Thunderbird Entertainment Group Inc.

Management's Discussion and Analysis

For the three and nine months ended March 31, 2025 ("Q3 2025")

and March 31, 2024 ("Q3 2024")

GENERAL
This Management's Discussion and Analysis ("MD&A") dated May 9, 2025 should be read in conjunction with the unaudited interim condensed consolidated financial statements of Thunderbird Entertainment Group Inc. ("Thunderbird" or the "Company") for the three and nine months ended March 31, 2025 and 2024 and accompanying notes (the "Financial Statements") that have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company operates on a fiscal year that ends June 30.

Thunderbird is incorporated under the Business Corporations Act (British Columbia). Thunderbird's principal operating subsidiaries are Great Pacific Media Inc. ("GPM"), Atomic Cartoons Inc. ("Atomic"), and Thunderbird Entertainment Inc. In accordance with industry practice, Thunderbird incorporates a new subsidiary corporation for each production, including each new season of ongoing series productions. Accordingly, Thunderbird has approximately 75 such subsidiary corporations.

The Company's common voting shares are traded on the TSX Venture Exchange ("TSXV") under the ticker "TBRD" and the OTCQX® Best Market under the symbol "THBRF".

Unless otherwise indicated, all dollar amounts are expressed in thousands of Canadian dollars.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Financial Statements. The Company discusses these measures because it believes that they assist the reader in better understanding operations and key financial results.

FORWARD-LOOKING STATEMENTS
Thunderbird's public communications may include written, or oral "forward-looking statements" and "forward-looking information" as defined under applicable Canadian securities legislation. To the extent any forward-looking information in this MD&A constitutes "financial outlooks" or "future-oriented financial information" within the meaning of applicable Canadian securities laws, the reader is cautioned not to place undue reliance on such information. All such statements may not be based on historical facts that relate to the Company's current expectations and views of future events and are made pursuant to the "safe harbour" provisions of applicable securities laws.

Forward-looking statements or information may be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "plan", "project", "should", "believe", "intend", or similar expressions concerning matters that are not historical facts. These statements represent management's current beliefs and are based on information currently available to management and inherently involve numerous risks and uncertainties, both known and unknown.

Forward-looking statements in this document include, but are not limited to, Thunderbird's growth strategy; developing emerging talent and credentials on top brands and leveraging future proprietary productions and strengthening Thunderbird's business relationships with key North American and international broadcasters; owned or controlled IP creating long term value through multiple revenue streams; developing and owning content that has established brand recognition, which in turn helps generate a broad array of revenue streams from licensing, such as merchandise, music, video games and other ancillary sources over an extended period;-the intention to continue to be a premium content supplier for leading platforms; focusing on higher quality programs with larger budgets as management believes this increases the value and lifespan of its library; perfecting key exploitation rights to its content and striving to own the majority of the ancillary rights to its IP; plans to continue growing Thunderbird's business and library through the acquisition of complementary productions, and through strategic business alliances, both in North America and internationally; execute on its strategic business plan; forecasting a return to top-line growth in fiscal 2025, forecasted 2025 growth in revenue and AEBITDA[1]; anticipated gross margin[1] differences; being successful in increasing efficiencies and realizing additional savings throughout fiscal 2025; successfully investing in new content production; aligning content strategy with disciplined financial oversight will deliver increased value to

[1] These items are Non-IFRS Measures. See "Non-IFRS Measures" and "Reconciliations Tables" section of this MD&A for further information.

shareholders; potential tariffs on non-US produced contact and impact to the business, the expectation that the Company's liquidity needs for the next twelve months will be met by cash on hand, cash generated from operations and through a variety of sources including production bank loans; pursuing further sources of debt or equity financing to continue the development and production of film and television properties and facilitate strategic acquisitions as considered necessary; the expectation that the Company can satisfy obligations through cash on hand, cash flows from operations and refundable tax credit loans; payment of an annual dividend; the possibility that shareholders will convert their preferred shares into common shares at a ratio of 3:1 or redeem their shares.

Financial outlook and future-oriented financial information, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to various risks. The targets included herein, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. The purpose of the information is to provide readers with a more complete perspective on the Company's anticipated future operations and business activities. Readers are cautioned that the information may not be appropriate for other purposes. While management of Thunderbird believes there is a reasonable basis for these targets, such targets may not be met. The Company's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Company's future revenue and AEBITDA[1] may differ materially from the financial outlooks and future-oriented information provided in this MD&A.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; market segment conditions; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; product capability and acceptance; international risk and currency exchange rates; and technology changes. An assessment of these risks that could cause actual results to materially differ from current expectations is contained in the "Risks and Uncertainty" section of this MD&A. The foregoing is not an exhaustive list. Additional risks and uncertainties not presently known to Thunderbird or that management believes to be less significant may also adversely affect the Company. The forward-looking statements or information contained in this document represent the Company's views as of the date hereof and although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, no assurance can be given that such events will occur in the disclosed time frames or at all. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements or information.

RISKS AND UNCERTAINTIES

The Company is exposed to several specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects, and financial condition. For further details see the Forward-Looking Statements section in this MD&A and the "RISKS AND UNCERTAINTIES", contained in Thunderbird's MD&A, for the years ended June 30, 2024 and 2023, filed October 9, 2024, on www.sedarplus.ca.

BUSINESS OVERVIEW

Thunderbird is a global award-winning, full-service, multi-platform media production, distribution and rights management company. Headquartered in Vancouver, British Columbia, with additional offices in Los Angeles and Ottawa, Thunderbird's programs cover multiple genres with a focus on children's productions, scripted comedy, scripted drama, and unscripted (factual) content. Thunderbird also has a team dedicated to global distribution and consumer products. Thunderbird's productions are currently being broadcast via conventional linear means, and on several digital platforms, in more than 200 territories worldwide.

Thunderbird prides itself on the Company's culture of excellence, one that prioritizes integrity, acceptance, and flexibility as core values. As part of the Company's mission to create content and build global brands that are award-

[1] This item is a Non-IFRS Measure. See "Non-IFRS Measures" and "Reconciliations Tables" section of this MD&A for further information.

winning, entertaining, and made with integrity, Thunderbird also fosters artist-driven working environments rooted in kindness, creativity, and acceptance.

Across the Company, Thunderbird employees and crew members represent myriad backgrounds, cultures, countries, and beliefs, under a collective goal of creating content that enriches and entertains universally.

Thunderbird's team has received recognition within the entertainment and business industries. To this point, Thunderbird has been included in Report on Business Magazine's Women Lead Here list (2025, 2024, 2023), received a #12 ranking on Playback's Indie List (2024), Atomic received a third ranking on the annual Kidscreen Hot50 list of top production companies (2023), and GPM has been named to Realscreen's Global 200 list 11 times. Thunderbird has also been included in The Goble and Mail's listing, Canada's Top Growing Companies, for two years in a row (2023, 2024) and was also named as a leading company in the diversity and inclusion category by BC Business magazine (2021). GPM was also recognized with this same honour by the BC Business magazine in 2022.

