Thunderbird Entertainment Group Inc.

Management's Discussion and Analysis

For the years ended June 30, 2025 and 2024

GENERAL

This Management's Discussion and Analysis ("MD&A") dated October 8, 2025 should be read in conjunction with the audited consolidated financial statements of Thunderbird Entertainment Group Inc. ("Thunderbird" or the "Company") for the years ended June 30, 2025 and 2024 and accompanying notes (the "Annual 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

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities laws. 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 MD&A include, but are not limited to, statements regarding the Company's business strategy, growth plans, development and production of content, anticipated financial and operational performance, expectations regarding future revenues, Adjusted EBITDA[1], margins, and cash flows, the timing and success of new projects, the impact of industry trends and market conditions, the Company's ability to secure new commissions and strategic partnerships, capital allocation, and other statements that are not historical facts.

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 Adjusted EBITDA[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; potential impact of potential tariffs; 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 Uncertainties" 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.

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 teams 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 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-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. Where possible, the teams at Thunderbird incorporate sustainability initiatives on and off-screen into their work.

Thunderbird is often recognized 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 Globe 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.

In 2025, Thunderbird CEO and Chair, Jennifer Twiner McCarron, was highlighted by *The Hollywood Reporter* in the publication's annual list, The Most Powerful Women in Canadian Entertainment.

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

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

STRATEGY

A Blend of Service and IP Work

Thunderbird's growth strategy includes working on both high-profile service productions and owned or controlled intellectual property ("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: TrollsTopia,* 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, Super Team Canada,* and *The Day You Begin,* among others.

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.

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

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 starred 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,* wrapped production in 2025.

Recognizing the opportunity to further expand into the scripted genre, Thunderbird established a dedicated scripted team based in Los Angeles.

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 FAST channel dedicated to those two unscripted series as well.

In 2024, the Company secured multiple catalogue-title sales across scripted, kids and family, and unscripted genres, including 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.

In fiscal 2025, Thunderbird also secured several catalogue-title sales, including the original drama series *Endgame* (Tubi USA, Amazon U.S., Roki – U.S. and Canada), and eight by 90-minute installments of the documentary series *I Am…,* including *I Am Chris Farley, I Am Heath Ledger, I Am JFK Jr., I Am MLK Jr., I Am Patrick Swayze, I Am Paul Walker, I Am Richard Pryor,* and *I Am Sam Kinison* (Pluto Canada, Xumo Canada). Xumo Canada also picked up the crime drama *Intelligence,* an illicit marijuana underworld thriller, *Dark Harvest,* sci-fi and fantasy film *Entanglement,* award-winning animated feature *Long Way North,* and the sci-fi dystopian film *High-Rise.*

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

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,* which is produced by Toronto-based Windy Isle Entertainment, is now available in 124 territories, including France, Australia, New Zealand, Denmark, Greenland, Southeast Asia, Hong Kong, Taiwan, Israel, and more. Sales made in fiscal 2025 were to streamers Peacock, HappyKids, Kidoodle.TV, Xumo USA, Canadian French-language broadcasters TFO and Radio-Canada, and EDYE, which is owned by HITN.

Another example is the mixed-media series *BooSnoo!,* which is a Sky Kids Original series produced by Visionality Media and Mackinnon & Saunders. The Company acquired *BooSnoo!* in October 2023*,* and the series started rolling out on international platforms, including Peacock, the following year. Continuing this trajectory, international sales for the innovative children's series now include EDYE (Season 1), LRT (Lithuania) (Seasons 1 & 2), PTS (Taiwan) (Seasons 1 & 2), ERR (Estonia) (Season 1), and SVT (Sweden) (Season 2). The series is also being dubbed into Spanish for broadcast through EDYE's channel in the U.S. and Latin America. In addition, there are plans to dub the series into Brazilian Portuguese for eventual broadcast in Brazil.

Thunderbird is also building brand momentum around *Mermicorno: Starfall,* an original animated series produced by Atomic in partnership with tokidoki. In fiscal 2025, *Mermicorno: Starfall* made its debut on HBO Max, and ranked #11 in the Kids & Family category shortly thereafter. The series also premiered on YTV and STACKTV's Teletoon+ (Canada), Max and Discovery Kids (LATAM), POP (UK), and Cartoon Network in Southeast Asia, and ejunior has licensed the series in the Middle East. The second drop of episodes became available on HBO Max in May 2025. Along with distribution deals, tokidoki launched the *Mermicorno: Starfall* game on Roblox in collaboration with Space Junk Studios in May 2025. 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 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 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.

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

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.

During the year ended June 30, 2025, the Company repurchased for cancellation 692,591 common shares under the 2025 NCIB for a total consideration of $1.0 million, representing an average price of $1.51 per common share. 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.

OUTLOOK

The entertainment industry is evolving, shaped by changing audience habits, shifting distribution models, and broader market dynamics. Over the past year, Thunderbird earned new commissions across every division, underscoring the depth of its creative pipeline and strong industry relationships. However, production cycles are lengthening and greenlight timelines are extending, which makes predicting the timing of new business closings challenging.

In light of this, the Company will not be providing forward-looking guidance at this time. Thunderbird remains focused on disciplined execution, careful cost management, and positioning the business to take advantage of strategic opportunities as they arise. The Company's fundamentals remain strong, with sustained demand, healthy operations, and a clear strategy for long-term growth and value creation.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE MONTHS AND YEAR ENDED JUNE 30, 2025

- Revenue increased 12% from $165.3 million to $185.7 million and decreased 8% from $51.8 million to $47.4 million for the year and three months ended June 30, 2025. This annual growth is attributable to an increase in production service engagements for the year. The Company's revenue performance for the year was below the 20% growth guidance. This was primarily due to the delay of certain productions to fiscal 2026.

- Net income for the year and three months ended June 30, 2025, increased to $6.3 million and decreased to $1.8 million, respectively. These results represent an increase of $3.9 million and a decrease of $0.7 million over the comparative periods. This growth over the year is also attributable to the increase in revenues, as well as reduced general and administrative costs and amortization.

