Condensed Interim Consolidated Financial Statements of

# NETWORK MEDIA GROUP INC.

For the three month period ended February 29, 2024 and February 28, 2023
(Expressed in Canadian dollars)

(Unaudited – prepared by management)

N E T W O R K

www.networkmediagroup.ca

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Vancouver, BC
April 26, 2024

## NETWORK MEDIA GROUP INC.

**Condensed Interim Consolidated Statements of Financial Position**
**As at February 29, 2024 and November 30, 2023**
**Expressed in Canadian dollars (Unaudited)**

| | Note | February 29, 2024 | November 30, 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | **$ 3,439,840** | $ 2,275,164 |
| Restricted cash | 9 | **543,350** | 543,350 |
| Accounts receivable | 3 | **351,581** | 1,344,650 |
| Tax credits receivable | | **2,498,050** | 3,155,280 |
| Prepaid expenses and deposits | | **111,466** | 81,729 |
| | | **6,944,287** | 7,400,173 |
| Tax credits receivable | | **-** | 255,089 |
| Property, equipment and right of use assets | 4 | **818,125** | 312,499 |
| Intangible asset | 5 | **150,000** | 150,000 |
| Investment in film and television properties | 6, 13, 19 | **12,161,643** | 11,710,187 |
| **Total Assets** | | **$20,074,055** | $ 19,827,948 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current** | | | |
| Line of credit | 7 | **$ 280,000** | $ 285,000 |
| Accounts payable and accrued liabilities | 5, 8, 13 | **4,109,360** | 3,408,755 |
| Production financing | 9 | **963,539** | 1,574,755 |
| Deferred revenue | 10 | **2,931,378** | 2,307,770 |
| Current portion of debt payable | 11 | **300,000** | 420,000 |
| Promissory note | 13 | **695,142** | 695,536 |
| Current lease obligations | 12 | **209,495** | 147,296 |
| | | **9,488,914** | 8,839,112 |
| Accounts payable and accrued liabilities | 5 | **25,000** | 50,000 |
| Debt payable | 11 | **300,000** | 375,000 |
| Lease obligations | 12 | **269,496** | 1,023 |
| **Total Liabilities** | | **10,083,410** | 9,265,135 |
| **Shareholders' Equity** | | | |
| Share capital | 14 | **12,927,976** | 12,927,976 |
| Share-based payment reserve | 14(c) | **1,159,341** | 1,125,538 |
| Deficit | | **(4,096,672)** | (3,490,701) |
| **Total Shareholders' Equity** | | **9,990,645** | 10,562,813 |
| **Total Liabilities and Shareholders' Equity** | | **$20,074,055** | $ 19,827,948 |

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

Approved by the Board of Directors on April 26, 2024.

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

Paul Gertz, Director Derik Murray, Director

See accompanying notes to these condensed interim consolidated financial statements.

# NETWORK MEDIA GROUP INC.

## Consolidated Statements of Net and Comprehensive Loss

## For the three month period February 29, 2024 and February 28, 2023

**Expressed in Canadian dollars (Unaudited)**

| | Note | | **February 29, 2024** | | February 28, 2023 |
|---|---|---|---|---|---|
| **Total revenue** | 15 | **$** | **2,128,816** | $ | 1,828,115 |
| Production costs | 13, 17(a), 19 | | **1,872,187** | | 564,083 |
| Amortization of investment in film and television properties | 6 | | **383,558** | | 1,308,491 |
| Amortization of property, equipment and right of use assets | 4 | | **119,722** | | 83,981 |
| General and administrative | 13, 16, 17(a) | | **217,764** | | 359,910 |
| Impairment of investment in film and television properties | 6 | | **-** | | 6,302 |
| Selling and distribution | | | **10,275** | | 60,550 |
| Share-based payments | 13, 14(c) | | **33,803** | | 86,180 |
| Foreign exchange loss | | | **35,148** | | 75,746 |
| | | | **2,672,457** | | 2,545,243 |
| **Loss before other items** | | | **(543,641)** | | (717,128) |
| Other income | | | **-** | | (28,021) |
| Loss on lease modifications | 4 | | **7,779** | | - |
| Financing expense, net | 17(b) | | **54,551** | | 52,266 |
| **Net and comprehensive loss for the period** | | **$** | **(605,971)** | $ | (741,373) |
| **Loss per share** | | | | | |
| - basic | | **$** | **(0.03)** | $ | (0.04) |
| - diluted | | **$** | **(0.03)** | $ | (0.04) |
| **Weighted average number of shares outstanding** | | | | | |
| - basic | | | **17,824,707** | | 17,824,707 |
| - diluted | | | **17,824,707** | | 17,824,707 |

See accompanying notes to these condensed interim consolidated financial statements.

