

Management's Discussion and Analysis of

NETWORK MEDIA GROUP INC.

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

N E T W O R K

www.networkentertainment.ca

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion & Analysis (“MD&A”) prepared as of October 30, 2025, should be read in conjunction with Network Media Group Inc.’s (the “Company” or “Network”) unaudited condensed interim consolidated financial statements as of August 31, 2025 and its audited consolidated financial statements and accompanying notes for the years ended November 30, 2024 and 2023. The Company reports its financial results in accordance with International Financial Reporting Standards (“IFRS”) in Canadian dollars.

Network is a public company incorporated under the *Business Corporations Act* (British Columbia) whose common shares are traded on the TSX Venture Exchange (“TSXV”) (symbol “NTE.V”) and on the OTCQB Venture Market (symbol “NETWF”). Additional information relating to the Company can be found on SEDAR at <http://www.sedarplus.ca>.

Forward-looking Statements

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

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

Forward-looking information is provided for the purpose of giving readers more insight into the Company’s future financial and operational results, based on management’s expectations. Readers are cautioned that the information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, or to explain any

material difference between subsequent actual events and such forward-looking information, except to the extent required by applicable law. Material assumptions within the forward-looking information are in the section **Revenue Recognition and Forward-Looking Statements**.

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

Overview and Summary of Results

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

For the three and nine month period ended August 31, 2025, as compared to the same periods ended August 31, 2024, the Company realized the following:

- Revenues of:
 - \$3.0M (2024 – \$3.0M) for the three month period ended, and;
 - \$5.4M (2024 – \$8.0M) for the nine month period ended.
- Net and comprehensive income (loss) of:
 - Income of \$0.1M (2024 – Loss of \$0.8M) for the three month period ended, and;
 - Loss of \$0.3M (2024 – Loss of \$2.1M) for the nine month period ended.
- Adjusted EBITDA of:
 - \$0.2M (2024 – Loss of \$0.5M) for the three month period ended, and;
 - \$0.2M (2024 – Loss of \$1.2M) for the nine month period ended.
- Earnings (loss) per share of:
 - Earnings per share of \$0.01 (2024 – Loss per share of \$0.04) for the three month period ended, and;
 - Loss per share of \$0.02 (2024 – Loss per share of \$0.12) for the nine month period ended.
- Adjusted EBITDA (loss) per share of:
 - Earnings per share of \$0.01 (2024 – Loss per share of \$0.03) for the three month period ended, and;
 - Earnings per share of \$0.01 (2024 – Loss per share of \$0.07) for the nine month period ended.
- Backlog of \$4.8M

A summary of the significant events and operational highlights for Network for the nine month period ended August 31, 2024 include the following:

- In 2024, our Brats feature documentary, directed by original Brat Pack member Andrew McCarthy (based on his New York Times bestselling book *Brat: An ‘80s Story*), in partnership with NEON and ABC News premiered on Hulu, reaching the #1 spot. Brats further received significant recognition at the 2025 Webby Awards, winning in two categories:
 - Webby Winner – Video & Film: Documentary
 - People's Voice Winner – Video & Film: Documentary
- Delivered our Sly Stone feature documentary, “*Sly Lives! (aka The Burden of Black Genius)*”, which debuted on January 23, 2025 at the Sundance Film Festival. Directed by Academy Award-winner and four-time Grammy and Sundance Film Festival Award-winner Ahmir “Questlove” Thompson, in partnership with MRC Non-Fiction and Onyx Collective, the film celebrates the ground-breaking musical artist Sly Stone, of Sly and the Family Stone. After the 2025 Sundance Film Festival, it premiered on February 13, 2025, on Hulu/Disney. *Sly Lives! (aka The Burden of Black Genius)* was also nominated for a Gotham TV Award in the Outstanding Original Film, Broadcast, or Streaming category. This is a tremendous honour and a testament to the power of the story and the exceptional work of the entire team behind it.
- *Sly Lives! (aka The Burden of Black Genius)* was nominated for a Primetime Emmy in the Outstanding Documentary or Nonfiction Special category, and for a Critics Choice Documentary Award for Best Music Documentary.