- For the year ended June 30, 2025, Adjusted EBITDA[1] increased 10% to $18.3 million from $16.7 million, meeting the Company's fiscal year guidance. This growth was driven by an increase in revenues and a reduction in amortization and general and administrative costs. Over the same period, Adjusted EBITDA margins[1] slightly decreased by 20 basis points, from 10.1% to 9.9%. For the three months ended June 30, 2025, Adjusted EBITDA[1] decreased 40% to $4.2 million from $7.0 million.

- At June 30, 2025, the Company had 25 programs in various stages of production and was working with 16 clients. Of the 25 programs in production, three were Thunderbird's IP, and 22 were service productions.

- Throughout fiscal 2025, Thunderbird Kids & Family, producing under Atomic, was in production on several animated series including, but not limited to: *Super Team Canada* (Seasons 1 and 2) 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, and Atomic original *Mermicorno: Starfall* for Warner Bros. Discovery.

- Thunderbird Unscripted, producing under GPM, was in production on several series in fiscal 2025, including, but not limited to: *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.

- In fiscal 2025, GPM was also in production on several scripted films, including *Sidelined: The QB and Me*, *Sidelined 2: Intercepted,* and *How to Lose a Popularity Contest*. The original Sidelined film was released on Tubi in fall 2024, ranking as the #1 title in the U.S. and Canada, and drawing the largest number of viewers of any title on the platform in its first week. *Sidelined 2: Intercepted* is expected to premiere on Tubi in November 2025. Subsequent to the fiscal year end, the Company announced it had started production on *Crew Girl,* a new coming-of-age drama series. *Crew Girl* is a Thunderbird/GPM owned-IP production for Netflix.

- The Company received more than 14 awards in fiscal 2025, with production recognitions ranging from a Children's & Family Emmy Award (*Molly of Denali* for Outstanding Writing for a Preschool Animated Series)

to a Kidscreen Award (*LEGO Pixar: BrickToons* for Best Animated Series, Kids Programming category) to a Gold Signal Award for Best History Series (*Deadman's Curse*), to eight Leo Award wins, among others.

- Thunderbird Distribution secured a range of new distribution deals for key properties throughout the fiscal including: *Mitten & Pants* sales to streamers Peacock USA, HappyKids USA, Kidoodle.TV USA, Xumo USA, Canadian French-language broadcasters TFO and Radio-Canada, and EDYE USA and Latin America, which is owned by HITN; and *BooSnoo! s*ales to EDYE USA and Latin America, LRT Lithuania, PTS Taiwan, Estonia ERR, SVT Sweden, and evision for the Middle East. The series is also being dubbed into Spanish for broadcast in the U.S. and Latin America.

- Thunderbird Distribution also acquired global media (excluding the UK, Ireland, and Finland, and certain rights in Denmark and Sweden) and global consumer products rights to *BeddyByes* in fiscal 2025. The CG-animated preschool series created to help young children prepare for sleeptime is produced by Ireland's JAM Media and is an original production for BBC Children's and Education. *BeddyByes* made its debut on CBeebies and BBC iPlayer in June 2025 and quickly became a top-rated preschool series. The series is also available on RTÉ Player (Ireland) and Nordic pubcasters DR (Denmark), YLE (Finland) and SVT (Sweden) have prebought the series. The second drop of episodes was released in July 2025.

- In fiscal 2025, Thunderbird IP *Mermicorno: Starfall*, the original animated series produced by Atomic in partnership with tokidoki, made its debut on Max (HBO Max), and ranked #11 in the Kids & Family category. The series also premiered on YTV and STACKTV's Teletoon+ (Canada), Max and Discovery Kids (LATAM), POP (UK), and Cartoon Network in Southeast Asia, and ejunior has licensed the series in the Middle East. Along with distribution deals, a *Mermicorno: Starfall* game launched on Roblox in collaboration with Space Junk Studios.

[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 year ended June 30, 2025, into quarterly or annual expectations in future years.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected comparative information set out below for the years ended June 30, 2025, 2024 and 2023 has been derived from, and should be read in conjunction with, the Company's audited consolidated financial statements and accompanying notes for the respective years.

Financial Position

($000's)	June 30, 2025	June 30, 2024	June 30, 2023
Revenue	$ **185,677**	$ 165,323	$ 166,730
Net income (loss) from operations	$ **6,321**	$ 2,378	$ (5,011)
Basic income (loss) per share	$ **0.13**	$ 0.05	$ (0.10)
Total assets	$ **165,288**	$ 172,597	$ 215,854
Total non-current liabilities	$ **15,801**	$ 20,592	$ 23,960
Shareholders' equity	$ **75,434**	$ 69,293	$ 66,670

Results of Operations

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's, except per share data)	$	$	$	$
Revenue	47,374	51,814	185,677	165,323
Expenses	45,593	49,334	179,356	162,945
Net income for the period	**1,781**	**2,480**	**6,321**	**2,378**
Adjusted EBITDA[1]	**4,177**	**6,954**	**18,328**	**16,693**
Adjusted EBITDA Margin[1]	**8.8%**	**13.4%**	**9.9%**	**10.1%**
Free Cash Flow[1]	**(3,108)**	**(4,771)**	**9,565**	**6,623**
Basic and diluted income per share	**0.05**	**0.05**	**0.13**	**0.05**

[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 year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Production services	34,861	38,330	158,240	132,616
Licensing and distribution	12,513	13,484	27,437	32,707
Total revenue	**47,374**	**51,814**	**185,677**	**165,323**

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 $47.4 million and $185.7 million for the three months and year ended June 30, 2025, a decrease of 8% ($4.4 million) and increase of 12% ($20.4 million) over the comparative periods.