# NETWORK MEDIA GROUP INC.

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

**For the three month period February 29, 2024 and February 28, 2023**

**Expressed in Canadian dollars (Unaudited)**

| | Note | Number of common shares | Share capital | Share-based payment reserve | Deficit | Total |
|---|---|---|---|---|---|---|
| Balance as at November 30, 2022 | 14(b) | 17,824,707 | $ 12,927,976 | $ 1,164,210 | $ (3,509,075) | $ 10,583,111 |
| Share-based payments | 14(c) | - | - | 86,180 | - | 86,180 |
| Reclassification of fair value of expired/cancelled stock options | 14(c) | - | - | (24,615) | 24,615 | - |
| Net and comprehensive loss for the period | | - | - | - | (741,373) | (741,373) |
| Balance as at February 28, 2023 | | **17,824,707** | **$ 12,927,976** | **$ 1,225,775** | **$ (4,225,833)** | **$ 9,927,918** |
| | | | | | | |
| 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) | - | - | 33,803 | - | 33,803 |
| Net and comprehensive loss for the period | | - | - | - | (605,971) | (605,971) |
| **Balance as at February 29, 2024** | | **17,824,707** | **$ 12,927,976** | **$ 1,159,341** | **$ (4,096,672)** | **$ 9,990,645** |

See accompanying notes to these condensed interim consolidated financial statements.

# NETWORK MEDIA GROUP INC.

## Condensed Interim Consolidated Statements of Cash Flows

## For the three month period February 29, 2024 and February 28, 2023

**Expressed in Canadian dollars (Unaudited)**

| | February 29, 2024 | February 28, 2023 |
|---|---|---|
| **Operating activities** | | |
| Loss for the period | **$ (605,971)** | $ (741,373) |
| Items not involving cash: | | |
| Amortization of property, equipment and right of use assets | **119,722** | 83,981 |
| Amortization of investment in film and television properties | **383,558** | 1,308,491 |
| Impairment of investment in film and television properties | **-** | 6,302 |
| Loss on lease modifications | **7,779** | - |
| Share-based payments | **33,803** | 86,180 |
| | **(61,109)** | 743,581 |
| Net changes in non-cash working capital items | | |
| Accounts receivable | **993,069** | 136,735 |
| Tax credits receivable | **424,199** | (49,138) |
| Prepaid expenses and deposits | **(29,737)** | (37,048) |
| Accounts payable and accrued liabilities | **(128,878)** | (524,605) |
| Accrued interest | **34,713** | 87,497 |
| Deferred revenue | **623,608** | (73,337) |
| **Net cash provided by operating activities** | **1,855,865** | 283,685 |
| **Financing activities** | | |
| Repayment of production financing | **(616,708)** | (1,756,838) |
| Proceeds from (repayment of) line of credit | **(11,534)** | 115,000 |
| Repayment of lease obligations | **(64,263)** | (74,772) |
| Repayment of debt payable | **(210,415)** | (100,560) |
| **Net cash used in financing activities** | **(902,920)** | (1,817,170) |
| **Investing activities** | | |
| Purchase of property, equipment and right of use assets | **(245,859)** | (3,550) |
| Investment in film and television properties, net of tax credits | **601,075** | 2,271,693 |
| Investment in properties under development | **(143,485)** | (505,150) |
| **Net cash provided by investing activities** | **211,731** | 1,762,993 |
| **Increase in cash** | **1,164,676** | 229,508 |
| **Cash,** beginning of period | **2,275,164** | 708,287 |
| **Cash,** end of period | **$ 3,439,840** | $ 937,795 |

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

See accompanying notes to these condensed interim consolidated financial statements.

### 1. Nature of operations and going concern

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

The Company has a working capital deficit of $2,544,627 an accumulated deficit of $4,096,672 which give rise to material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to continue to generate profitable operations, manage its capital and access sufficient future capital if needed. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of operations and at amounts different from those in these condensed interim consolidated financial statements.

The Company's registered office is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

### 2. Basis of presentation

*(a) Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended November 30, 2023.

The condensed interim consolidated financial statements of the Company for the three month period ended February 29, 2024 and February 28, 2023 were authorized for issue by the Board of Directors on April 26, 2024.

*(b) Basis of measurement*

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

*(c) Functional currency*

The consolidated financial statements are presented in Canadian dollars.

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

**2. Basis of presentation (continued)**

*(d) Basis of consolidation*

The condensed interim consolidated financial statements comprise the financial statements of Network and its wholly owned subsidiaries. The active companies included within the condensed interim consolidated financial statements are as follows:

- Network Media Group Inc. (British Columbia Incorporated)
- Network Entertainment Inc. (British Columbia Incorporated)
- Network Films Twenty-One Inc. (British Columbia Incorporated)
- Network Films Twenty-Two Inc. (British Columbia Incorporated)
- Network Films Twenty-Three Inc. (British Columbia Incorporated)
- Network Films Twenty-Four Inc. (British Columbia Incorporated)
- Network Films Twenty-Five Inc. (British Columbia Incorporated)
- Network Pictures Twenty-One Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Two Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Three Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Four Inc. (British Columbia Incorporated)
- Network Pictures Twenty-Five Inc. (British Columbia Incorporated)
- Network Entertainment Corp. (Delaware Incorporated)
- Network NFT Studios Inc. (British Columbia Incorporated)
- 1454463 B.C. Ltd. (British Columbia Incorporated)

All intercompany balances, transactions, income and expenses are eliminated on consolidation.