Thunderbird's premium programs have also been widely recognized. Over the years, this includes three Emmy Awards (*The Last Kids on Earth, Molly of Denali, Beat Bugs)*, a Peabody Award (*Molly of Denali)*, a Television Critics Award (*Molly of Denali)*, as well as multiple Canadian Screen Awards (*Kim's Convenience, Pinecone & Pony),* Leo Awards (*Kim's Convenience, The Last Kids on Earth, Strays, Highway Thru Hell, Heavy Rescue: 401, Dr. Savannah: Wild Rose Vet),* Environmental Gold Seal (*Reginald the Vampire)* and a BAFTA Award (*Hilda)*, to name a few. The companion podcast for GPM's hit *Deadman's Curse,* titled *Deadman's Curse: Volcanic Gold,* has also been recognized with a Gold 2024 Signal Award for Best History Series two years in a row.

Thunderbird remained operational and maintained all production deliverables during the global pandemic, with team members working from home. This introduced a hybrid working structure throughout the Company, which Thunderbird currently maintains as it allows teams to scale accordingly to production demands.

Thunderbird's work includes a focus on sustainability, on and off screen. This involves exploring sustainability in storytelling initiatives and extensive engagement with buyers and funders on upcoming sustainability disclosures. Thunderbird is also currently working on partnerships with the Canadian Media Producer's Association, and more.

Atomic is also a registered Benefit Corporation, and a Certified B Corp, working with a global community of businesses that meet high standards of social and environmental impact.

STRATEGY

A Blend of Service and IP Work

Thunderbird's growth strategy includes working on both high-profile service productions and owned or controlled IP.

Service production generates near-term earnings and provides opportunities for the Company to develop its emerging talent and credentials by working with top brands. This strengthens Thunderbird's business relationships with key North American and international broadcasters. Service production work also provides the Company with stable cashflows, which help mitigate the financial statement impact of the timing of episodic IP deliveries. Examples of brands that Thunderbird has produced are Marvel's *Spidey and his Amazing Friends,* Marvel's *Iron Man and his Awesome Friends, My Little Pony: Make Your Mark, Trolls: TrollTopia,* and *Molly of Denali,* to list a few.

Owned or controlled IP can create long-term value through multiple revenue streams. This involves developing and owning content that has established brand recognition, which in turn helps generate a broad array of revenue streams from licensing, such as merchandise, music, video games and other ancillary sources over an extended period. Thunderbird's IP includes *Kim's Convenience, Highway Thru Hell, Mermicorno: Starfall,* and *The Day You Begin,* to list a few.

Diversified Portfolio

With quality as its North Star, Thunderbird recognizes that only premium content will stand out in a fiercely competitive marketplace. With this lens, Thunderbird develops and produces content for several genres, including kids & family, unscripted and scripted.

Kids & family programming is an important and growing component of Thunderbird's production slate and proprietary library. Through Atomic, Thunderbird's roster of clients, customers, and partners includes Netflix, Nickelodeon, PBS, Spin Master, Sony, AppleTV+, Corus, Max/Warner Bros., Cartoon Network, Disney, Mattel, Bell Media's Crave, Warner Bros., USA Network (Canada), Marvel, Microsoft, LEGO, Hasbro, and NBCUniversal. Atomic productions include *Mermicorno: Starfall, The Day You Begin,* Marvel's *Spidey and his Amazing Friends,* Marvel's *Iron Man and his Awesome Friends, Rocket Saves the Day, Wonderoos, The Last Kids on Earth, Molly of Denali, LEGO Pixar: BrickToons, LEGO Star Wars: Rebuild the Galaxy, LEGO Marvel Avengers: Mission Demolition, CoComelon Lane,* and *Super Team Canada,* which represents the Company's first foray into adult animation.

Thunderbird also remains a dominant player in the unscripted marketplace, working with a roster of clients that includes USA Network (Canada), History, HGTV, HULU, Blue Ant Media's Cottage Life, The Weather Channel, APTN, and CBC. GPM productions include *Deadman's Curse, Styled, Heavy Rescue: 401, Timber Titans, Rocky Mountain Wreckers,* and *Highway Thru Hell,* which chronicles the action-packed world of heavy rescue towing. *Highway Thru Hell* is one of the longest-running, unscripted series worldwide, and the longevity of the series underpins Thunderbird's reputation for developing quality content. In 2025, *Highway Thru Hell's* 13th season showcased the series' milestone 200th episode. Bell Media also has a FAST (free ad-supported streaming TV services) channel (CTV Gridlock) that features classic episodes of *Highway Thru Hell* and the entire series of *Heavy Rescue: 401.* Longtime international distributor Banijay also has a dedicated *Highway Thru Hell* FAST channel that features seasons 1 to 10 and all seven seasons of *Heavy Rescue: 401.*

Additionally, GPM works in partnership with Wapanatahk Media, a production company headed by Indigenous producer Tania Koenig-Gauchier, to develop content focused on authentic Indigenous characters and stories. Wapanatahk Media currently produces *Wild Rose Vets* (a spin-off of *Dr. Savannah: Wild Rose Vet)*, a series that chronicles the unique journeys of Indigenous women navigating the triumphs and challenges of working with animals while also exploring their rich heritage and cultural ties. This series airs on APTN and Blue Ant Media's Cottage Life channel.

GPM's portfolio also includes scripted productions, such as *Reginald the Vampire,* a fully owned scripted series that stars Spider-Man's Jacob Batalon, *Boot Camp,* a film based on the popular Wattpad story by Gina Musa, and *Sidelined: The QB and Me,* a Tubi Original movie based on a Wattpad story. This film brought in the platform's highest-ever number of viewers within seven days, and a sequel, *Sidelined: Intercepted,* is now in production.

Recognizing the opportunity to further expand into the scripted genre, Thunderbird established a dedicated scripted team based in Los Angeles. In Q3 2025, Thunderbird's scripted team had seven scripted projects in active development, of which three are in paid network development.

Thunderbird's Library

A substantial and growing portion of Thunderbird's programming library has been licensed directly to leading Internet OTT platforms such as Netflix, Hulu, Amazon, and iTunes, which offer subscription video on demand, transactional video on demand and advertising-supported video on demand to their customers.

For example, Thunderbird fully owns the award-winning comedy series *Kim's Convenience,* which is currently available on Netflix worldwide. The show also has worldwide distribution through a mix of streaming, cable and VOD partnerships in Asia. In 2022, FilmRise, a New York-based streaming service, acquired the FAST rights to *Kim's Convenience*. *Strays*, a scripted spin-off of *Kim's Convenience,* had two seasons, both airing on CBC. *Kim's Convenience* and *Strays* are also available on the CBC Comedy FAST channel. Bell Media also features *Highway Thru Hell* and *Heavy Rescue: 401* on the CTV Gridlock FAST channel, and Banijay has a dedicated FAST channel to those two unscripted series as well.

In 2024, the Company announced multiple catalogue-title sales across scripted, kids and family, and unscripted genres. This announcement included, among others, Fuse Media taking *Kim's Convenience* (Season 1) for its U.S. linear channel, Netflix renewing the U.S. license for mid-2010s Thunderbird YA comedy *Some Assembly Required,* Canadian pubcasters TVO and Knowledge Network picking up *Molly of Denali* (Season 2), which is produced by GBH and Atomic Cartoons, and Fuse Media licensing pop-culture focused docuseries *Celebrity Style Story* (Season 2) for its FAST channel, Backstage.