Production services revenue decreased by 9% ($3.5 million) and increased by 19% ($25.6 million) for the three months and year ended June 30, 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 $6.0 million in revenue, a 68% increase over the comparative quarter. *Sidelined 2: Intercepted,* the sequel to *Sidelined: The QB and Me,* provided $3.3 million, while *How to Lose a Popularity Contest* added $2.2 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 decreased by 7% ($1.0 million) and 16% ($5.3 million), for the three months and year ended June 30, 2025, over the comparative periods. The changes can primarily be attributed to the timing of IP projects delivered during the fiscal year. In the current quarter, revenue was recognized from the delivery of 10 episodes of the animated series *Super Team Canada* (Season 1), and 26 episodes of three unscripted series: *Timber Titans* (Season 2), *Dead Man's Curse* (Season 3) and *Rocky Mountain Wreckers* (Season 1). Distribution contracts also provided revenue for *Super Team Canada,* as well as the library title *Intelligence* and prior seasons of *Timber Titans, Styled* and *Mud Mountain.* In the comparative quarter, revenue was recognized from the delivery of 16 episodes of two unscripted series: *Dead Man's Curse* (Season 2) and *Styled* (Season 2), and from a distribution contract for *Reginald the Vampire* (Season 2).

Direct operating

	For the three months ended		For the year ended	
	June 30, 2025	**June 30, 2024**	**June 30, 2025**	**June 30, 2024**
($000's)	**$**	**$**	**$**	**$**
Direct costs	28,717	31,125	126,513	106,927
Amortization of investment in content	8,065	8,872	17,201	20,090
Other	810	306	2,164	778
Total direct operating	**37,592**	**40,303**	**145,878**	**127,795**

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 decreased 7% ($2.7 million) and increased 14% ($18.1 million) for the three months and year ended June 30, 2025, over the comparative periods. This is in line with the Company's production service revenue changes as described above in the revenue section.

Amortization of investment in content decreased 9% ($0.8 million) and 14% ($2.9 million), for the three months and year ended June 30, 2025, over the comparative periods, in line with the changes in license and distribution revenue as described above in the revenue section, due to timing of delivery of IP projects in the fiscal year.

Other costs increased 165% ($0.5 million) and 178% ($1.4 million), for the three months and year ended June 30, 2025, over the comparative periods, due to development projects not proceeding.

Distribution and marketing

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Total distribution and marketing	**315**	**229**	**1,062**	**951**

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 increased 38% ($0.1 million) and 12% ($0.1 million), for the three months and year ended June 30, 2025, over the comparative periods. The increases in the periods were mainly due to increases in investor relations, advertising and promotion, attendances at conventions and the related travel.

General and administrative

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Salaries, employee benefits and contractors	3,917	3,771	14,730	15,406
Office and administrative	976	1,022	4,446	4,096
Legal and professional fees	245	418	1,804	1,966
Total general and administrative	**5,138**	**5,211**	**20,980**	**21,468**

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

Total general and administrative expenses decreased 1% ($0.1 million) and 2% ($0.5 million) for the three months and year ended June 30, 2025, over the comparative periods. Salaries and contractor fees increased 4% ($0.1 million) and decreased 4% ($0.7 million) for the three months and year ended June 30, 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 decreased 5% ($0.05 million) and increased 9% ($0.4 million) for the three months and year ended June 30, 2025, over the comparative periods. 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, hosting and storage, along with increased filing and regulatory costs and the recording of a bad debt expense from one client for $0.1 million. Legal and professional fees decreased 41% ($0.2 million) and 8% ($0.2 million) for the three months and year ended June 30, 2025 over the comparative periods. These decreases are mainly due to costs related to the strategic review process incurred in the prior year. In the current quarter, costs were incurred related to the Company's pursuing strategic opportunities.

Share-based compensation

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Total share-based compensation	**248**	**117**	**896**	**739**

Share-based compensation expense increased by 112% ($0.1 million) and 21% ($0.2 million) for the three months and year ended June 30, 2025, over the comparative periods. The increase in quarter-to-quarter share-based compensation expense was mainly due to performance share units ("PSUs") conditions being met, with none issued in the comparative quarter. The increase in yearly 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 fiscal year as compared to none being issued in the comparative year, offset partially by a decrease due to a higher number of fully vested stock options.

Amortization

($000's)	For the three months ended June 30, 2025 $	For the three months ended June 30, 2024 $	For the year ended June 30, 2025 $	For the year ended June 30, 2024 $
Amortization of intangible assets	-	67	136	270
Amortization of property and equipment	165	359	1,546	1,734
Amortization of right-of-use assets	1,370	1,661	5,959	7,079
Total amortization	**1,535**	**2,087**	**7,641**	**9,083**

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 decreased 54% ($0.2 million) and 11% ($0.2 million) for the three months and year ended June 30, 2025, over the comparative periods. This decrease is mainly due to the write-down of leasehold improvements related to two offices whose leases ended March 31, and May 31, 2025.

Amortization of right-of-use assets decreased 18% ($0.3 million) and 16% ($1.1 million) for the three months and year ended June 30, 2025, over the comparative periods. The decline primarily stems from the ending of a lease in the current quarter, and the related reduction in ROU Premises Assets. There has also been a reduction in rendering contracts acquired in the current period over the comparative period, which has reduced the ROU Equipment Assets.

Finance costs

($000's)	For the three months ended June 30, 2025 $	For the three months ended June 30, 2024 $	For the year ended June 30, 2025 $	For the year ended June 30, 2024 $
Dividends on redeemable preferred shares	7	7	29	29
Interest on interim production financing	32	234	175	1,365
Interest on lease obligations	229	293	1,055	1,237
Interest income	(137)	(54)	(643)	(1,139)
Interest income on lease receivable	-	(1)	(1)	(2)
Realized foreign exchange loss on interim production financing	-	46	-	46
Unrealized foreign exchange gain on interim production financing	-	(46)	-	-
Total finance costs	**131**	**479**	**615**	**1,536**

Finance costs include interest expense, dividends and foreign exchange gains and losses on loans, net of interest income. Finance costs decreased by 73% ($0.3 million) and 60% ($0.9 million) for the three months and year ended June 30, 2025, over the comparative periods. The decrease in finance costs were mainly due to the decrease in the amount of loan interest paid (due to the lower balance of loans held) and the decrease in interest paid on lease obligations (due to fewer lease arrangements for rendering equipment), slightly offset 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 year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Realized foreign exchange loss (gain)	113	(24)	(122)	(26)
Unrealized foreign exchange loss (gain)	(47)	41	356	27
Total foreign exchange loss	**66**	**17**	**234**	**1**

Foreign exchange loss (gain) includes both realized and unrealized gains and losses from foreign currency transactions. Foreign exchange loss increased by $0.05 million and $0.2 million for the three months and year ended June 30, 2025, over the comparative periods. The change in realized foreign exchange loss 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 accounts receivable, deferred revenue and U.S. dollar bank balances to the current spot rate at quarter-end. This loss will be reversed into a realized gain through accounts receivable cash receipts and when the revenue is recognized at a future date.