*(e) Significant accounting judgments and key sources of estimate uncertainty*

The preparation of the condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to financial statements, have been set out in Note 3 of the Company's audited annual consolidated financial statements for the year ended November 30, 2023. Actual results may differ materially from these estimates.

*(f) New accounting standards adopted*

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

The amendments to IAS 1 "Classification of Liabilities as Current and Non-current" provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment to IAS 1 are applicable for annual periods beginning on or after January 1, 2023.

**Expressed in Canadian dollars (Unaudited)**

### 2. Basis of presentation (continued)

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

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

*(g) New accounting standards not yet adopted*

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

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

Other new or revised accounting standards not yet adopted accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

### 3. Accounts receivable

| | **February 29, 2024** | November 30, 2023 |
|---|---|---|
| Receivables from broadcasters | **$ 323,470** | $ 1,320,804 |
| Input tax credits and other receivables | **28,111** | 23,846 |
| | **$ 351,581** | $ 1,344,650 |

The aging of current receivables from broadcasters is as follows:

| | **February 29, 2024** | November 30, 2023 |
|---|---|---|
| Less than 60 days | **$ 140,750** | $ 957,408 |
| Over 61 days | **182,720** | 363,396 |
| | **$ 323,470** | $ 1,320,804 |

Expressed in Canadian dollars (Unaudited)

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

| | Computer equipment | Furniture and office equipment | Production equipment | Leasehold Improvements | Right of use assets | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at November 30, 2022 | $ 1,010,259 | $ 106,286 | $ 72,187 | $ - | $ 915,083 | $ 2,103,815 |
| Additions | 8,569 | - | - | | - | 8,569 |
| Lease modifications | - | - | - | - | 295,160 | 295,160 |
| Balance at November 30, 2023 | 1,018,828 | 106,286 | 72,187 | - | 1,210,243 | 2,407,544 |
| Additions | 205,531 | - | - | 40,328 | 438,533 | 684,392 |
| Lease modifications | - | - | - | - | (543,360) | (543,360) |
| **Balance at February 29, 2024** | **$1,224,359** | **$ 106,286** | **$ 72,187** | **$ 40,328** | **$1,105,416** | **$2,548,576** |
| | | | | | | |
| **Accumulated amortization** | | | | | | |
| Balance at November 30, 2022 | $ 861,235 | $ 83,648 | $ 50,467 | $ - | $ 760,951 | $ 1,756,301 |
| Amortization expense | 46,002 | 4,521 | 6,516 | - | 281,705 | 338,744 |
| Balance at November 30, 2023 | 907,237 | 88,169 | 56,983 | - | 1,042,656 | 2,095,045 |
| Amortization expense | 13,817 | 904 | 1,140 | 5,041 | 98,820 | 119,722 |
| Lease modifications | - | - | - | - | (484,316) | (484,316) |
| **Balance at February 29, 2024** | **$ 921,054** | **$ 89,073** | **$ 58,123** | **$ 5,041** | **$ 657,160** | **$1,730,451** |
| | | | | | | |
| **Carrying amount** | | | | | | |
| November 30, 2023 | $ 111,591 | $ 18,117 | $ 15,204 | $ - | $ 167,587 | $ 312,499 |
| **February 29, 2024** | **$ 303,305** | **$ 17,213** | **$ 14,064** | **$ 35,287** | **$ 448,256** | **$ 818,125** |

During the three month period ended February 29, 2024, the Company reduced the term of certain lease agreements. As a result of the lease modifications, the Company remeasured the lease liability and recorded a corresponding adjustment to the relevant right of use asset, resulting in a loss on lease modifications of $7,779.

During the year ended November 30, 2023, the Company extended certain lease agreements. As a result of the lease modifications, the Company remeasured the lease liability and recorded a corresponding adjustment to the relevant right of use asset.

**Expressed in Canadian dollars (Unaudited)**

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

The continuity of right of use assets is as follows:

| | Leasehold improvements | Office | Vehicle | Equipment | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at November 30, 2022 | $ 13,734 | $ 818,797 | $ 34,186 | $ 48,366 | $ 915,083 |
| Lease modifications | - | 295,160 | - | - | 295,160 |
| Balance at November 30, 2023 | 13,734 | 1,113,957 | 34,186 | 48,366 | 1,210,243 |
| Additions | - | 319,370 | - | 119,163 | 438,533 |
| Lease modifications | - | (543,360) | - | - | (543,360) |
| **Balance at February 29, 2024** | **$ 13,734** | **$ 889,967** | **$ 34,186** | **$ 167,529** | **$ 1,105,416** |
| **Accumulated amortization** | | | | | |
| Balance at November 30, 2022 | $ 10,437 | $ 686,661 | $ 21,333 | $ 42,520 | 760,951 |
| Amortization expense | 3,297 | 269,045 | 7,111 | 2,252 | 281,705 |
| Balance at November 30, 2023 | 13,734 | 955,706 | 28,444 | 44,772 | 1,042,656 |
| Amortization expense | - | 92,551 | 1,641 | 4,628 | 98,820 |
| Lease modifications | - | (484,316) | - | - | (484,316) |
| **Balance at February 29, 2024** | **$ 13,734** | **$ 563,941** | **$ 30,085** | **$ 49,400** | **$ 657,160** |
| **Carrying amount** | | | | | |
| November 30, 2023 | $ - | $ 158,251 | $ 5,742 | $ 3,594 | $ 167,587 |
| **February 29, 2024** | **$ -** | **$ 326,026** | **$ 4,101** | **$ 118,129** | **$ 448,256** |