- Delivered a proprietary feature length documentary entitled *I Am Luke Perry*.
- Announced a strategic distribution agreement with Elevation Pictures for the Canadian distribution for our I Am feature documentaries, commencing with three new highly anticipated titles, *I Am Luke Perry*, *I Am Raquel Welch* and *I Am Joe Frazier*, which premiered on Crave on June 9th, June 16th and June 23rd, respectively.
- Completed production on a five-episode documentary series.
- Continued production on four other feature length documentaries.

Operations & Outlook

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

Financing

During the nine month period ended August 31, 2025, the Company's operations were financed primarily by cash generated from operating activities, production financing and bank advances.

The Company finances its individual productions by way of advances from funding partners (broadcasters, distributors, and streaming services), as well as by securing production loans and equity investment partners. During the nine month period ended August 31, 2025, the Company received \$1.4M (2024 – \$0.4M) of production loans which are secured by the tax credits receivable of the respective subsidiary and may also have a general security agreement over the assets of the Company. In addition, operating activities generated \$3.8M (2024 – \$2.4M) of cash.

Revenue Recognition

The Company follows a revenue recognition policy that is standard to the film industry (Note 3 of the audited consolidated financial statements for the years ended November 30, 2024 and 2023). Under this policy the Company does not recognize revenues for a film or episode where the copyright is owned by the Company (referred to as proprietary productions) until performance obligations under the contract have been achieved and the goods or services have been transferred to the customer, which are normally:

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

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

If the production is a "work-for-hire" scenario where the Company does not own the copyright (referred to as service work), then the Company records the revenue, where performance obligations are satisfied over time, based upon the proportion of direct costs incurred in the current year to total expected costs. When it is expected that total costs will exceed revenue the expected loss is recognized immediately in profit or loss.

Forward-looking revenue

Contracts and funding for a film or television property are secured in advance of commencement of production of the property. The Company has certain properties currently in production which have been sold to buyers under binding purchase agreements. Deferred revenue totaling approximately \$1.6M as at August 31, 2025 (November 30, 2024 – \$2.0M), represents funding advances received on these properties.

Summary Consolidated Financial Information

The summary consolidated financial information set out below has been prepared in accordance with IFRS and is derived from the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the nine month period ended August 31, 2025, and can be found at <http://www.sedarplus.ca>.

Consolidated Summary of Financial Position	As at August 31, 2025	As at November 30, 2024
Cash	\$ 3,564,064	\$ 3,016,447
Current assets	\$ 6,397,354	\$ 6,066,281
Investment in film and television properties	\$ 9,158,868	\$ 10,462,903
Total assets	\$ 18,075,672	\$ 18,083,532
Current liabilities	\$ 9,187,475	\$ 8,650,137
Total liabilities	\$ 9,417,604	\$ 9,109,840
Shareholders' equity	\$ 8,658,068	\$ 8,973,692
Working capital deficiency	\$ (2,790,121)	\$ (2,583,856)

Consolidated Statements of Net and Comprehensive Income (Loss)
Expressed in Canadian dollars (Unaudited)

	Three month period ended		Nine month period ended	
	August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Total revenue	\$ 2,849,848	\$ 2,836,100	\$ 5,366,881	\$ 7,971,885
Production costs	1,708,726	2,717,064	2,665,967	7,269,612
Amortization of investment in film and television properties	552,153	380,826	1,639,203	1,151,387
Amortization of property, equipment and right-of-use assets	85,838	106,270	293,095	336,643
General and administrative	167,909	263,408	666,923	693,336
Impairment of investment in film and television properties	9,601	27,753	136,784	55,649
Selling and distribution	183,270	15,049	194,474	97,722
Share-based payments	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	-	-	-	7,779
Financing expense	47,895	(14,327)	174,615	161,770
Write-off of intangible asset	-	100,000	-	100,000
Income (loss) before income taxes	137,750	(769,652)	(394,186)	(2,125,830)
Income tax expense (recovery)	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

Non-IFRS Measures

In addition to results reported in accordance with IFRS, the Company reports using certain non-IFRS financial measures as supplemental indicators of the Company's financial and operating performance. These non-IFRS financial measures include EBITDA, Adjusted EBITDA and Future Contracted Production Revenue (commonly referred to as backlog). The Company believes these supplemental financial measures reflect the Company's on-going business in a manner that assist the reader's meaningful period-to-period comparisons and analysis of trends in its business.