QUARTERLY FINANCIAL INFORMATION

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
($000's, except per share data)	$	$	$	$	$	$	$	$
Revenue	47,374	45,459	47,175	45,669	51,814	35,370	44,539	33,600
Net income (loss)	1,781	2,210	750	1,580	2,480	5	619	(726)
Basic earnings (loss) per share	0.04	0.04	0.02	0.03	0.05	-	0.01	(0.02)
Diluted earnings (loss) per share	0.04	0.04	0.01	0.03	0.05	-	0.01	(0.02)

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 decrease in net income in the fourth quarter of 2025 compared to the third quarter of 2025 was due to a decrease in production services revenue, partially offset by an increase in license fee revenue and decrease in general and administration costs.

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.

FINANCIAL CONDITION

($000's)	**June 30, 2025**	**June 30, 2024**
Cash and cash equivalents	$ 27,987	$ 25,216
Accounts receivable	86,771	79,160
Investment in content	16,979	26,486
Property and equipment	13,471	20,681
Goodwill and intangible assets	12,402	12,538
Deferred tax assets	7,678	8,516
Total assets	$ 165,288	$ 172,597
Accounts payable and accrued liabilities	$ 51,521	$ 40,253
Interim production financing	7,414	19,818
Lease obligations	12,945	20,014
Deferred revenue	12,547	17,682
Deferred tax liabilities	5,060	5,170
Redeemable preferred shares	367	367
Total liabilities	$ 89,854	$ 103,304
Shareholders' equity	$ 75,434	$ 69,293

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

Total assets were $165.3 million as at June 30, 2025, a decrease of $7.3 million compared to $172.6 million as at June 30, 2024. The decrease is primarily due to decreases in investment in content and property and equipment, partially offset by increases in cash and accounts receivable. The increase in cash is consistent with the increase in accounts payable and offset by a decrease in interim production financing. The decrease in investment in content is due to the timing of delivery of projects and the related amortization. The decrease in property and equipment is due to the decrease of ROU premises assets as the LA office lease was ended, and related lease-hold improvements were written off. The increase in accounts receivable is due to an increase in tax credit receivables, which have increased by $3.1 million primarily due to the timing and completion of productions, with most of the increase coming from production services projects, and an increase in production finance receivables of $1.8 million, due to delivered productions reaching payment milestones. The increase in production finance receivable is consistent with the decrease in deferred revenue.

Total liabilities were $89.9 million as at June 30, 2025, a decrease of $13.4 million compared to $103.3 million as at June 30, 2024. The decrease is due to decreases in interim production financing, lease obligations and deferred revenue, partially offset by the increase in accounts payable. Tax credit advances payable to clients (included in accounts payable and accrued liabilities) increased $12.9 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 $12.4 million during the year. The decrease in lease obligations is related to the decrease

in property and equipment above, due to the ending of the LA office lease. Deferred revenue has decreased $5.2 million, consistent with the timing and delivery of projects.

Shareholders' equity was $75.4 million as at June 30, 2025, an increase of $6.1 million compared to $69.3 million as at June 30, 2024. There was a decrease in deficit of $6.3 million for the year.

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 June 30, 2025 the Company has a cash balance of $28.0 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 years ended June 30, 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)		**June 30, 2025**		**June 30, 2024**
Cash Available for Use[1]	$	14,271	$	11,499
Cash Required for Use in Productions[1]	$	13,716	$	13,717
Total cash and cash equivalents	**$**	**27,987**	**$**	**25,216**

[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 year ended June 30	
	2025	**2024**
($000's)	**$**	**$**
Cash inflows (outflows) by activity:		
Operating activities	22,856	37,673
Financing activities	(19,338)	(37,827)
Investing activities	(887)	(440)
Effect of exchange rate changes on cash	140	446
Net cash inflows (outflows)	**2,771**	**(148)**

Cash flows from operating activities in the year ended June 30, 2025 generated $22.9 million, compared to $37.7 million in the comparative year. During fiscal 2025 cash provided by operating activities included amortization of $24.8 million, compared to $29.2 million in the comparative year, due to decreases in amortization of investment in content, property and equipment and right-of-use assets. Working capital outflow was $3.9 million, compared to an inflow of $17.3 million in the comparative year, due mainly to the large increase of accounts payable, partially offset by an increase in accounts receivable, and timing of payments and other receipts. Cash outflows relating to investment in content totaled $6.9 million, compared to $12.5 million in the comparative year.

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 $19.3 million in the year ended June 30, 2025, as compared to $37.8 million in the comparative year. Net loan repayments were $12.4 million in fiscal 2025, compared to $30.6 million in fiscal 2024. In the current year, cash outflows of $1.0 million resulted from the repurchase of common shares under the Normal Course Issuer Bid, compared to $1.2 million in the comparative year.

Cash flows from investing activities pertains to property and equipment purchases and disposals. During the year ended June 30, 2025, the Company purchased property and equipment, including computer and camera equipment, totalling approximately $1.2 million as compared to $0.5 million in the comparative year. Proceeds were received from the disposal of property and equipment of $0.4 million in the current year, while minimal disposals were made in the comparative year.

Free Cash Flow[1]

Free cash flow[1] was ($3.1) million for the three months ended June 30, 2025, an increase of $1.7 million compared to ($4.8) million from the comparative period, primarily related to the decrease in net interim financing repayments, as outstanding loan balances have been decreasing.