Expressed in Canadian dollars (Unaudited)

## 5. Intangible asset

On February 1, 2022, as amended on May 31, 2023, the Company entered into a non-fungible token ("NFT") Licensing Agreement whereby the Company acquired certain rights to develop, create, and market NFTs (collectively, the "NFT Licenses"). Once the NFT Licenses are commercially viable, the Company will amortize the cost of the licenses over the term. As a result of the amendment, consideration for the NFT Licenses was reduced by $250,000, resulting in a corresponding reduction in accounts payable and accrued liabilities.

A continuity schedule of the intangible asset is as follows:

| | | Intangible asset |
|---|---|---|
| **Cost** | | |
| Balance at November 30, 2022 | $ | 400,000 |
| Amendment to consideration | | (250,000) |
| **Balance at November 30, 2023 and February 29, 2024** | | **150,000** |
| | | |
| **Carrying amount** | | |
| November 30, 2023 | $ | 150,000 |
| **February 29, 2024** | **$** | **150,000** |

Consideration for the NFT Licenses, as amended, is as follows:

- $75,000 in the fiscal year ended November 30, 2022, of which $25,000 was paid March 17, 2022, $25,000 was paid June 8, 2022, and a further $25,000 was paid on September 28, 2022;
- $25,000 (amended from $75,000) due on May 31, 2023 (paid);
- $25,000 (amended from $100,000) due on December 31, 2024, if the Company exercises its right to renew and extend the term of the NFT Licenses to December 31, 2025 (recorded in accounts payable and accrued liabilities), and
- $25,000 (amended from $150,000) due on December 31, 2025, if the Company exercises its right to renew and extend the term of the NFT Licenses to December 31, 2026 (recorded in accounts payable and accrued liabilities).

**Expressed in Canadian dollars (Unaudited)**

### 6. Investment in film and television properties

| | Properties in development | Properties in progress | Properties completed and released | Total |
|---|---|---|---|---|
| **Balance, November 30, 2022** | $ 1,197,613 | $ 1,163,471 | $ 9,353,326 | $ 11,714,410 |
| Additions | 907,140 | 3,108,306 | 1,103,503 | 5,118,949 |
| Tax credits accrued | - | (299,877) | (2,146,748) | (2,446,625) |
| Transferred to projects in progress | (3,313) | 3,313 | - | - |
| Transferred to properties completed and released | (414,206) | (1,778,366) | 2,192,572 | - |
| Amounts written off and impaired | (52,199) | - | - | (52,199) |
| Amortization | - | - | (2,624,348) | (2,624,348) |
| **Balance, November 30, 2023** | 1,635,035 | 2,196,847 | 7,878,305 | 11,710,187 |
| Additions | 143,485 | 1,038,939 | 7,200 | 1,189,624 |
| Tax credits accrued | - | (349,945) | (4,665) | (354,610) |
| Amortization | - | - | (383,558) | (383,558) |
| **Balance, February 29, 2024** | **$ 1,778,520** | **$ 2,885,841** | **$ 7,497,282** | **$ 12,161,643** |
| As at November 30, 2023 | | | | |
| Cost | $ 1,635,035 | $ 2,196,847 | $ 42,306,474 | $ 46,138,356 |
| Accumulated amortization | - | - | (34,428,169) | (34,428,169) |
| Carrying amount | $ 1,635,035 | $ 2,196,847 | $ 7,878,305 | $ 11,710,187 |
| **As at February 29, 2024** | | | | |
| **Cost** | **$ 1,778,520** | **$ 2,885,841** | **$ 42,309,009** | **$ 46,973,370** |
| **Accumulated amortization** | **-** | **-** | **(34,811,727)** | **(34,811,727)** |
| **Carrying amount** | **$ 1,778,520** | **$ 2,885,841** | **$ 7,497,282** | **$ 12,161,643** |

During the three month period ended February 29, 2024, interest of $Nil (February 28, 2023 – $22,174) has been capitalized within the properties in progress and productions completed and released balances.

### 7. Line of credit

The Company has available a line of credit agreement with a Canadian chartered bank which provides that the Company may borrow up to $300,000. Borrowing under the line of credit bears interest, payable monthly, at the bank's prime rate plus 1.8% and is secured by a general security agreement over the property of the Company. The balances payable under this agreement are due on demand. As of February 29, 2024, outstanding borrowings were $280,000 (November 30, 2023 – $285,000). Refer to Note 17(b) for related interest expense.

### 8. Accounts payable

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

**Expressed in Canadian dollars (Unaudited)**

## 9. Production financing

*Interim production financing*

Certain subsidiaries of the Company have secured interim bank loans to finance the cost of producing their respective productions. These loans bear interest at the bank's prime rate plus 1.50% per annum and are repayable on demand. Each loan is secured by the tax credits receivable of the respective subsidiary and a general security agreement over the assets of the Company. Refer to Note 17(b) for related interest expense. During the three month period ended February 29, 2024, the Company repaid interim production financing of $1,025,660 and received additional financing of $414,444. Refer to Note 17.