"Adjusted EBITDA" is calculated based on EBITDA (known as earnings/loss before interest, taxes, depreciation and amortization) plus share-based payments expense, finance costs (income), foreign exchange gain (loss) and losses and other items of an unusual nature that do not reflect ongoing operations. EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. EBITDA and Adjusted EBITDA are not an earnings measure recognized by IFRS and therefore do not have a standardized meaning prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Below is a table detailing the adjustments to earnings made by the Company to calculate Adjusted EBITDA:

	Three month period ended		Nine month period ended	
	August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Income (loss) for the period	\$ 135,853	\$ (769,399)	\$ (342,647)	\$ (2,130,143)
<u>Adjustments</u>				
Amortization of property, equipment and right-of-use assets	85,838	106,270	293,095	336,643
Impairment of investment in film and television properties	9,601	27,753	136,784	55,649
Financing expense	47,895	(14,327)	174,615	161,770
Share-based payments	6,514	28,459	27,023	94,920
Other income	(20,143)	27,175	(20,808)	12,544
Foreign exchange loss (gain)	(29,665)	(45,925)	(3,880)	116,353
Derecognition of accounts payable	-	-	(12,329)	-
Write-off of intangible asset	-	100,000	-	100,000
Remeasurement on lease modifications	-	-	-	7,779
Income tax expense (recovery)	1,897	(253)	(51,539)	4,313
Adjusted EBITDA	\$ 237,790	\$ (540,247)	\$ 200,314	\$ (1,240,172)
Adjusted EBITDA per share	\$ 0.01	\$ (0.03)	\$ 0.01	\$ (0.07)

Contracted Future Production Revenues (Backlog)

The Company uses the non-IFRS measure "backlog", which is defined as the undiscounted value of signed agreements for production services for work that has not yet been performed, but which the Company expects to recognize revenue in future periods. The extent of eventual revenue recognized in future periods may be materially higher or lower than this amount, depending upon assumptions and expectations that include, but are not limited to the following: the terms of the contracts will not be altered; delivery of the Company's products will occur as scheduled; the purchasing party will make payment as and when due under the contract, and will comply with all payment terms; the US-Canadian currency exchange rates remain stable (assumed to be 1.35 USD-CDN for the purposes of the estimates made herein); no unforeseen event interrupts business in the ordinary course; and the purchasing party will pay, or has paid, Network on a pro-rata to percent completed for a film or episode that is in progress. Should conditions change, the revenue estimates may not be met and actual results may differ, perhaps materially.

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

Contracts and funding for a film or television property are secured well in advance of commencement of production of the property. One significant element of uncertainty is the specific accounting period in which revenue earned by the Company can be recognized due to the requirements of its revenue recognition policy as described above. Often delivery schedules are changed in mid-production and at the discretion of the broadcaster, which can often delay the recognition of the property's associated revenue. Readers should be cautioned that such adjustments can be material in nature.

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

Contracted Future Production Revenues	\$ Millions
Deferred revenue as at August 31, 2025	\$ 1.6
Contracted future revenue	3.2
Total expected revenue - contracted	<u><u>\$ 4.8</u></u>
Revenues expected within 6 months	\$ 2.7
Revenues expected within 7 to 12 months	\$ 2.0
Revenues beyond 12 months	\$ -

As stated above, under IFRS the Company is not able to recognize revenue until all of the above-mentioned conditions have been met. As at October 30, 2025, Network has contracts for \$4.8M that have yet to be recorded as revenue but are expected to be received and recognized as revenue within the periods noted above.

Summary Consolidated Financial

Overall Financial Position – Third Quarter Fiscal 2025

Net and comprehensive income increased by \$0.9M to an income of \$0.1M for the three month period ended August 31, 2025, from a loss of \$0.8M in Q3 2024.