Thunderbird intends to continue being a premium content supplier for leading platforms. The Company is focused on higher quality programs with larger budgets as management believes this will increase the value and lifespan of its library.

Consumer Products and Global Distribution
In 2023, Thunderbird formalized its consumer products and licensing operations under a new Thunderbird Brands banner, creating internal capabilities for owned IP and a licensing and distribution offering. Thunderbird maintains a disciplined approach to acquiring and perfecting key exploitation rights to its content and strives to own the majority of the ancillary rights to its IP. The Company also plans to continue growing its business and library through the acquisition of complementary productions, and through strategic business alliances, both in North America and internationally.

For example, acquired preschool series *Mittens & Pants* has been adopted by several North American streaming platforms, including NBCU's Peacock, Roku, Tubi, and children's free ad-supported streamers HappyKids, Kidoodle.TV, and Sensical in the U.S., and Canadian French-language broadcasters TFO and Radio-Canada (Season 1) in Canada. Internationally, platforms include beIN (MENA, Season 1), NRK (Norway, Seasons 1 & 2) and Alibaba's Youku (China, Seasons 1 & 2). Additionally, China-based content distributor Beijing 24 Bridges will be selling both seasons of *Mittens & Pants* in the territory. The series is now available in 78 territories. In 2025, *Mittens & Pants,* which is produced by Toronto-based Windy Isle Entertainment, was greenlit for a third season by CBC, with Sky Kids UK and Ireland on-board as broadcast partners.

The Company also announced the acquisition of media and consumer products rights to the mixed-media series *BooSnoo!,* which started rolling out on international platforms, including Peacock, starting July 2024. International broadcasters picking up *BooSnoo!* include LRT (Lithuania) (Seasons 1 & 2), PTS (Taiwan) (Seasons 1 & 2), ERR (Estonia) (Season 1), SVT (Sweden) (Seasons 1 & 2), DR Denmark (Season 1), EBS South Korea (Seasons 1& 2), NRK Norway (Seasons 1 & 2), PCCW/NOW Hong Kong (Season 1), TVO Kids Canada (Seasons 1 & 2) and Canadian French-language broadcaster Téléquebec (Seasons 1 & 2).

Thunderbird continues to build brand momentum around *Mermicorno: Starfall,* which premiered in January 2025. The series has territory distribution deals in the U.S. (Max), UK (POP), Canada (Corus Entertainment for Treehouse, STACKTV and TELETOON+), LATAM (Max and Cartoon Network), and Southeast Asia (Cartoon Network). Renowned toymaker Jazwares is global master toy licensee for the series for several retail distribution channels, including mass-market, e-commerce, and direct-to-consumer platforms. The *Mermicorno: Starfall* licensing program also includes play sets, figures, plush, Halloween and pet costumes, and more. Additionally, Nelvana is *Mermicorno: Starfall's* Canadian licensing agent, representing the brand for major categories outside of toys and publishing in the territory.

Thunderbird Distribution has also partnered with Banijay Rights, the global distribution arm of content powerhouse Banijay Entertainment and the longtime distributor of *Highway Thru Hell* internationally. Banijay Rights acquired segment rights to the *Highway Thru Hell* docuseries, and holds the rights to license, distribute, publish, and broadcast short-form segments and stories excerpted from the series.

COOPERATION AGREEMENT, STRATEGIC REVIEW AND NORMAL COURSE ISSUER BID
Amended and Restated Cooperation Agreement
On November 10, 2023, Thunderbird entered into an amended and restated cooperation agreement (the "A&R Cooperation Agreement") with Voss Capital, LLC ("Voss") which replaced the previous cooperation agreement with Voss dated January 19, 2023.

The A&R Cooperation Agreement, which is detailed in the Company's November 10, 2023 news release, provided for (i) the appointment of Taylor Henderson, a representative and employee of Voss, to the board of directors of Thunderbird (the "Board") at the Company's 2023 annual general and special meeting of shareholders held on December 14, 2023 (the "2023 Annual Meeting"), and (ii) the appointment of one additional independent director mutually agreeable to the Company and Voss following the 2023 Annual Meeting. In accordance with the A&R Cooperation Agreement, Linda Michaelson and Mark Trachuk did not stand for re-election at the 2023 Annual Meeting.

On February 2, 2024, the Board appointed David Lazzarato to the Board in accordance with the A&R Cooperation Agreement and Thunderbird's constating articles.

Strategic Review Process
A special committee (the "Special Committee") of the Board comprised of three directors of Thunderbird (including two independent directors and a Voss-nominee) was created to assess Thunderbird's capital allocation strategy and opportunities to maximize shareholder value. After conducting a thorough review process, and obtaining financial and legal advice, the Special Committee recommended to the Board that the formal strategic review process be concluded, and the Company remain public and focus on the execution of its strategic business plan. The Board, following the recommendation of the Special Committee, determined that it was in the best interests of the Company's stakeholders to terminate the formal review process and have the Company's management focus on executing the Company's current business plan, which includes the pursuit of growth opportunities.

Normal Course Issuer Bid
On December 4, 2024, Thunderbird announced its application was approved for a normal course issuer bid (the "2025 NCIB"), pursuant to which it may repurchase its own common shares for cancellation through the facilities of the TSXV in an amount not to exceed 10% of its public float, as may be permitted by the TSXV and applicable securities laws. Purchases under the NCIB may continue for up to one year from the commencement day of December 9, 2024.

The Company previously received approval for and maintained a NCIB (the "2024 NCIB") to repurchase, through the facilities of the TSXV, its own common shares, over a twelve-month period which commenced on December 7, 2023 and ended on December 6, 2024.

In the prior year, the Company repurchased for cancellation 591,400 common shares under the 2024 NCIB for a total consideration of $1.2 million, representing an average price of $2.08 per common share. There have been no repurchases in the current fiscal year under the 2025 NCIB.

OUTLOOK
The Company maintains its forecast of a return to top-line growth in fiscal 2025, targeting for 20% revenue growth and over 10% AEBITDA[1] growth. The variance between revenue and AEBITDA[1] growth reflects the anticipated gross margin[1] difference associated with the types of projects being forecasted in fiscal 2025 compared to fiscal 2024.

The Company continues to search for efficiencies that will generate additional savings throughout 2025 without sacrificing the quality that the Company is known for. Thunderbird's balance sheet remains robust, with no corporate debt, providing the financial flexibility needed to pursue growth opportunities. This strength supports the Company's plans to invest in new content production, a key driver of future growth. By aligning its content strategy with disciplined financial oversight, Thunderbird is committed to delivering increased value to shareholders.