*Production financing obligation*

During the year ended November 30, 2023, the Company entered into film financing agreements, pursuant to which the Company received $543,350 to fund a certain production. As at November 30, 2023, the production was not fully financed and had not commenced production. As such, the production financing received had not yet been transferred to the production subsidiary and accordingly, the funds were recorded as restricted cash. Subsequent to the three month period ended February 29, 2024, the funds were transferred to the production (Note 23).

## 10. Deferred revenue

As at February 29, 2024, the Company had a deferred revenue balance of $2,931,378 (November 30, 2023 – $2,307,770).

The following table reflects the movement in deferred revenue:

| | **February 29, 2024** | November 30, 2023 |
|---|---|---|
| **Deferred revenue, beginning of period** | **$ 2,307,770** | $ 575,782 |
| Revenue recognized that was included in the deferred revenue balance at the beginning of period | **(521,031)** | (225,000) |
| Increase due to cash received, excluding amounts recognized as revenue during the period | **1,144,639** | 1,956,988 |
| **Deferred revenue, end of period** | **$ 2,931,378** | $ 2,307,770 |

Expressed in Canadian dollars (Unaudited)

## 11. Debt payable

| | | **February 29, 2024** | | November 30, 2023 |
|---|---|---|---|---|
| The Company has secured a $700,000 (2022 - $1,200,000) loan ("line of credit") from a chartered bank through the Export Development Canada COVID relief funding program. The line of credit is secured by a general charge over the assets of the Company, postponement and assignment of claim agreement and an intercreditor agreement. The line of credit accrues interest payable monthly, at the bank's prime rate plus 0.25%. The term of the loan is 5 years from initial drawdown, commencing on February 1, 2021, with interest only for the first year, then converts to a term loan for the final 4 years. Refer to Note 17(b) for related interest expense. | **$** | **600,000** | $ | 675,000 |
| The Company received loans of $180,000 through the Canada Emergency Business Account ("CEBA) to provide emergency support due to the impact of COVID-19. If the principal of $120,000 is repaid by January 18, 2024, as amended by the CEBA, the remaining $60,000 will be forgiven. Commencing January 1, 2024 any remaining balance will be converted into a two-year term loan which will incur interest at 5% per annum. The Company anticipated that $120,000 of this loan will be repaid, therefore, the forgivable balance of $60,000 was recognized as other income in profit or loss during the year ended November 30, 2021. | | **-** | | 120,000 |
| | **$** | **600,000** | $ | 795,000 |
| Less: current portion | | **(300,000)** | | (420,000) |
| Non-current portion of debt payable | **$** | **300,000** | $ | 375,000 |

Principal repayments on long term debt are as follows:

- $225,000 for the fiscal year ended November 30, 2024;
- $300,000 for the fiscal year ended November 30, 2025, and
- $75,000 for the fiscal year ended November 30, 2026.

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

During the three month period ended February 29, 2024, the CEBA loans were repaid in full.

Expressed in Canadian dollars (Unaudited)

## 12. Lease obligations

The Company's leases are comprised of the following:

| | Note | Office | Vehicle | Equipment | Total |
|---|---|---|---|---|---|
| Lease obligations recognized at November 30, 2022 | | $ 137,388 | $ 13,800 | $ 7,249 | $ 158,437 |
| Lease modifications | | 295,160 | - | - | 295,160 |
| Interest expense | 17(b) | 9,920 | 498 | 1,264 | 11,682 |
| Lease payments | | (303,857) | (7,982) | (5,121) | (316,960) |
| Lease obligations recognized at November 30, 2023 | | 138,611 | 6,316 | 3,392 | 148,319 |
| Less: non-current portion | | - | - | (1,023) | (1,023) |
| Current portion of lease obligations | | $ 138,611 | $ 6,316 | $ 2,369 | $ 147,296 |
| Lease obligations recognized at November 30, 2023 | | $ 138,611 | $ 6,316 | $ 3,392 | $ 148,319 |
| Additions | | 319,370 | - | 119,163 | 438,533 |
| Lease modifications | | (51,264) | - | - | (51,264) |
| Interest expense | 17(b) | 7,177 | 63 | 426 | 7,666 |
| Lease payments | | (57,367) | (1,842) | (5,054) | (64,263) |
| Lease obligations recognized at February 29, 2024 | | 356,527 | 4,537 | 117,927 | 478,991 |
| Less: non-current portion | | (182,397) | - | (87,099) | (269,496) |
| Current portion of lease obligations | | $ 174,130 | $ 4,537 | $ 30,828 | $ 209,495 |

## 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 three month period ended February 29, 2024 and February 28, 2023, the Company paid or accrued wages and recognized share-based payments to key management personnel in the following manner:

| | Three month period ended | |
|---|---|---|
| | **February 29, 2024** | February 28, 2023 |
| Short-term employee benefits | **$ 178,916** | $ 159,750 |
| Share-based compensation | **15,120** | 45,901 |
| | **$ 194,036** | $ 205,651 |
| Recorded as: | | |
| General and administrative expenses | **$ 12,000** | $ 7,500 |
| Share-based compensation | **15,120** | 45,901 |
| Production costs | **133,169** | 80,090 |
| Investment in film and television properties | **33,747** | 72,160 |
| | **$ 194,036** | $ 205,651 |