Total assets remained relatively the same for the during the period. The \$0.3M increase in total liabilities was mainly due to the increase in payables offset by a decrease in deferred revenue.

A more detailed analysis of the other components of profits and loss is provided below under the title *Results of Operations – Quarter ended August 31, 2025 compared to the quarter ended August 31, 2024*.

Results of Operations

Three month period ended August 31, 2025 compared to the three month period ended August 31, 2024

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

Revenue

Revenue increased by \$13,748 from \$2,836,100 in 2024 to \$2,849,848 in 2025.

The detailed breakdown of revenues is as follows:

- Distribution revenue was \$880,000 in 2025 as compared to \$16,024 in 2024. The increase was due to back-end royalties related to the sale of a project which was independently financed where the Company holds a profit-sharing interest.
- Contract production services revenue was \$1,969,848 in 2025 as compared to \$2,820,076 in 2024 and was due to a larger volume of service projects in production in the previous year.

	Three month period ended	
	August 31, 2025	August 31, 2024
Revenue recognized at a specific point in time		
Distribution revenue	<u>\$ 880,000</u>	<u>\$ 16,024</u>
	<u>880,000</u>	<u>16,024</u>
Revenue recognized when performance obligations are satisfied over time		
Contract production services revenue	<u>1,969,848</u>	<u>2,820,076</u>
Total revenue	<u>\$ 2,849,848</u>	<u>\$ 2,836,100</u>

Additional information about future revenue of the Company can be found at the section *Revenue Recognition and Forward-Looking Statements*.

Production costs

Production costs were \$1,708,726 in 2025 as compared to \$2,717,064 in 2024 and is associated directly to the reduced amount of service project work in production during the current period.

Amortization of investment in film and television properties

Amortization of investment film and television properties increased by \$171,327 from \$380,826 in 2024 to \$552,153 in 2025. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the year ended November 30, 2024 for information on how the amortization of the properties is calculated.

Amortization of property, equipment and right-of-use assets

Amortization of property, equipment and right-of-use assets decreased by \$20,432 to \$85,838 in 2025 as compared to \$106,270 in 2024. The Company did not acquire any property, equipment or right-of-use assets during the period, resulting in a decrease in amortization.

General and administrative expenses

General and administrative expenses decreased by \$95,499 from \$263,408 in 2024 to \$167,909 in 2025. The decrease is primarily due to the reduction of office and general, salaries and wages and travel during the quarter.

A detailed breakdown of the expenses is as follows:

	Three month period ended	
	August 31, 2025	August 31, 2024
Insurance	\$ 13,179	\$ 12,973
Interest and bank charges	29,429	21,529
Office and general	17,680	46,742
Professional fees	24,648	26,318
Salaries and wages	55,039	108,467
Technology and licenses	4,163	400
Telecommunications	2,862	920
Transfer agent and filing fees	10,821	13,578
Travel	10,088	32,481
General and administrative	\$ 167,909	\$ 263,408

Impairment of investment in film and television properties

Network recorded impairment of film and television properties of \$9,601 in 2025 compared to \$27,753 in 2024 as a result of its assessment of the future viability of its various various completed and projects in development.

Selling and distribution expenses

Selling and distribution expenses increased to \$183,270 in 2025 as compared to \$15,049 in 2024 which is primarily due to costs related to previously completed projects.

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

	Three month period ended	
	August 31, 2025	August 31, 2024
Distribution and relicensing	\$ 180,747	-
Media and advertising	2,523	-
Royalty payments	-	15,049
Selling and distribution	\$ 183,270	\$ 15,049

Share-based payments

Share-based payments decreased by \$21,945 from \$28,459 in 2024 to \$6,514 in 2025. The decrease is due to the cancellation of options previously issued as calculated using the Black-Scholes model, which resulted in a decrease in the number of options that vested during the three month period.

Foreign exchange gain

Foreign exchange gain decreased by \$16,260 to \$29,665 in 2025 as compared to \$45,925 in 2024. The change is due to the fluctuation of the Canadian dollar against the US dollar throughout the period.