Free cash flow[1] for the year ended June 30, 2025 increased by $3.0 million to $9.6 million, over the comparative year. This improvement was largely attributable to lower interim financing repayments. In the prior period, approximately 81% of operating cash flows were allocated toward these repayments, whereas in the current period, repayments were reduced to 54% 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. Subsequent to June 30, 2025, the Company amended and restated its credit facilities with RBC. The Company's amended facilities are comprised of the following:

- A $20,000 revolving term facility for the acquisition of select media companies, bearing interest at RBC's prime rate plus 1.05% (or alternative rates for USD or CORRA-based borrowings);
- A $10,000 revolving unmargined operating line of credit to finance day-to-day operations and general corporate expenses, bearing interest at RBC's prime rate plus 0.50% (or alternative rates for USD or CORRA-based borrowings);
- A $4,200 revolving lease facility to finance ongoing capital asset purchases;
- A $750 foreign exchange line of credit to hedge against fluctuating exchange rates, bearing interest at RBC's prime rate plus 1.25%;
- A business Visa facility up to a maximum of $500; and
- A $40,000 revolving production operating line of credit to finance Canadian Film or Video Production Services Tax Credits and equivalent provincial tax credits, bearing interest at RBC's prime rate plus 0.50%.

Under the terms of the RBC credit facilities, the Company is required to meet certain covenants. As at June 30, 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.

RISKS AND UNCERTAINTIES

The Company is exposed to several specific and general risks that could affect the Company that each reader should carefully consider. The risks discussed herein are not exhaustive. 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. This discussion about risks should be read in conjunction with the "Forward-Looking Statements" and the Company's most recent public disclosure documents.

The risks and uncertainties described below are those Thunderbird currently believes to be material. If any of the following risks, or any other risks that are not identified or that are currently considered not to be material, occur or become material risks, the business prospects, financial condition, results of operations and cash flows, and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Common Shares could decline, and an investor could lose all or part of their investment. References to "we", "our" and similar terms refer to Thunderbird.

Economic conditions

Our operating performance is influenced by both Canadian and global economic conditions, which can shift rapidly in response to external events. When financial markets experience sudden disruptions, governments may have limited resources to respond and intervene effectively, which can create prolonged uncertainty. This can affect discretionary consumer and business spending, resulting in increased or decreased demand for our product offerings. Additionally, rising inflation, driven by energy and food costs, supply chain disruptions, and a strong demand for goods, can also impact the Company's operations and financial results.

Our growth and profitability can be adversely affected by a continued or worsened slowdown in the financial markets or other economic conditions. This includes, but is not limited to, consumer spending, employment rates, increased costs of labour, business conditions, inflation, disruption to supply chains, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, potential tariffs and tax rates. Current or future crises, whether caused by natural disasters, geopolitical instability, volatility in economic conditions, or changes to energy prices, may also have material impact on the Company's operations and financial results, as well as the market price of our securities. See also "Pandemics, epidemics and other health risks" below.

Global economic and regional conditions

Global economic turmoil, including the lingering effects of the pandemic, ongoing conflicts in Ukraine and Gaza, and associated humanitarian and geopolitical disruptions, continues to impact the broader financial landscape. These factors have contributed to tighter credit markets, reduced liquidity, elevated default risk, increased inflation, and heightened market volatility. Such conditions may impact consumer confidence and discretionary spending, which could then affect the demand for content and the Company's operations and financial results.

Slower economic activity in Canada and the markets where the Company operates could impact the performance of its television and entertainment offerings, while rising costs and inflationary pressures may further influence and shift consumer behaviour. For example, lower-income households may reduce discretionary spending, leading to declines in cable television and video service subscriptions. This, in turn, affects the networks that the Company provides content to and may constrain their budgets, ultimately creating downstream impacts on the Company's revenues and profitability. Additionally, instability in the financial sector, such as institutional failures, may limit access to financing or raise the cost of capital, potentially constraining the Company's ability to pursue acquisitions, strategic investments, or growth initiatives. These macroeconomic risks could have a material adverse effect on the Company's operations, financial condition, and long-term shareholder value.

Risks related to the nature of the film and television industry

The film and television industry carries a substantial degree of risk. The market is a rapidly evolving, and this in turn, makes it difficult to evaluate the Company's current business and prospects. Commercial success, along with audience acceptance, depends not only on the quality of a production, but also on the types of competing content released at the same time. Commercial success is also influenced by the availability of other entertainment options, shifting public tastes, and broader economic conditions, all of which can change quickly and are largely beyond our control.

Audience reception, reviews, and ratings are critical drivers of a production's success, yet they can be difficult to predict. If we fail to anticipate or adapt to changing viewer preferences, the marketability and revenue potential of our content could be reduced, which may negatively affect our financial performance and long-term growth.

Additionally, we are subject to various operating risks that are common to the production and distribution industry, many of which are beyond our control, including, among others: (I) competition from other businesses, in particular, larger and more established companies; (ii) reduction in broadcaster and other platform programming budgets, which may adversely affect our new production and revenues; (iii) strong dependency on government tax credits and subsidies as well as pre-sales to fund the production budgets; (iv) the requirement for continuous investment of capital into new production annually; (v) management's estimates of projected revenues and expenses being insufficient to cover the costs of production and causing substantial loss on new production; (vi) difficulties protecting IP and defending against IP infringements and claims; (vii) exposure to key broadcast customers and/or key distribution customers, based on business relationships that might be changed or terminated or that may not survive over the long term; and (viii) risks generally associated with the ownership of a business in the production and distribution industry. Changes in or the occurrence of any of the above mentioned could materially and adversely affect our business and there can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any production.

Our operation results also depend, in part, on management's experience and judgment in selecting and developing investment and production opportunities. While we are confident in the abilities of our management team, we cannot guarantee that our film and television programs will receive favourable reviews or ratings or that broadcasters and other customers will license or renew the rights to our content. A failure in any of these areas could have a material adverse impact on our business, financial condition, or operating results. The timing and level of promotional support provided by our licensed distributors are also key to the success of our content. We do not control the timing, or the way in which our licensed distributors distribute our films, television programs or related products. Any decision by our distributors to deprioritize our content in favour of competitors could adversely affect our business prospects and financial performance.

The Company's success also relies on the public's continued demand for subscriptions of cable television and services provided by Subscription Video On Demand ("SVOD") and access to Advertised-Based Video on Demand ("AVOD") companies. Our customers rely on funds generated through cable and/or SVOD and AVOD subscriptions to fund the acquisition of new content. If customers decide to cancel their subscriptions to cable and/or SVOD and AVOD, it could impact the number of networks and broadcasters that we do business with, which could have a material adverse effect on our business, operating results, and financial condition.