The Company's fiscal 2025 outlook is based on the Company's latest internal projections, though certain risks remain, including the recent U.S. announcement of potential tariffs on non-U.S. produced content. On this front, few details are currently available that would allow the Company to assess the potential impact, if any, of these developments on the business. The Company will continue to monitor this evolving situation and adapt plans as considered necessary.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THIRD FISCAL QUARTER ENDED MARCH 31, 2025

- Revenue increased 29% from $35.4 million to $45.5 million and 22% from $113.5 million to $138.3 million for the three and nine months ended March 31, 2025. This growth is attributable to an increase in production service engagements in the quarter.

- AEBITDA[1] increased 79% from $3.3 million to $5.9 million and 46% from $9.7 million to $14.2 million for the three and nine months ended March 31, 2025. AEBITDA margins[1] increased 160 basis points year-over-year from 8.6% to 10.2%. This increase is attributable to the growth in revenues and reduction in amortization and finance costs over the comparative periods.

- Net income of $2.2 million and $4.5 million for the three and nine months ended March 31, 2025, increases of $2.2 million and $4.6 million from the comparative periods a year ago. These increases are also attributable to the increase in revenues and reduction in finance costs and amortization over the comparative periods.

- In fiscal 2025 Q3, the Company had 24 programs in various stages of production and was working with more than 15 clients. Of the 24 programs in production, six were Thunderbird IP, and 18 were service productions.

- Thunderbird Kids & Family, producing under Atomic, was in production on 17 programs, and working for 10 clients, including: *Super Team Canada* for Bell Media's Crave, *The Day You Begin* for PBS Kids, *Zombies: The Re-Animated Series* for Disney+, *Marvel's Iron Man and his Awesome Friends* for Disney Junior, *Marvel's Spidey and his Amazing Friends* (Seasons 3 and 4*)* for Disney Junior, among others, and Atomic original *Mermicorno: Starfall* for Warner Bros. Discovery.

- Thunderbird Unscripted, producing under GPM, was in production on six unscripted series for five clients in Q3, including: *Timber Titans* (Season 2) for USA Network (Canada), *Highway Thru Hell* (Season 14) for USA Network (Canada), *Rocky Mountain Wreckers* (Season 1) for The Weather Channel (U.S.) and USA Network (Canada), *Extracted* (Season 1) for Fox/Sony Pictures, and *Wild Rose Vets* (Season 2) for APTN.

- GPM was also in production on the scripted movie *Sidelined: Intercepted,* which is the sequel to the Tubi Original movie *Sidelined: The QB and Me.*

- Company highlights during and subsequent to the quarter included celebrating the historic 200th episode of *Highway Thru Hell, Molly of Denali* winning an Emmy Award for Outstanding Writing for a Preschool Aminated Series for the episode "Not a Mascot", Company productions being recognized with eight 2025 Canadian Screen Awards nominations, two British Academy of Film and Television Arts (BAFTA) nominations, two animators at Atomic being named to Animation Magazine's Rising Stars of Animation 2025 list, and Thunderbird being included on the annual Report on Business Women Lead Here list.

- During the quarter, the Company had seven scripted projects in active development, of which three are in paid network development.

- In Q3, Thunderbird Brands signed new distribution agreements for *BooSnoo!* with LRT (Lithuania) (Seasons 1 & 2), PTS (Taiwan) (Seasons 1 & 2), ERR (Estonia) (Season 1), and SVT (Sweden) (Season 2).

- Thunderbird Brands acquisition *Mittens & Pants,* which is produced by Toronto-based Windy Isle Entertainment, was greenlit for a third season by CBC, with Sky Kids UK and Ireland on-board as a broadcast partner. Thunderbird has also secured more international sales for the adorable live-action preschool series, including streamers Peacock, HappyKids and Kidoodle.TV (Season 2) in the U.S., and Canadian French-language broadcasters TFO and Radio-Canada (Season 1) in Canada. The series is now available in 78 territories.

[1] These items are Non-IFRS Measures. See "Non-IFRS Measures" and "Reconciliations Tables" section of this MD&A for further information.

SEASONALITY

Results of operations for any period are contingent on the number and size of programs produced and/or delivered. Therefore, the Company's results of operations may fluctuate significantly from period to period and may not be indicative of future periods. Cash flows may also fluctuate and may not be closely correlated with revenue recognition. The Company's revenues vary significantly over the quarters as they can be driven by owned IP deliveries and license period commencement dates with the broadcasters and distributors and therefore are not earned on an even basis throughout the year. The Company is somewhat reliant on the broadcaster's budget and financing cycles and at times the license period will be delayed and commence at a date later than originally projected. In addition, the Company delivers owned IP to OTT streaming platforms which do not have seasonal premiere calendars like traditional broadcasters. Readers of the Financial Statements and this MD&A are therefore cautioned about extrapolating the results for quarterly or annual periods in the financial quarter ended March 31, 2025, or the year ended June 30, 2024, into quarterly or annual expectations in future years.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected comparative information set out below for the three and nine months ended March 31, 2025 and 2024 has been derived from, and should be read in conjunction with, the Company's unaudited interim condensed consolidated financial statements and accompanying notes.

Financial Position

($000's)	Mar 31, 2025	June 30, 2024
Total assets	$ 172,480	$ 172,597
Total non-current liabilities	$ 18,874	$ 20,592
Shareholders' equity	$ 74,640	$ 69,293

Results of Operations

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's, except per share data)	$	$	$	$
Revenue	45,459	35,371	138,303	113,510
Expenses	43,248	35,366	133,762	113,614
Net income (loss) for the period	**2,211**	**5**	**4,541**	**(104)**
AEBITDA[1]	**5,852**	**3,347**	**14,150**	**9,740**
AEBITDA Margin[1]	**12.9%**	**9.5%**	**10.2%**	**8.6%**
Free Cash Flow[1]	**2,355**	**13,389**	**12,672**	**11,392**
Basic and diluted income per share	**0.04**	-	**0.09**	-

[1] These items are Non-IFRS Measures. See "Non-IFRS Measures" and "Reconciliations Tables" section of this MD&A for further information.

Revenue

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Production services	34,629	32,678	123,379	94,287
Licensing and distribution	10,830	2,693	14,924	19,223
Total revenue	**45,459**	**35,371**	**138,303**	**113,510**

The Company has two principal revenue streams: production services and licensing and distribution. Production services revenue is earned for service work performed on projects where the Company does not own or participate in the IP. Licensing and distribution revenue is earned when the Company owns the copyright to a project and subsequently enters into a broadcast or distribution agreement to license the project for a specific term.

The Company recognized revenue of $45.5 million and $138.3 million for the three and nine months ended March 31, 2025, increases of 29% ($10.1 million) and 22% ($24.8 million) over the comparative periods.