Financing expense

Total financing expense increased by \$62,222 to \$47,895 in 2025 from a recover of \$14,327 in 2024. This increase was due to the costs of the production loans received in the quarter as well as the interest on the promissory note received in the previous year.

Income (loss) for the three month period

Net and comprehensive income for the three month period ended August 31, 2025 was \$135,853 (\$0.01 per share) as compared to a loss of \$769,399 (\$0.04 per share) in 2024.

Nine month period ended August 31, 2025 compared to the nine month period ended August 31, 2024

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

Revenue

Revenue decreased by \$2,605,004 from \$7,971,885 in 2024 to \$5,366,881 in 2025.

The detailed breakdown of revenues is as follows:

- Distribution revenue was \$1,130,287 as compared to \$138,033 in 2024. The increase was due to back-end royalties related to the sale of a project which was independently financed where the Company holds a profit-sharing interest.
- Production revenue was \$1,194,613 in 2025 as compared to \$Nil in 2024. Revenue in the current period was due to the delivery of a proprietary project entitled *I Am Luke Perry*.
- Contract production services revenue was \$3,041,981 in 2025 as compared to \$7,833,852 in 2024 and was due to a larger volume of service projects in production in the previous period.

	Nine month period ended	
	August 31,	August 31,
	2025	2024
Revenue recognized at a specific point in time		
Distribution revenue	\$ 1,130,287	\$ 138,033
Production revenue	1,194,613	-
	2,324,900	138,033
Revenue recognized when performance obligations are satisfied over time		
Contract production services revenue	3,041,981	7,833,852
Total revenue	\$ 5,366,881	\$ 7,971,885

Additional information about future revenue of the Company can be found at the section *Revenue Recognition and Forward-Looking Statements*.

Production costs

Production costs were \$2,665,967 in 2025 as compared to \$7,269,612 in 2024 is associated directly to the reduced amount of service work projects in production during the current period.

Amortization of investment in film and television properties

Amortization of investment in film and television properties increased by \$487,816 from \$1,151,387 in 2024 to \$1,639,203 in 2025. Please refer to the accounting policies in Note 3 of the audited consolidated financial statements for the year ended November 30, 2024 for information on how the amortization of the properties is calculated.

Amortization of property, equipment and right-of-use assets

Amortization of property, equipment and right-of-use assets decreased by \$43,548 to \$293,095 in 2025 as compared to \$336,643 in 2024. The Company did not acquire any property, equipment or right-of-use assets during the period, resulting in a decrease in amortization.

General and administrative expenses

General and administrative expenses decreased by \$26,413 from \$693,336 in 2024 to \$666,923 in 2025. The decrease in expenses is primarily due to the decrease in office and general and travel expenses.

A detailed breakdown of the expenses is as follows:

	Nine month period ended	
	August 31, 2025	August 31, 2024
Insurance	\$ 38,249	\$ 29,987
Interest and bank charges	72,898	63,851
Office and general	84,831	137,066
Professional fees	122,772	100,535
Salaries and wages	276,439	274,862
Technology and licenses	4,950	3,909
Telecommunications	8,298	6,967
Transfer agent and filing fees	34,726	35,583
Travel	23,760	40,576
General and administrative	\$ 666,923	\$ 693,336

Impairment of investment in film and television properties

Network recorded impairment of development properties of \$55,649 in 2024 compared to of \$136,784 in 2025 as a result of its assessment of the future viability of its various completed and projects in development.

Selling and distribution expenses

Selling and distribution expenses increased by \$96,752 from \$97,222 in 2024 to \$194,474 in 2025 which is primarily due to costs related to previously completed projects.

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

	Nine month period ended	
	August 31, 2025	August 31, 2024
Distribution and relicensing	\$ 184,949	\$ 82,673
Media and advertising	9,525	-
Royalty payments	-	15,049
Selling and distribution	\$ 194,474	\$ 97,722

Share-based payments

Share-based payments decreased \$67,897 from \$94,920 in 2024 to \$27,023 in 2025. The decrease is due to the cancellation of options previously issued as calculated using the Black-Scholes model, which resulted in a decrease in the number of options that vested during the nine month period.