**13. Related parties (continued)**

Recorded in accounts payable and accrued liabilities at February 29, 2024 are the following amounts:

a) $16,721 (November 30, 2023 – $16,926) owed to a company controlled by an Officer of the Company. Amounts due to the related party are unsecured, non-interest bearing and due on demand, and

b) $47,548 (November 30, 2023 - $31,342) in yearly fees which has been recorded in production costs in profit and loss and $20,000 (November 30, 2023 - $20,000) in executive producer fees, which has been recorded as investment in film and television properties, owed to two Directors of the Company for the provision of services related to Executive Producer Agreements (the "EP Agreements") entered into on June 7, 2023. As consideration, each of the Directors will receive a yearly fee of $32,500 and an executive producer fee of $37,500, which is payable on achieving particular production milestones. All such amounts are due by June 7, 2024 and the EP Agreements are renewable upon mutual option of the parties.

On April 25, 2023, as amended on November 21, 2023, the Company entered into a Promissory Note agreement with certain Directors of the Company for a loan (the "Loan") of up to $650,000. The Loan is due on April 30, 2024, bears interest of 12% per annum and is secured by a general security interest over the assets and undertakings of the Company. As consideration for the amendment to the Loan, the Directors will receive a fee of $32,500, which is due on or before April 30, 2024. As at November 30, 2023, the fee has been recorded in promissory note and as a financing expense in profit or loss and was paid subsequent to the three month period ended February 29, 2024. If the Loan is not repaid by April 30, 2024, the Directors will receive a further $65,000 as a penalty fee and the Loan will bear interest at a rate of 15% per annum. The Directors of the Company have agreed to a postponement and assignment of claim in favour of the line of credit lender (Note 11). As at February 29, 2024 and November 30, 2023, the Company has drawn upon the total Loan of $650,000 and recorded $19,447 (February 28, 2023 – $Nil) (Note 17b) in interest expense of which $12,642 (November 30, 2023 – $13,036) was accrued for and subsequently paid.

**14. Share capital and share-based payment reserve**

*(a) Authorized*

The Company has an unlimited number of authorized common shares and preferred shares with no par value.

*(b) Issued share capital*

The Company did not issue any common shares during the three month period ended February 29, 2024 and year ended November 30, 2023.

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

*(c) Share-based payment reserve*

Pursuant to the Company's equity-settled stock option plan, as last amended on October 11, 2022, the Board of Directors may, from time to time, authorize the granting of options to Directors, employees and consultants of the Company to a maximum of 20% of the outstanding shares of the Company which is limited to a maximum of 3,400,000 options as approved by the shareholders of the Company. Options granted under the plan have contractual option terms not exceeding 10 years and vesting periods as determined by the Company's Board of Directors.

**Expressed in Canadian dollars (Unaudited)**

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

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

During the three month period ended February 29, 2024, Nil (February 28, 2023 – 270,000) stock options were cancelled or expired, resulting in a reclassification of amounts totalling $Nil (February 28, 2023 – $24,615) from share-based payment reserve to deficit.

| | **As at February 29, 2024** | | | As at November 30, 2023 | | |
|---|---|---|---|---|---|---|
| | **Number of Options** | | **Weighted Ave. Exercise Price** | Number of Options | | Weighted Ave. Exercise Price |
| Outstanding, beginning of year | **2,706,333** | **$** | **0.69** | 3,236,333 | $ | 0.71 |
| Granted | **-** | **$** | **-** | 140,000 | $ | 0.50 |
| Expired | **-** | **$** | **-** | (322,000) | $ | 0.73 |
| Cancelled | **-** | **$** | **-** | (348,000) | $ | 0.76 |
| Outstanding, end of period | **2,706,333** | **$** | **0.69** | 2,706,333 | $ | 0.69 |

As at February 29, 2024, the following stock options are outstanding and exercisable:

| **Number of options outstanding** | **Number of options exercisable** | | **Exercise price*** | **Remaining life (yrs)** | **Expiry*** |
|---|---|---|---|---|---|
| 276,000 | 276,000 | $ | 0.65 | 0.38 | July 15, 2024 |
| 80,000 | 80,000 | $ | 0.75 | 0.66 | October 28, 2024 |
| 40,000 | 40,000 | $ | 1.15 | 0.67 | November 1, 2024 |
| 40,000 | 40,000 | $ | 0.75 | 0.96 | February 15, 2025 |
| 200,000 | 200,000 | $ | 1.00 | 1.01 | March 2, 2025 |
| 398,000 | 398,000 | $ | 0.80 | 1.79 | December 14, 2025 |
| 575,000 | 383,333 | $ | 0.75 | 2.59 | September 30, 2026 |
| 138,000 | 92,000 | $ | 0.80 | 2.61 | October 7, 2026 |
| 839,333 | 279,778 | $ | 0.50 | 3.41 | July 27, 2027 |
| 40,000 | 20,000 | $ | 0.50 | 4.07 | March 24, 2028 |
| 80,000 | 26,667 | $ | 0.50 | 4.38 | July 17, 2028 |
| 2,706,333 | 1,835,778 | | | 2.35 | |

*Amended subsequent to February 29, 2024 (Note 23).