Production services revenue increased by 6% ($2.0 million) and 31% ($29.1 million) for the three and nine months ended March 31, 2025, over the comparative periods. This revenue consists primarily of animation production services, which helps to reduce the volatility of results over quarters as the production service revenue is recognized as the work is completed, and the large number and size of contracts provides consistency in revenue flows. On the scripted and unscripted production services side, projects provided $3.4 million in revenue, an almost 100% increase over the comparative quarter. *Sidelined: The QB and Me,* a film based on the smash Wattpad novel, provided revenue of $0.06 million, while its sequel, *Sidelined 2: Intercepted,* provided $2.9 million. Animation projects with significant revenues during the quarter include *Marvel's Spidey and His Amazing Friends, Marvel's Iron Man and His Awesome Friends,* and *Zombies: The Reanimated Series.*

Licensing and distribution revenue increased by 302% ($8.1 million) and decreased 22% ($4.3 million), for the three and nine months ended March 31, 2025, over the comparative periods. The changes can primarily be attributed to the timing of IP projects delivered during the first three quarters of the fiscal year. In the current quarter, revenue was recognized from the delivery of 26 episodes of the animated series *Mermicorno: Starfall,* and 12 episodes of the unscripted series *Highway Thru Hell* (Season 13). Distribution contracts also provided revenue for *Mermicorno: Starfall,* as well as prior seasons of *Highway Thru Hell.* In the comparative quarter, revenue was recognized from the delivery of 8 episodes of the unscripted series *Timber Titans* (Season 1). Season 1 of *Rocky Mountain Wreckers* is anticipated to generate revenue later in the fiscal year, premiering in the final fiscal quarter.

Direct operating

	For the three months ended		**For the nine months ended**	
	Mar 31, 2025	**Mar 31, 2024**	**Mar 31, 2025**	**Mar 31, 2024**
($000's)	**$**	**$**	**$**	**$**
Direct costs	27,377	25,657	97,796	75,802
Amortization of investment in content	6,693	1,291	9,136	11,218
Other	385	186	1,354	472
Total direct operating	**34,455**	**27,134**	**108,286**	**87,492**

Direct operating includes costs directly related to the Company's productions, such as labour and equipment expenses on service productions, amortization of capitalized production costs, royalties and residuals on owned IP projects and participation costs for third party library product. Other includes development expenses on projects the Company has abandoned, as well as ongoing general research and scouting costs.

Direct costs increased 7% ($1.7 million) and 29% ($22.0 million) for the three and nine months ended March 31, 2025, over the comparative periods. This is in line with the Company's production service revenue increases as described above in the revenue section.

Amortization of investment in content increased 418% ($5.4 million) and decreased 19% ($2.1 million), for the three and nine months ended March 31, 2025, over the comparative periods, in line with the changes in license and distribution revenue as described above in the revenue section, due to IP projects delivering in the first three quarters of the fiscal year.

Other costs increased 107% ($0.2 million) and 187% ($0.9 million), for the three and nine months ended March 31, 2025, over the comparative periods, due to development projects not proceeding.

Distribution and marketing

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Total distribution and marketing	**227**	**235**	**748**	**723**

Distribution and marketing expenses include expenses related to the distribution of the Company's content library to third parties, investor relations, advertising and promotion, donations, attendance at forums, conferences and film markets, and the travel and meals related to such. Distribution and marketing expenses decreased by 3% ($0.01 million) and increased by 3% ($0.03 million), for the three and nine months ended March 31, 2025, over the comparative periods. The increase in the year-to-date period was mainly due to increases in investor relations and travel.

General and administrative

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Salaries, employee benefits and contractors	3,688	3,714	10,813	11,635
Office and administrative	1,102	924	3,470	3,074
Legal and professional fees	645	561	1,560	1,548
Total general and administrative	**5,435**	**5,199**	**15,843**	**16,257**

The Company's general and administrative expenses include salaries, contractor fees, rent, and office expenses for the Vancouver, Ottawa, and Los Angeles offices.

Total general and administrative expenses increased 5% ($0.2 million) and decreased 3% ($0.4 million) for the three and nine months ended March 31, 2025, over the comparative periods. Salaries and contractor fees decreased 1% ($0.03 million) and 7% ($0.8 million) for the three and nine months ended March 31, 2025, over the comparative periods. Cost reduction measures related to salaries were undertaken during the prior quarters and continue to be evaluated. Office and administrative expenses increased 19% ($0.2 million) and 13% ($0.4 million) for the three and nine months ended March 31, 2025, over the comparative periods. The increase in the current quarter is due to increased cleaning and repairs and maintenance costs due to consolidating one of the corporate offices and the recording of a bad debt expense from one client for $0.1 million, the first bad debt incurred in many years. The year-to-date increase over the comparative period is mainly due to inflationary increases, combined with foreign exchange pressure, in computer costs for software and hosting, along with increased filing and regulatory costs. Legal and professional fees increased 15% ($0.1 million) and 1% ($0.01 million) for the three and nine months ended March 31, 2025 over the comparative periods. In the current quarter, costs were incurred related to the Company's proposed uplisting to the Toronto Stock Exchange ("TSX") and pursuing strategic opportunities, while costs related to the strategic review process were incurred in the comparative periods.

Share-based compensation

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Total share-based compensation	**289**	**193**	**648**	**622**

Share-based compensation expense increased by 50% ($0.1 million) and 4% ($0.03 million) for the three and nine months ended March 31, 2025, over the comparative periods. The increase in quarter-to-quarter share-based compensation expense was mainly due to an initial performance share unit ("PSU") amount for one of the performance conditions being met. The increase in year-to-date share-based compensation expense was due to more equity settled restricted share units ("RSUs") issued over the comparative period as well as PSUs issued in the current nine-month period as compared to none being issued in the comparative period, offset partially by a decrease due to a higher number of fully vested stock options.

Amortization

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Amortization of intangible assets	-	67	136	203
Amortization of property and equipment	608	390	1,380	1,376
Amortization of right-of-use assets	1,549	1,731	4,589	5,418
Total amortization	**2,157**	**2,188**	**6,105**	**6,997**

Intangible assets had been fully amortized as at the end of the second fiscal quarter, December 31, 2024, therefore there is no further amortization expense.

Amortization of property and equipment increased 56% ($0.2 million) for the three months ended March 31, 2025, and remained consistent over the year-to-date period, as compared to the prior periods. This increase is mainly due to the full amortization of leasehold improvements related to an office whose lease ended March 31, 2025 ($0.1 million), as well as the capital additions of computer equipment, cameras and production vehicles in the year.

Amortization of right-of-use assets decreased 11% ($0.2 million) and 15% ($0.8 million) for the three and nine months ended March 31, 2025, over the comparative periods. The decline primarily stems from a reduction in ROU Equipment Assets acquired in the current period over the comparative period, which are amortized over the lease terms.

Finance costs

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Dividends on redeemable preferred shares	7	7	22	22
Interest expense on interim production financing	25	437	142	1,131
Interest on lease obligations	264	307	826	944
Interest income	(42)	(385)	(506)	(1,084)
Interest income on lease receivable	-	(1)	(1)	(1)
Unrealized foreign exchange loss on interim production financing	-	13	-	45
Total finance costs	**254**	**378**	**483**	**1,057**

Finance costs include interest expense, dividends and foreign exchange gains and losses on loans, net of interest income. Finance costs decreased by 33% ($0.1 million) and 54% ($0.6 million) for the three and nine months ended March 31, 2025, over the comparative periods. The decrease in finance costs for the quarter was mainly due to the decrease in the amount of loan interest paid (due to the lower balance of loans held), the decrease in interest paid on lease obligations (due to fewer lease arrangements for rendering equipment), as well as by the decrease of interest income earned on tax credits.