Foreign exchange gain

Foreign exchange gain was \$3,880 in 2025 as opposed to a loss of \$116,353 in 2024. The change is due to the fluctuation of the Canadian dollar against the US dollar throughout the nine month period.

Financing expense

Total financing expense increased \$12,845 from \$161,770 in 2024 to \$174,615 in 2025. This increase was due to the costs of the production loans received in the quarter as well as the interest on the promissory note received in the previous period.

Loss for the nine month period

Net and comprehensive loss for the nine month period ended August 31, 2025 was \$342,647 (\$0.02 per share) as compared to a loss of \$2,130,143 (\$0.12 per share) in 2024.

Summary of Quarterly Results

The following table contains a summary of certain unaudited information for each of the eight most recent financial quarters. All periods presented have been prepared in accordance with IFRS.

000's of dollars, except per share figures	Quarter ended							
	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Total revenue	\$ 2,850	\$ 1,023	\$ 1,494	\$ 3,260	\$ 2,836	\$ 3,007	\$ 2,129	\$ 1,394
Net and comprehensive income (loss)	\$ 135	\$ (772)	\$ 294	\$ 219	\$ (769)	\$ (755)	\$ (606)	\$ 281
Earnings (loss) per share - basic and diluted	\$ 0.01	\$ (0.04)	\$ 0.02	\$ 0.01	\$ (0.04)	\$ (0.04)	\$ (0.03)	\$ 0.02

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

Liquidity and Capital Resources

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

Overall, the Company's cash position increased by approximately \$0.5M as at August 31, 2025. Cash provided by operating activities in the nine month period ended August 31, 2025, was \$3.8M, compared to \$2.4M in 2024.

Financing activities for the nine month period ended August 31, 2025 resulted in cash used of \$0.8M. During the nine month period, the Company received production financing of \$1.4M (2024 – \$0.4M) and repaid \$1.6M (2024 – \$1.5M) of production financing primarily through the receipt of film tax credits during the period. The cycle of incurring production financing and repayments thereof is common in the entertainment industry. Chartered banks regularly lend companies such as Network the funding to produce and complete its production through the financing of future contracted payments and tax credits. Upon receipt of these funds, the production financing is paid down and any excess funds go into working capital.

Cash used in investing activities in the nine month period ended August 31, 2025 was \$2.5M, compared to cash provided of \$0.1M in the prior period. The Company used the cash primarily for its continued development and production of its film and television properties.

Liquidity

The Company manages its capital structure in accordance with financial conditions and timing of various payments from production financings, third party broadcasters and distributors and from government tax credit programs. In order to maintain its capital structure, the Company may elect to issue or repay short-term debt, issue shares or undertake any other activities as deemed appropriate.

As at August 31, 2025, Network had working capital deficiency of \$2.8M compared to \$2.6M as at November 30, 2024. Readers are cautioned to be aware that deferred revenue is recorded by the Company as a current liability, whereas this funding is invested in film and television properties which is a long-term asset, thus creating an inherent working capital deficiency. If readers were to adjust the deficiency for the deferred revenue, the Company's working capital deficiency would be as follows:

	August 31, 2025	November 30, 2024
Current assets	\$ 6,397,354	\$ 6,066,281
Current liabilities	<u>(9,187,475)</u>	<u>(8,650,137)</u>
Working capital deficiency	\$ (2,790,121)	\$ (2,583,856)
Deferred revenue adjustment	<u>1,569,523</u>	<u>2,010,628</u>
Adjusted working capital deficiency	<u>\$ (1,220,598)</u>	<u>\$ (573,228)</u>

Network believes that between cash flow generated through operations, the Company's ability to negotiate short-term debt instruments, stock issuances and production financing of its proprietary properties, it will generate sufficient liquidity to meet cash requirements for the next 12 months.

Capital Management

The Company's objectives when managing capital are to safeguard its assets, maintain a competitive cost structure, continue as a going concern in order to pursue the development of its film and television properties, and provide a return to its shareholders in the form of capital appreciation. The Company defines capital as the aggregate of its shareholders' equity. Capital as at August 31, 2025 was \$8.6M (November 30, 2024 – \$8.9M).