Changing Buyer Demand

The media and content industry is evolving rapidly, driven by ongoing consolidation among companies and streaming platforms, changes in licensing models, fluctuations in the advertising market, and shifting trends in the kids and family segment. While management believes that the demand for high-quality content will continue overall, industry trends may change. To this point, the Company may be adversely affected by shifting industry trends, including potential impacts of changes in buyers' operating and programming strategies and a pullback on content spending budgets for both new programming and greenlit shows. Although we have seen significant investment in content and the expansion of streaming platforms in the past few years, there is no guarantee this level of demand will continue or that the Company will consistently benefit from consumer interest in programming.

Technological advances including generative AI technologies

The film and television industry continues to undergo significant and rapid changes driven by technological advances and evolving trends, including generative artificial intelligence ("AI") technologies. The overall impact of these changes, along with the growing availability of alternative forms of entertainment, is difficult to predict and may affect the revenue potential and profitability of the content we produce or distribute. In particular, the conversion of content into digital formats may make it easier for consumers to create, transmit and "share" high quality unauthorized copies of motion pictures or television programs. As a result, consumers may be able to download and distribute unauthorized or "pirated" copies via the internet, which could adversely impact revenues of distributors and producers. If these practices become widespread, they could have a material adverse effect on the Company's business prospects, financial condition, results of operations, and cash flows. Additionally, in recent years, consumers have spent more time online and on mobile devices, increasingly choosing to download or view content on-demand across TVs, handhelds, and other portable platforms. This shift in behaviour has and could continue to significantly transform the retail distribution of content.

The film and television industry is also evolving in terms of how content is created, produced, delivered, and consumed. It should be noted that the emergence of new production or computer-generated imagery technologies, or a new digital television broadcasting standard, could diminish the value of our existing equipment and content. While we are committed to adapting new production technologies, there can be no assurance that we will be able to successfully incorporate all emerging new production and postproduction technologies and standards. For example, the introduction of new broadcast formats, offering higher resolution and wider screens, could reduce the long-term value of the existing content in our library if older productions are not compatible with these enhanced features.

While adapting to technological shifts is critical within our business model, there is no guarantee of success. The rise of generative AI presents both opportunities and uncertainties for the media industry, and the full implications for our business and the broader sector remain unpredictable at this stage.

In parallel, evolving consumer preferences continue to shape our industry in ways that are also difficult to anticipate. If we are unable to effectively foresee, evaluate, and respond to these changes, the result could be a material adverse impact on our business, financial and operating results.

Concentration risk

At times, depending on the types of content in production, a significant portion of our revenue may come from a relatively small number of broadcasters and OTT customers. As these contracts expire, there could be an adverse effect on our business and operations if we are unable to renew these productions on acceptable terms. Any major change in these relationships, or a decline in revenue from these key partners, could have a material adverse impact on our business prospects, financial condition, operating results, and cash flows.

Competition

We operate in a highly competitive industry, facing competitors across production, distribution, as well as the acquisition and development of new content. Several of our competitors are larger companies and have greater marketing, production, and financial resources, which enables them to compete more aggressively on pricing and acquisition terms.

We compete with other film and television production companies for ideas and storylines created by third parties as well as for actors, directors, and other personnel required for production. In a crowded content landscape, we also compete for audience attention based on several factors, such as content quality and relevance, user experience, pricing, accessibility, advertising support, and brand reputation, for example.

Additionally, as television broadcasters around the world become more vertically integrated and new networks expand - often producing much of their own content - the number of time slots available for third-party productions has declined, even though the total number of programming outlets has grown. There is no assurance that we will be able to compete in the future or that we will continue to produce or acquire rights to additional programming or enter into acquisition, financing, production, distribution, or licensing of programming agreements on terms favourable to us. As there continues to be intense competition for the most attractive time slots offered by various broadcasting services, we cannot guarantee that we will be able to increase or maintain our share of broadcast schedules.

As the majority of the Company's revenues come from film and television production and distribution, increasing competition could limit growth opportunities and materially affect our business prospects, financial condition, results of operations, and cash flows.

International distribution activities

We leverage international distribution opportunities and, for some productions, partner with key international distributors to help finance production budgets and expand the global reach of our programming. While international markets present growth opportunities, they require significant resources and management focus as they often include a range of regulatory, economic, and political risks that differ from those in Canada.

These risks include, but are not limited to, (I) laws and policies affecting trade, investment and taxes; (ii) laws and policies relating to the repatriation of funds and withholding taxes, and any changes in these laws; (iii) difficulties and costs associated with understanding and complying with local laws, regulations and customs in foreign jurisdictions; changes in local regulatory requirements, including the introduction of quotas or restrictions on local content; differing cultural tastes and attitudes; (iv) differing degrees of protection for intellectual property; (v) differing technical requirements; increased costs of adapting products to foreign countries; (vi) differing degrees of protection for intellectual property rights in some countries; (vii) new and different sources of competition and international pricing pressure; and (viii) the instability of foreign economies and governments. Changes in or the occurrence of any of these factors could indirectly or directly negatively impact our business prospects, financial condition, results of operations and cash flows.

Dependence on management information systems

Our ability to operate efficiently and maintain sound financials controls depends on the continuous, reliable performance of our networks, information technology systems, hardware and software, management information systems and access to the internet. The Company's operations also depend on our ability to maintain, update and replace equipment, networks, applications, and software, as well as pre-emptively mitigate risks and technology failures. Any failure in these areas, or other unforeseen events, could lead to system outages, operational delays, and increased capital or remediation costs.

If any of our systems, including but not limited to, financial, rights management, personnel, email, information technology systems, and internet access were to stop operating (due to viruses, malware, outages etc.) for any significant period, we could suffer a disruption to our business, loss of data, regulatory intervention or reputational damage.

Cybersecurity and data privacy

Protecting customer, employee, and company data is critical to our operations. We collect, use, and store sensitive information, which is subject to a complex and evolving framework of federal and provincial privacy and data protection laws. Compliance with these laws can be costly and may limit our ability to market products and services.