Class A redeemable preferred shares receive a quarterly dividend of $0.0175 per share.

Foreign exchange loss (gain)

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Realized foreign exchange loss (gain)	(187)	27	(235)	(3)
Unrealized foreign exchange loss (gain)	(105)	(60)	402	(13)
Total foreign exchange loss (gain)	**(292)**	**(33)**	**167**	**(16)**

Foreign exchange loss (gain) includes both realized and unrealized gains and losses from foreign currency transactions. Foreign exchange gain increased by $0.3 million and decreased by $0.2 million for the three and nine months ended March 31, 2025, over the comparative periods. The change in realized foreign exchange gain for the current quarter is mainly related to the receipts of U.S. dollar receivables from production service agreements with budget rates lower than the current spot rate, and payments of U.S. dollar payables. The change in unrealized foreign exchange gain for the current quarter is mainly due to the revaluation of foreign currency deferred revenue and U.S. dollar bank balances to the current spot rate at quarter-end, which is much higher than the comparable quarter-end foreign exchange rate. This loss will be reversed into a realized gain when the revenue is recognized at a future date.

QUARTERLY FINANCIAL INFORMATION

	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
($000's, except per share data)	$	$	$	$	$	$	$	$
Revenue	45,459	47,175	45,669	51,813	35,371	44,539	33,600	37,745
Net income (loss)	2,211	750	1,580	2,482	5	619	(728)	(2,569)
Basic earnings (loss) per share	0.04	0.02	0.03	0.05	-	0.01	(0.02)	(0.05)
Diluted earnings (loss) per share	0.04	0.01	0.03	0.05	-	0.01	(0.02)	(0.05)

Note: this information was derived from unaudited interim condensed quarterly financial information.

As discussed in the seasonality section above, net income is substantially determined by the number and timing of programs delivered. Revenue recognized on these projects depends on contracted deliveries and license period commencement dates with the broadcasters and distributors and therefore can fluctuate significantly from quarter to quarter driving the variances in the Company's revenue and net income/loss. While seasonality may impact owned IP project deliveries, production service revenue is recognized as the work is completed.

The increase in net income in the third quarter of 2025 compared to the second quarter of 2025 was due to an increase in license fee revenue due to the increase in deliveries of IP projects in the current quarter, partially offset by a slight decrease in production services revenue.

The decrease in net income in the second quarter of 2025 compared to the first quarter of 2025 was due to a slight increase in general and administrative costs, partially offset by an increase in production services revenue.

The decrease in net income in the first quarter of 2025 compared to the fourth quarter of 2024 was due to a decrease in license fee revenue due to no deliveries of IP projects in the current quarter, partially offset by an increase in production services revenue, and decreases in general and administration costs and amortization.

The increase in net income in the fourth quarter of 2024 compared to the third quarter of 2024 was due to an increase in license fee revenue due to the increase in deliveries of IP projects in the current quarter and a slight increase in production services revenue.

The decrease in net income in the third quarter of 2024 compared to the second quarter of 2024 was due to a decrease in license fee revenue and a decrease in deliveries of IP projects in the current quarter, offset by a decrease in general and administration costs, salaries and wages and an increase in production services revenues.

The increase in net income in the second quarter of 2024 compared to the first quarter of 2024 was due to an increase in license fee revenue and an increase in deliveries of IP projects in the current quarter, partially offset by a slight increase in general and administration costs.

The decrease in net loss in the first quarter of 2024 compared to the fourth quarter of 2023 was due to a decrease in general and administration costs and amortization, partially offset by a decrease in license fee and distribution revenues, due to the timing and magnitude of IP deliveries in the current quarter, as compared to the fourth quarter.

FINANCIAL CONDITION

($000's)		**Mar 31, 2025**		**June 30, 2024**
Cash and cash equivalents	$	33,889	$	25,216
Accounts receivable		74,622		79,160
Investment in content		25,027		26,486
Property and equipment		17,948		20,681
Goodwill and intangible assets		12,402		12,538
Deferred tax assets		8,592		8,516
Total assets	$	172,480	$	172,597
Accounts payable and accrued liabilities	$	51,401	$	40,253
Interim production financing		7,039		19,818
Lease obligations		17,577		20,014
Deferred revenue		16,472		17,682
Other liabilities		5,351		5,537
Total liabilities	$	97,840	$	103,304
Shareholders’ equity	$	74,640	$	69,293

The above table summarizes certain information with respect to the Company’s capitalization and financial position as at March 31, 2025 and June 30, 2024.

Total assets were $172.5 million as at March 31, 2025, a decrease of $0.1 million compared to $172.6 million as at June 30, 2024. The decrease is primarily due to decreases in accounts receivable, investment in content, and property and equipment, offset by the increase in cash. The increase in cash is consistent with the increase in accounts payable, decrease in accounts receivable, and offset by a decrease in interim production financing. Tax credit receivables, included in accounts receivable, have decreased by $3.2 million primarily due to the timing and completion of productions, with most of the decrease coming from production services projects.

Total liabilities were $97.8 million as at March 31, 2025, a decrease of $5.5 million compared to $103.3 million as at June 30, 2024. The decrease is mainly due to the decrease in interim production financing, offset by increases in accounts payable and lease obligations. Tax credit advances payable to clients (included in accounts payable and accrued liabilities) increased $10.4 million and are related to the tax credit receivables above (the Company claims and collects tax credits on behalf of some clients). The decrease in interim production financing is due to net repayments of $12.8 million during the period.

Shareholders’ equity was $74.6 million as at March 31, 2025, an increase of $5.3 million compared to $69.3 million as at June 30, 2024. There was a decrease in deficit of $4.5 million for the period.

LIQUIDITY

The Company's liquidity needs for the next twelve months are expected to be met by cash on hand, cash generated from operations and through a variety of sources including production bank loans. The Company's management will continue to pursue further sources of debt or equity financing to continue the development and production of film and television properties and facilitate strategic acquisitions as considered necessary.

As at March 31, 2025 the Company has a cash balance of $33.9 million, as compared to cash of $25.2 million as at June 30, 2024.

The following table reconciles the Cash Available for Use[1] and Cash Required for Use in Productions[1] to the total cash and cash equivalents for the nine months ended March 31, 2025 and 2024.

Cash Available for Use[1] is defined as the total cash and cash equivalents of the Company less Cash Required for Use in Productions[1]. Cash Available for Use[1] funds ongoing working capital requirements, principal, and interest payments on corporate demand loans as well as ongoing development and growth efforts.

Cash Required for Use in Productions[1] is defined as cash required for the funding of productions from the development stage through to completion that is not available for other uses. This cash has been provided by buyers and third-party IP owners that have engaged the Company to produce content, as well as banks with whom the Company has contracted to provide interim production financing.

Cash and cash equivalents

($000's)		**Mar 31, 2025**		**Mar 31, 2024**
Cash Available for Use[1]	$	14,185	$	11,581
Cash Required for Use in Productions[1]	$	19,704	$	19,590
Total cash and cash equivalents	$	**33,889**	$	**31,171**

[1]These items are Non-IFRS Measures. See "Non-IFRS Measures" and "Reconciliations Tables" section of this MD&A for further information.