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

Related party transactions

The Company has transacted business in the normal course of operations with related parties and entities over which the related parties' exercise control. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel consist of the Board of Directors and the named Officers of the Company, who have authority and responsibility for planning, directing and controlling the activities of the Company. During the nine month period ended August 31, 2025, the Company:

- paid or accrued wages to key management personnel in the following manner:
 - Recorded as general and administrative expenses – \$36,000 (2024 – \$36,000);
 - Recorded as investment in film and television properties – \$373,478 (2024 – \$414,130);

- Recorded as production costs – \$126,703 (2024 – \$306,301);
 - These costs were paid to the following related parties:
 - \$223,500 (2024 – \$214,000) as salaries and wages to the CEO;
 - \$168,750 (2024 – \$168,750) as salaries and wages to the COO, and;
 - \$89,750 (2024 – \$121,700) as salaries and wages to a company controlled by the former CFO.
 - \$15,648 (2024 – \$Nil) as salaries and wages to a company controlled by the current CFO.
- recorded share-based payments of \$42,678 (2024 – \$37,938) on options that vested during the period, as follows:
 - \$1,162 (2024 – \$6,549) to two Directors;
 - \$1,163 (2024 – \$3,729) to the current Chairman of the Board of Directors;
 - \$7,267 (2024 – \$15,052) to the CEO;
 - \$6,090 (2024 – \$12,602) to the COO;
 - \$1,410 (2024 – \$4,736) to the former CFO, and;
 - \$Nil (2024 – \$10) to another related party.

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; 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.

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.

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.

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.

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.

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.

Subsequent to August 31, 2025, 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. 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.

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

Capital Expenditures

The Company monitors its property and equipment on a continual basis and replenishes on an as needed basis. The Company does not anticipate any significant expenditures on property and equipment in the upcoming year.

Share Issuances

During the nine month period ended August 31, 2025, the Company did not issue any common shares. Subsequent to August 31, 2025, the Company issued 1,150,000 common share to settle debts owed to certain Directors of the Company.

Options

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 outstanding shares of the Company which is limited to a maximum of 3,564,940 options as approved by the shareholders of the Company. Options granted under the plan have contractual option terms not exceeding 10 years and vesting periods as determined by the Company’s Board of Directors.

The Company uses the Black-Scholes option-pricing model to determine the estimated fair value at the grant date of the options issued. In all the calculations the annual dividend yield was assumed to be \$Nil, and expected volatility was based on historical volatility 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

The Company did not grant any stock options during the nine month period ended August 31, 2025. 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.

Seasonality

Results of operations for any period are dependent on the number and timing of film and television properties delivered, which cannot be predicted with certainty. Consequently, the Company's results from operations may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily correlated with revenue recognition. During the initial license of broadcast rights by the Company, the Company is reliant on the broadcaster's budget and financing cycles as well as delivery schedules. If the license period gets delayed and commences at a later date than originally predicted, the periods in which revenues are recorded may be affected. Readers of the financial statements and this MD&A are therefore cautioned about extrapolating the results for quarterly or annual periods in the financial year ended November 30, 2024, into quarterly or annual expectations in future years.

Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity or attached market rates of interest. The Company has no financial instruments measured at FVTPL.

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

The Company classifies the fair value of these transactions according to a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Risks arising from financial instruments

The Company is exposed to various risks related to its financial instruments as follows:

(i) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's net income and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. Market risk is comprised of foreign exchange risk, interest rate risk and other price risk. The Company is not exposed to material other price risk. The Company's exposure to market risk is as follows:

Currency risk

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

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

A five percent fluctuation in the U.S. dollar rate impacting 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 of the unaudited condensed interim consolidated financial statements as of August 31, 2025 for a breakdown.

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

(iii) Liquidity risk

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

The Company will require additional capital in order to meet the payment expectations related to its debts. Accounts payable and accrued liabilities are due on standard commercial terms.

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

Off-Balance Sheet Arrangements

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

Outstanding Shares

As at October 30, 2025, the Company has 18,974,707 common shares issued and outstanding, and 2,611,333 stock options outstanding.

Other

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