (November 30, 2024 – \$966,816) and \$287,045 (November 30, 2024 – \$894,786).

A five percent fluctuation in the U.S. dollar closing rate at August 31, 2025 would result in a net change to profit or loss of \$255,349 (2024 – \$53,597).

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 \$59,920 (2024 – \$59,090).

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 at August 31, 2025, four broadcasters (November 30, 2024 – three) represented receivables from broadcasters, as such, the Company is exposed to concentration of credit risk for receivables. As of August 31, 2025, there are \$29,687 (November 30, 2024 – \$158,824) of accounts receivable due over 61 days, but not considered impaired. Refer to Note 3 for a breakdown.

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

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20. Financial instruments (continued)

(iii) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liquidity needs can be met through a variety of sources. The Company generates cash from operations, by borrowing against earned tax credits through interim 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:

	2025	2026	2027	2028	2029
Line of credit	\$ 280,000	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	4,577,780	14,711	5,604	16,812	32,421
Production financing	1,673,679	-	-	-	-
Debt payable	150,000	-	-	-	-
Promissory note	721,549	-	-	-	-
	<u>\$ 7,403,008</u>	<u>\$ 14,711</u>	<u>\$ 5,604</u>	<u>\$ 16,812</u>	<u>\$ 32,421</u>

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

21. Capital management

The Company's objectives when managing capital are to safeguard its assets, maintain a competitive cost structure, continue as a going concern in order to pursue the development of its film and television properties, and provide a return to its shareholders in the form of capital appreciation. The Company defines capital as the aggregate of its shareholders' equity and long-term debt less cash. Capital as at August 31, 2025 was \$8,658,068 (November 30, 2024 – \$8,973,692).

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, 2025. The Company is subject to an externally imposed capital requirement (Note 11).

22. Contingent liabilities

The Company and its subsidiaries may from time to time, be a party to certain legal disputes and claims arising from employment or commercial issues in the normal course of business. During the nine month period ended August 31, 2025, the Company received notice of two infringement legal claims. The amount and timing of settlement of these claims are unknown as at the date of approval of these consolidated financial statements.

NETWORK MEDIA GROUP INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine month period ended August 31, 2025 and 2024

Expressed in Canadian dollars (Unaudited)

22. Contingent liabilities (continued)

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 events

Subsequent to August 31, 2025, the Company:

- (a) Received interim production financing of \$125,000 (Note 9);
- (b) Closed a non-brokered private placement of unsecured convertible debentures for gross proceeds of \$350,000. The convertible debenture bears interest at 12% per annum and is convertible at any time before maturity, at the option of the holder, into common shares of the Company at \$0.50 per share for a term of 2 years from the date of issuance. Closing of the transaction was subject to certain conditions, including the approval and consent of the TSX Venture Exchange (the "TSX-V"), which was subsequently received; and
- (c) The Company entered into a Debt Settlement Agreement with certain Directors of the Company, pursuant to which \$350,000 of the total outstanding principal of the Loan was repaid. The remaining principal balance of \$300,000 was converted into an unsecured convertible debenture. See Note 13. The convertible debenture bears interest at 12% per annum and is convertible at any time before maturity, at the option of the holder, into common shares of the Company at \$0.50 per share for a term of 2 years from the date of issuance.

Concurrently, the Company issued a total of 1,150,000 common shares to certain Directors of the Company, at a deemed price of \$0.15 per common share in full settlement and final payment of all other amounts owing for EP fees and interest totaling \$279,424 (Note 13).

Closing of the transaction was subject to certain conditions, including the approval and consent of the TSX-V, which was subsequently received.