Net cash flows

	For the nine months ended	
	Mar 31, 2025	**Mar 31, 2024**
($000's)	**$**	**$**
Cash inflows (outflows) by activity:		
Operating activities	26,318	34,439
Financing activities	(17,260)	(28,498)
Investing activities	(867)	(303)
Effect of exchange rate changes on cash	482	169
Net cash inflows (outflows)	**8,673**	**5,807**

Cash flows from operating activities in the nine months ended March 31, 2025 generated $26.3 million, compared to $34.4 million in the comparative period. During this period cash provided by operating activities included amortization of $15.2 million, compared to $18.2 million in the comparative nine months, mainly due to a decrease in amortization of investment in content and right-of-use assets. Working capital contributed an inflow of $8.3 million, compared to $26.0 million in the comparative period, due mainly to the large decrease of accounts receivable in the comparative period, offset by an increase in accounts payable, and timing of payments and other receipts. Cash outflows relating to investment in content totaled $3.0 million, compared to $10.5 million in the comparative period.

Cash flows from financing activities are primarily driven by the Company's practice to finance productions in progress by way of production bank loans secured by refundable tax credits and distribution and licensing agreements on a per production basis in addition to a general security agreement. The bank loan drawn, and interest thereon is repayable upon receipt of the respective refundable tax credits and corresponding revenues receivable. Cash flows from financing activities used $17.3 million in the nine months ended March 31, 2025, as compared to $28.5 million in the comparative period. Net loan repayments were $12.8 million in the current period, compared to $22.8 million in the comparative period. In the comparative period, cash outflows of $1.2 million resulted from the repurchase of common shares under the Normal Course Issuer Bid, compared to nil in the current period.

Cash flows from investing activities pertains to property and equipment purchases and disposals. During the nine months ended March 31, 2025, the Company purchased property and equipment, including computer and camera equipment, totalling approximately $1.2 million as compared to $0.3 million in the comparative period. Proceeds were received from the disposal of property and equipment of $0.4 million in the current period, while no disposals were made in the comparative period.

Free Cash Flow[1]

Free cash flow[1] was $2.4 million for the three months ended March 31, 2025, a decrease of $11.0 million compared to $13.4 million from the comparative period, primarily driven by a decrease in deferred revenue, as customer prepayments were recognized into revenue due to show deliveries.

Free cash flow[1] for the nine months ended March 31, 2025 increased by $1.3 million to $12.7 million, over the comparative period. This improvement was largely attributable to lower interim financing repayments. In the prior period, approximately two-thirds of operating cash flows were allocated toward these repayments, whereas in the current period, repayments were reduced to 50% of operating cash flows.

[1] This item is a Non-IFRS Measure. See “Non-IFRS Measures” and “Reconciliations Tables” section of this MD&A for further information.

CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to maintain financial flexibility to pursue its strategy of organic growth combined with strategic and/or synergistic acquisitions, and to maximize the return to shareholders through the optimization of reasonable debt and equity balances commensurate with current operating requirements, in addition to repurchasing its own common shares pursuant to the NCIB. To facilitate the management of its capital structure, the Company prepares an annual budget that is updated quarterly. The annual budget is reviewed and approved by the Board and the quarterly reforecasts are reviewed by the Board.

The Company has a credit agreement with the Royal Bank of Canada (“RBC”) which provides the Company access to funding through distinct credit facilities. All facilities are repayable on demand and secured by General Security Agreements.

- A $5.0 million revolving term loan for bridging production financing of productions being produced prior to closing of an applicable production facility. This bears interest at RBC’s prime rate plus 1.25% and must be repaid on the earlier of 15 days after the individual production financing close or 180 days from the first drawdown. As at March 31, 2025, the Company had repaid all prior draws.
- A $5.0 million revolving term loan to finance distribution advances to greenlit Canadian content eligible productions owned by the Company, providing the financing of the distribution advance for each production does not exceed 20% of the production budget. This bears interest at RBC’s prime rate plus 1.25%. As at March 31, 2025, this facility had not been drawn upon.
- An $8.0 million revolving unmargined operating line of credit bearing interest at RBC’s prime rate plus 1.25%, to finance day-to-day operations and general corporate expenses. As at March 31, 2025, this facility had not been drawn upon.
- A $40.0 million revolving production operating line of credit at an interest rate of RBC’s prime rate plus 0.5% and secured by assignment of federal and provincial tax credits. Interest only is payable monthly in arrears with the principal repayment to be made upon the receipt of the tax credits for each single purpose production company. As at March 31, 2025, the Company had drawn down $0.4 million.

Under the terms of the RBC credit facilities, the Company is required to meet certain covenants. As at March 31, 2025, the Company was in compliance with all of the covenants.

The overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2024.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial assets and liabilities consist of cash and cash equivalents, trade receivables and other, accounts payable and accrued liabilities, interim production financing and redeemable preferred shares. The Company is exposed to credit risk, liquidity risk and market risk in the normal course of operations.

The Board has overall responsibility for the establishment and oversight of the Company's financial risk management framework and monitors risk management activities. The Company identifies and analyzes the risks faced by the Company and may utilize financial instruments to mitigate these risks.

Credit risk

The Company is subject to credit risk with respect to cash and cash equivalents and trade receivables and other. All cash and cash equivalents balances are held at major Canadian and U.S. banking institutions. Trade receivables are mainly with Canadian broadcasters, large international distribution companies and leading OTT platforms.

The Company's customers are considered to have low default risk and the historical default rate and frequency of loss are low, therefore the lifetime expected credit loss allowance for trade receivables is nominal as at March 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation. The Company expects to satisfy obligations through cash on hand, cash flows from operations and refundable tax credit loans (see Note 16 of the audited consolidated financial statements for June 30, 2024 for further details).

Cash outflows relating to financial liabilities

($000's)	**Less than 1 year $**	**1 to 5 years $**	**Greater than 5 years $**	**Total $**
Accounts payable and accrued liabilities	49,746	-	-	49,746
Income taxes payable	1,655	-	-	1,655
Interim production financing	7,039	-	-	7,039
Deferred revenue	16,472	-	-	16,472
Lease obligations	3,687	7,026	6,864	17,577
Redeemable preferred shares	465	116	-	581
	79,064	**7,142**	**6,864**	**93,070**

The Company now has the option to retract the redeemable preferred shares at a value of $1.05 per share. In addition, the shareholders may now convert their preferred shares into common shares at a ratio of 3:1 or may redeem their shares at a price of $1.05 per share. The Company also pays an annual dividend of $0.07 per preferred share.

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.

i. **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its interim production financing which bears a floating interest rate. The Company has no interest rate hedges or swaps outstanding at March 31, 2025.

ii. **Foreign currency exchange risk**

Foreign currency exchange risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's activities that expose it to currency risk involve the holding of foreign currencies as well as earning revenues and incurring expenses that are denominated in foreign currencies. The Company, from time to time, has engaged in certain foreign exchange hedging activities (foreign contracts on foreign currency client payments). There were no foreign contracts in place at March 31, 2025 or 2024. The Company also mitigates its currency exchange risk by entering into natural hedges whereby foreign currency liabilities are offset by assets pledged in the same foreign currency.