Our information technology systems are also vulnerable to cyberattacks, ransomware, and other malicious activity, whether from external threats, employee error, or system weaknesses. A breach or unauthorized access to sensitive information could lead to fraud, asset misappropriation, or other serious harm, potentially damaging our brand and reputation and exposing us to legal liability, regulatory action, financial loss, and significant remediation costs.

Privacy and cybersecurity risks have increased with the rapid evolution of technology, and addressing these threats may require additional resources to enhance security, identify vulnerabilities, and respond to incidents. Despite these efforts, there is no guarantee that data security incidents will not occur, be detected promptly, or be fully mitigated. As a result, the risk of loss, reputational harm, regulatory enforcement, and financial impact cannot be entirely eliminated.

Service disruptions

The Company relies on third party providers for, among other things, telecommunications services and back-up data storage. Service disruptions or failures of the Company's or our third-party service providers' information systems and networks due to computer viruses, misappropriation of data or other acts, natural disasters, extreme weather, accidental releases of information or other similar events, may disrupt our business. This disruption could damage our reputation, expose us to regulatory investigations, actions, litigation, fines and penalties or have a negative impact on our business results, including, but not limited to, a loss of revenue or profit, loss of customers or sales, loss of consumer confidence and other adverse consequences.

Protection of intellectual property

Our ability to compete effectively depends in part on protecting our intellectual property. Third parties may infringe on our copyrights, trademarks, or other proprietary assets, and there is no guarantee that our efforts to enforce these rights, through legal protections, licensing, and distribution agreements with reputable partners, will prevent imitation or unauthorized distribution. Moreover, the evolution of technology, including the widespread conversion of content into digital formats, has made it easier to copy and share programming, increasing the risk of piracy and potentially reducing demand for legitimate content.

In addition, others may assert claims to our intellectual property, which, if successful, could limit our ability to exploit these assets. We may also face resource limitations compared to our competitors, making enforcement challenging. Protecting our rights may require litigation to enforce claims, defend against challenges, or resolve ownership disputes, all of which can be costly, time-consuming, and divert management attention. Such proceedings may also generate negative publicity and legal expenses, regardless of the outcome, and could materially affect our business, financial condition, results of operations, and cash flows

Potential for budget overruns and other production risks

A production's costs may exceed its budget due to unforeseen events such as labour disputes, a public health crisis, the loss or unavailability of key talent, changes in technology, special effects, or other aspects of production, equipment shortages, damage to master tapes or recordings, or adverse weather conditions. Although we have historically completed our productions within budget, there can be no assurance that we will continue to do so.

There is also no guarantee that insurance or completion bonds will fully cover cost overruns, or that coverage will remain available with terms that are acceptable to us. In the event of budget overruns, we may have to seek additional financing from outside sources. There can be no assurance that financing will be available or, if it is available that it will be with terms that are acceptable to us. In addition, in the event of substantial budget overruns, there can be no assurance that costs will be recouped, which could have a significant impact on our business prospects, financial condition, results of operations and cash flows.

Limited ability to exploit film and television content library

Currently, a sizable portion of our revenue is generated by a limited number of titles. Generally, the success of any title depends on a variety of factors, such as marketing and promotional efforts, competition from other content, broader economic conditions, and shifting audience preferences, many of which can change quickly and are outside of our control. A significant drop in the popularity of any of the key titles we rely on could materially reduce our revenues and negatively affect our operating results.

Our growth relies on the continued success of the Company's existing titles, as well as the acquisition or development of new products and titles. If we cannot acquire new products and rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures, or other strategic alliances, it could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Reliance on distribution of Canadian content and government funding

Our library comprises numerous film and television titles certified as Canadian content programming ("Cancon"), including those produced by our television production operations in Canada, which also meet Cancon certification requirements. Under Canadian regulations and international co-production treaties, a program generally qualifies as Cancon if: (i) it is produced and owned or co-owned by a Canadian-controlled entity with the involvement of Canadians in key creative roles; and (ii) a substantial portion of the budget is spent on Canadian elements and post-production in Canada. In addition, (and except for a treaty co-production) the Canadian producer must have full creative and financial control of the project. Canadian broadcasters are required by the Canadian Radio-television and Telecommunications Commission (the "CRTC"), as a condition of their broadcast licences, to devote a certain amount of their programming schedules to the broadcast of Cancon and to spend a certain portion of their revenues on Cancon. There can be no assurance that the CRTC's policies applicable to Canadian broadcasters with respect to Cancon will not be changed. Any reduction, modification, or elimination of these requirements could diminish the advantages we currently benefit from as a supplier of Canadian content.

Additionally, many of our programs are contractually required by broadcasters to be certified as "Canadian" under the CRTC's policies. Although we have taken steps to ensure that our Company continues to qualify as "Canadian" under the Investment Canada Act, there can be no guarantee that our programming will continue to meet Cancon requirements. In the event a production does not qualify as "Canadian" content, we could be in default for any government incentive and broadcast licenses for that production. In such cases, Canadian broadcasters would be unable to count the program toward their Cancon obligations and may refuse to accept the production.

Beyond license fees from domestic and foreign broadcasters and financial contributions from co-producers, a significant portion of our production budgets is financed through Canadian government incentive programs and tax credits, as detailed in Note 3(p), "Government financing and assistance," of the Company's audited consolidated financial statements for the year ended June 30, 2025. There can be no assurance that these programs or tax credits will not be reduced, amended, or discontinued, or that we - or any specific production - will continue to qualify. Any such changes could materially and adversely affect our business prospects, financial condition, results of operations, and cash flows.

Loss of our Canadian status

We and our subsidiaries benefit from several licenses, incentive programs and Canadian government tax credits as a result of the Company meeting "Canadian" requirements as defined in the Investment Canada Act. To maintain this status, Canadians must own shares representing more than 50% of the combined voting power of the Company's outstanding shares. It should be noted that the Minister of Canadian Heritage retains the authority to determine if this ownership threshold is met and whether we are a Canadian-controlled entity.