**Expressed in Canadian dollars (Unaudited)**

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

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

The Company did not grant any stock options during the three month period ended February 29, 2024.

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

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

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

| Grant Date | Options Granted | Exercise Price | Share Price | Annual Volatility Rate | Risk Free Interest Rate | Expected Life |
|---|---|---|---|---|---|---|
| 2023 | 140,000 | $ 0.50 | $ 0.25 | 96% | 3.51% | 5.0 |

For the three month period ended February 29, 2024, the Company recognized share-based payments expense in relation to vested stock options of $33,803 (February 28, 2023 – $86,180), which is included in profit or loss.

Share-based payment reserve consists of the following amounts:

| | February 29, 2024 | November 30, 2023 |
|---|---|---|
| Outstanding options | **$ 1,327,666** | $ 1,293,863 |
| Convertible debt | **134,326** | 134,326 |
| Share exchange for Network Entertainment Inc. | **(302,651)** | (302,651) |
| | **$ 1,159,341** | $ 1,125,538 |

Expressed in Canadian dollars (Unaudited)

## 15. Revenue

| | Three month period ended February 29, 2024 | February 28, 2023 |
|---|---|---|
| Production revenue | $ - | $ 1,035,850 |
| Contract production services revenue | 2,078,209 | 666,313 |
| Distribution revenue | 50,607 | 125,952 |
| | $ 2,128,816 | $ 1,828,115 |

Of the Company's $2,128,816 (February 28, 2023 – $1,828,115) in revenues for the three month period ended February 29, 2024, $1,494,799 (February 28, 2023 – $1,135,273) was attributable to external customers located in Canada, $601,840 (February 28, 2023 – $675,282) was attributable to external customers located in the U.S., and $32,177 (February 28, 2023 – $17,560) was attributable to other external customers.

The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue from contracts with customers. For the three month period ended February 29, 2024, two customers accounted for 94% of this revenue (February 28, 2023 – four customers accounted for 90% of revenue).

## 16. General and administrative expenses

| | Three month period ended February 29, 2024 | February 28, 2023 |
|---|---|---|
| Insurance | $ 10,627 | $ 9,043 |
| Interest and bank charges | 15,687 | 18,563 |
| Office and general | 53,243 | 45,777 |
| Professional fees | 30,400 | 26,987 |
| Salaries and wages | 86,741 | 233,729 |
| Technology and licenses | 3,181 | 4,322 |
| Telecomunications | 2,079 | 3,699 |
| Transfer agent and filing fees | 8,386 | 15,088 |
| Travel | 7,420 | 2,702 |
| | $ 217,764 | $ 359,910 |

**Expressed in Canadian dollars (Unaudited)**

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

*(a) Employee benefit expenses*

Total salaries and wages recognized in profit or loss is $449,715 (February 28, 2023 – $739,577) of which $362,974 was recorded as production costs (February 28, 2023 – $505,848) and $86,741 was recorded as general and administrative (February 28, 2023 – $233,729).

*(b) Net financing expense*

Net financing expense is comprised of the following:

| | Three month period ended | | | |
|---|---|---|---|---|
| | | **February 29, 2024** | | February 28, 2023 |
| Interest income | **$** | **(3)** | $ | (13,058) |
| Interest expense on line of credit | | **6,534** | | 5,609 |
| Interest expense on production financing | | **5,492** | | 37,093 |
| Interest expense on lease obligations | | **7,666** | | 2,671 |
| Interest on debt payable | | **15,415** | | 19,951 |
| Interest and financing expense on promissory note | | **19,447** | | - |
| Net financing expense | **$** | **54,551** | $ | 52,266 |

### 18. Supplemental cash flow information

*i. Non-cash investing and financing activities*

| | Three month period ended | | | |
|---|---|---|---|---|
| | | **February 29, 2024** | | February 28, 2023 |
| Tax credits receivable included in production costs | **$** | **2,484,717** | $ | 3,449,992 |
| Amount included in prior year projects in progress transferred to productions completed and released | **$** | **-** | $ | 1,515,126 |
| Accounts payable included in production costs | **$** | **2,461,508** | $ | 2,128,642 |
| Fair value of options cancelled | **$** | **-** | $ | 24,615 |

*ii. Interest and income taxes paid*

Interest paid during the three month period ended February 29, 2024 was $153,066 (February 28, 2023 – $124,398). The Company did not pay any income taxes during the three month periods ended February 29, 2024 and February 28, 2023.