LITIGATION

The Company and its subsidiaries may from time to time be a party to certain legal disputes and claims arising from commercial issues in the normal course of business. There are currently no legal disputes or claims, other than those described below, that may have a material adverse effect on the financial position or results of operations of the Company.

A proposed claim has been made against the Company relating to the alleged unauthorized exploitation of a television series. Management believes the claim to be without merit and will be defending the action.

TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES

The related party transactions are made on terms equivalent to those that prevail in arm's length transactions. All outstanding balances at the quarter-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. There were no related party transactions or balances outstanding in the current or comparable periods.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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 Thunderbird's audited consolidated financial statements for the year-ended June 30, 2024, filed under the Company's profile at www.sedarplus.ca. Actual results may differ materially from these estimates (refer to page 1 of this MD&A for more information regarding forward-looking statements).

SIGNIFICANT ACCOUNTING POLICIES

The Company's critical accounting policies and estimates are disclosed in the "Summary of Material Accounting Policies" note 3 in the Annual Financial Statements for the year ended June 30, 2024.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current year and have not been early adopted. These standards are not expected to have a material impact on the Company.

NON-IFRS MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-IFRS financial measures which are not recognized under IFRS and therefore do not have standardized meanings prescribed by IFRS, as supplemental indicators of our operating performance and financial position. The Company's method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. These non-IFRS financial measures are provided to enhance the user's understanding of our historical and current financial performance and our prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of our core operating results and ongoing operations and provide a more consistent basis for comparison between periods. The following discussion explains the Company's use of EBITDA, AEBITDA, Free Cash Flow, AEBITDA Margin, Gross Margin, Cash Available for Use, and Cash Required for Use in Productions, and provides reconciliations to the most directly comparable financial measures under IFRS.

"EBITDA" is calculated based on net income before interest, income taxes, and depreciation and amortization. Refer to section "Non-IFRS Measures Reconciliations" below of the MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is net income.

"AEBITDA" is calculated based on EBITDA before share-based compensation, unrealized foreign exchange gain/loss and items of an unusual or one-time nature that do not reflect our ongoing operations. EBITDA and AEBITDA 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. Refer to section "Non-IFRS Measures Reconciliations" below of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is net income.

"Free Cash Flow" is calculated based on cash flows from operations, net purchases of property and equipment and net interim production financing. Free Cash Flow represents the cash a company generates after accounting for cash inflows and outflows to support operations and maintain its capital assets. Refer to section "Non-IFRS Measures Reconciliations" below of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is cash flows from operating activities.

"AEBITDA Margin" is calculated as a ratio of AEBITDA over total revenues. AEBITDA Margin is a non-IFRS ratio when applied to non-IFRS financial measures.

"Gross Margin" is calculated as a ratio of revenue that exceeds direct operating costs. Management considers Gross Margin a useful indicator of profitability before operating and other expenses, aiding in the assessment of the Company's ability to generate net earnings and cash flow. Refer to section "Non-IFRS Measures Reconciliations" below of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is gross profit.

"Cash Available for Use" is defined as the total cash and cash equivalents of the Company less Cash Required for Use in Productions. Cash Available for Use funds ongoing working capital requirements, principal and interest payments on corporate demand loans as well as ongoing development and growth efforts and thus is an important liquidity measure that management uses to monitor the business on an ongoing basis. Refer to section "Non-IFRS Measures Reconciliations" below of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is cash and cash equivalents.

"Cash Required for Use in Productions" is defined as cash required for the funding of productions from the development stage through to completion that is not considered by the Company to be available for other uses. The cash is not legally restricted and has not been classified as Restricted Cash on the consolidated statement of financial position. This cash has been provided by buyers and third-party IP owners that have engaged the Company to provide services, as well as banks with whom the Company has contracted to provide interim production financing. Management uses the amount of Cash Required for Use in Productions to determine the Company's Cash Available for Use. Refer to section “Non-IFRS Measures Reconciliations” below of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is cash and cash equivalents.

Non-IFRS Measures Reconciliations

The following table presents the reconciliation from net income (loss) to EBITDA and AEBITDA, for the three and nine months ended March 31, 2025 and 2024.

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000’s)	$	$	$	$
Net income (loss) for the period	**2,211**	**5**	**4,541**	**(104)**
Income tax expense	401	569	2,093	344
Deferred income tax expense (recovery)	322	(563)	(255)	91
Finance costs				
Interest expense	247	358	461	990
Dividends on redeemable preferred shares	7	7	22	22
Amortization				
Property and equipment	608	390	1,380	1,376
Right-of-use assets	1,549	1,731	4,589	5,418
Intangible assets	-	67	136	203
	3,134	2,559	8,426	8,444
EBITDA	**5,345**	**2,564**	**12,967**	**8,340**
Share-based compensation	289	193	648	622
Unrealized foreign exchange loss (gain)	(99)	(46)	402	6
Loss (gain) on disposal of property and equipment	-	1	(356)	7
Loss on termination of leases	-	65	-	40
Restructuring and other costs	317	570	489	725
	507	**783**	**1,183**	**1,400**
AEBITDA	**5,852**	**3,347**	**14,150**	**9,740**

The following table presents the reconciliation from cash flows from operations to Free Cash Flow, for the three and nine months ended March 31, 2025 and 2024.

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000’s)	$	$	$	$
Cash inflows from operations	3,765	14,219	26,318	34,439
Net purchase of property and equipment	(101)	(52)	(867)	(273)
Net repayment of interim production financing	(1,309)	(778)	(12,779)	(22,774)
Free Cash Flow	**2,355**	**13,389**	**12,672**	**11,392**

The following table presents the reconciliation from Gross Profit to Gross Margin, for the three and nine months ended March 31, 2025 and 2024.

	For the three months ended		For the nine months ended	
	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
($000's)	$	$	$	$
Revenue	45,459	35,371	138,303	113,510
Direct Operating	34,455	27,134	108,286	87,492
Gross Profit	**11,004**	**8,237**	**30,017**	**26,018**
Gross Margin	**24.2%**	**23.3%**	**21.7%**	**22.9%**

The following table presents the reconciliation from Cash Available for Use and Cash Required for Use in Productions to Cash and Cash Equivalents for the nine months ended March 31, 2025 and 2024.

($000's)		Mar 31, 2025		Mar 31, 2024
Cash Available for Use	$	14,185	$	11,581
Cash Required for Use in Productions	$	19,704	$	19,590
Total cash and cash equivalents	$	**33,889**	$	**31,171**

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 9, 2025 the Company had the following common and preferred shares and securities convertible into common shares outstanding.

Common Shares	50,054,204
Preferred Shares – redeemable class A[1]	415,000
Stock Options	2,029,000
RSUs Equity Settled	459,913
PSUs Equity Settled	400,412

[1]Preferred shares Class A are convertible into common shares at a ratio of 3:1