**Expressed in Canadian dollars (Unaudited)**

### 18. Supplemental cash flow information (continued)

*iii. Reconciliation of liabilities arising from financing activities*

Three month period ended February 28, 2023

| | | | Non-cash changes | |
|---|---|---|---|---|
| | | Cash flows | Accrued interest and financing expense | |
| Line of credit | $ 185,000 | $ 109,391 | $ 5,609 | $ 300,000 |
| Production financing | 2,926,897 | (1,756,838) | 59,266 | 1,229,325 |
| Lease obligations | 158,437 | (74,772) | 2,671 | 86,336 |
| Debt payable | 1,095,000 | (94,951) | 19,951 | 1,020,000 |
| Total liabilities from financing activities | $ 4,365,334 | $ (1,817,170) | $ 87,496 | $ 2,635,661 |

**Three month period ended February 29, 2024**

| | | | **Non-cash changes** | | | |
|---|---|---|---|---|---|---|
| | | **Cash flows** | **Accrued interest and financing expense** | **Additions** | **Lease modifications** | |
| Line of credit | $ 285,000 | $ (11,534) | $ 6,534 | $ - | $ - | $ 280,000 |
| Production financing | 1,574,755 | (616,708) | 5,492 | - | - | 963,539 |
| Lease obligations | 148,319 | (64,263) | 7,666 | 438,533 | (51,264) | 478,991 |
| Debt payable | 795,000 | (210,415) | 15,415 | - | - | 600,000 |
| Promissory note | 695,536 | (19,840) | 19,447 | - | - | 695,142 |
| Total liabilities from financing activities | **$3,498,610** | **$ (922,760)** | **$ 54,554** | **$ 438,533** | **$ (51,264)** | **$3,017,673** |

### 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 three month period ended February 29, 2024 were recorded as follows:

- Reduction to investment in film and television properties of $354,610 (February 28, 2023 – $159,731), and
- Reduction to production costs of $80,740 (February 28, 2023 – $766,458).

### 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.

A five percent fluctuation in the US dollar rate impacting US dollar revenues during the three month period ended February 29, 2024 would result in a $31,701 (February 28, 2023 – $34,642) impact to profit or loss.

### 20. Financial instruments (continued)

*(i) Market risk (continued)*

*Currency risk (continued)*

The Company is also exposed to currency risk on its cash, accounts receivable and accounts payable balances that are denominated in U.S. dollars, being, respectively, $3,086,511 (November 30, 2023 – $2,267,315), $77,279 (November 30, 2023 – $1,119,405) and $856,253 (November 30, 2023 – $722,056).

A five percent fluctuation in the US dollar closing rate at February 29, 2024 would result in a net change to profit or loss of $115,377 (February 28, 2023 – $6,338).

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

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk arises on interest-bearing financial instruments recognized in the consolidated statement of financial position such as line of credit, interim production financing and debt payable.

If the market interest rates had changed 100 basis points, the Company’s cost of capital would have fluctuated by $50,877 (February 28, 2023 – $50,495).

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

*(ii) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is subject to credit risk with respect to cash and accounts receivable. The Company’s maximum exposure to credit risk at the end of the reporting period is the carrying value of these assets. Substantially all of the Company’s customers are in the entertainment industry and are subject to normal industry credit risks. Credit risk is managed through a credit approval process and monitoring procedures, and there are no expected credit losses.

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

As of February 29, 2024, there are $182,720 (November 30, 2023 – $363,396) of accounts receivable due over 61 days, but not considered impaired. Refer to Note 3 for a breakdown.

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

**Expressed in Canadian dollars (Unaudited)**

**20. Financial instruments (continued)**

*(iii) Liquidity risk*

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

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

The timing of payments required for accounts payable and debt in the next 5 years, by year, is as follows:

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| Line of credit | $ 285,000 | $ - | $ - | $ - | $ - |
| Accounts payable and accrued liabilities | 4,109,360 | 25,000 | - | - | - |
| Production financing | 963,539 | - | - | - | - |
| Debt payable | 225,000 | 300,000 | 75,000 | - | - |
| Promissory note | 695,142 | - | - | - | - |
| | $ 6,278,041 | $ 325,000 | $ 75,000 | $ - | $ - |

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

**21. Capital management**

The Company's objectives when managing capital are to safeguard its assets, maintain a competitive cost structure, continue as a going concern in order to pursue the development of its film and television properties, and provide a return to its shareholders in the form of capital appreciation. The Company defines capital as the aggregate of its shareholders' equity. Capital as at February 29, 2024 was $9,990,645 (November 30, 2023 – $10,562,813).

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

There were no changes in the Company's approach to capital management during the three month period ended February 29, 2024. The Company is subject to an externally imposed capital requirement (Note 11).

**22. Contingent liabilities**

The Company and its subsidiaries may from time to time, be a party to certain legal disputes and claims arising from employment or commercial issues in the normal course of business.

The Company and its subsidiaries may, from time to time, enter into royalty or rights agreements for the use of images, stock footage, names and similar items. The Company is liable to pay for the use of these rights contingent on achieving particular production milestones. As these milestones are achieved, the Company accrues the related royalties and rights payable which are no longer contingent.

### 23. Subsequent events

Subsequent to February 29, 2024, the Company:

*(a)* transferred $543,350 in financing to a production subsidiary, upon completion of the related financing, thereby extinguishing the obligation (Note 9), and
*(b)* amended the terms of 2,706,333 outstanding stock options to an exercise price of $0.30 per share and an expiration date of April 4, 2029, subject to regulatory and shareholder approval.