Many of our programs are contractually required by broadcasters to be certified as "Canadian." If a production fails to qualify for certification, we would be in default under applicable government incentive agreements and broadcast licenses for that production, and the broadcaster could refuse to accept the production. If we lost our Canadian status, this would have a material adverse effect on our business prospects, financial condition, results of operations and cash flows, as well as the market price of our securities. Additionally, any changes in such laws or regulations or in how they are interpreted, and the adoption of new laws or regulations could negatively affect the Company.

Changes in regulatory environment

Our operations may be impacted to varying degrees by changes in the regulatory framework governing the film and television industry. Such changes could materially affect our business prospects, financial condition, results of operations, and cash flows, as well as the market value of our securities.

Liquidity
The Company's production revenues for any period are dependent on the number and timing of programs delivered, which cannot be predicted with certainty. Distribution revenues also vary significantly from quarter to quarter, as they are contract and demand-driven, and tied to delivery schedules with broadcasters and other platforms. The Company manages liquidity carefully to address fluctuating quarterly revenues.

The Company manages liquidity through forecasting, monitoring operating cash flows, using capital leases and maintaining credit facilities. Failure to adequately manage liquidity could adversely affect the Company's business results, including limiting the Company's ability to meet its working capital needs, make necessary capital expenditures, satisfy its debt service requirements, make acquisitions, and declare dividends on its Common Shares. There can be no assurance that the Company will continue to have access to sufficient short and long-term capital resources, on acceptable terms or at all, to meet its liquidity requirements.

Merchandising risks
Success of merchandising brands depends on consumers' tastes and preferences, which continue to evolve and can be unpredictable. We rely on consumer acceptance of our merchandising offerings, and success depends on our ability to take advantage of consumer tastes. In addition, we earn royalties from the sale of licensed merchandise by third parties, making us dependent on their performance. Factors that negatively impact these third parties could adversely affect our business prospects, financial condition, results of operations and cash flows.

Pandemics, epidemics, and other health risks
Pandemics, epidemics, and other health risks could disrupt the Company's ability to maintain normal operations. They may also affect our suppliers' capacity to provide the products and services necessary to support our business. Beyond operational impacts, such events can negatively influence the broader economy and financial markets, potentially reducing retail and commercial activity and, in turn, demand for our products and services.

Health crises can further affect consumer confidence and spending, disrupt supply chains, increase costs, and impact our local operations in affected regions. Collectively, these factors could adversely affect the Company's financial condition, results, and outlook.

Moreover, pandemics or epidemics may amplify other risks discussed in this "Risks and Uncertainties" section, including those related to consumer behavior. The overall impact on the Company's business, operations, liquidity, credit availability, and financial performance will depend on developments that are inherently uncertain and difficult to predict.

Dependence on key personnel
We rely on the expertise and leadership of our senior management team, as well as the skills of personnel across all levels of the organization. Our future financial success and ability to achieve strategic objectives depend, in part, on retaining this talent. Effective succession planning for key roles is also essential to ensure the long-term stability of our business.

Ongoing success further depends on our ability to identify, recruit, train, and retain highly qualified individuals with specialized technical knowledge of our industry. Competition for top talent in management, technical, marketing, sales, and other roles is intense, and we may not always succeed in attracting or retaining such personnel. The departure of executive directors or other senior officers could, in the short term, adversely affect our business prospects, financial condition, results of operations, and cash flows.

While the Board of Directors is committed to strong leadership, there can be no assurance that senior management will remain with the Company. A failure to attract and retain skilled personnel and key executives could materially affect our business and limit our ability to grow as planned.

Employee relations
The Company's operations depend on the expertise, commitment and engagement of its employees. Attracting and retaining a skilled workforce is critical and increasingly competitive within the industry. The loss of key personnel,

through attrition, retirement and/or deterioration in employee morale due to organizational changes, unresolved collective agreements or other events, could have a material impact on the Company's business prospects, financial condition, results of operations and cash flows. As well, failure to establish an effective succession plan could weaken operations until qualified replacements are found.

A key driver of the Company's success is its corporate culture—one that fosters innovation, encourages teamwork, sparks creativity, and prioritizes disciplined execution. As the Company grows, preserving this culture may become more challenging. Any deterioration could hinder our ability to attract and retain talent, sustain innovation, and remain focused on our strategic objectives. Such an erosion of culture could materially and adversely affect the Company's business prospects, financial condition, operating results, and cash flows.

The Company values diversity and is committed to fostering a workforce and workplace that are both inclusive and representative across the organization. We regularly review and update our diversity and inclusion plans, particularly in relation to recruitment and retention practices. In some cases, production financing may be contingent on broadcasters or funding partners requiring certain crew positions to be filled by individuals from historically underrepresented communities. A failure to address systemic racism could adversely affect the Company's reputation, operations, and financial results.

Labour relations
Many individuals associated with our projects are members of guilds or unions which bargain collectively with producers on an industry-wide basis from time to time.

While we maintain positive relationships with the guilds and unions in the industry, any renegotiation with, strike by, labour protest, or lockout of, one or more of the guilds or unions whose members are essential to our content production or partners, could delay or halt the delivery of programming and/or increase expenses. Such a halt or delay, depending on the length of time and the number of productions affected, could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Litigation
Governmental, legal, or arbitration proceedings may be brought or threatened against us in the future. Regardless of merit, such claims can be time-consuming and costly to address, potentially diverting management's attention from the business. These proceedings could expose the Company to significant liabilities, harm our reputation, reduce consumer confidence, and adversely affect our brand. Any such litigation or proceeding could also negatively impact the market price of our securities.

Reputation damage
Our ability to retain existing customer relationships and attract new ones depends largely on the strength of the Company's reputation. While we have put in place structures to help protect and uphold the Company's reputation, including governance, a Code of Ethics, and Environmental, Social and Governance (ESG) initiatives, there is no guarantee that our reputation will remain intact. Any damage to our reputation could have a material adverse effect on our business, prospects, financial conditions, and results of operations.

Risks of liability claims for content
As a distributor and producer of content, we may face potential liability for: defamation, invasion of privacy, negligence, copyright or trademark infringement, and other claims based on the content distributed. These types of claims have been brought, sometimes successfully, against content producers and distributors. Any liability that is not covered by insurance or that exceeds insurance coverage could have a material effect on our business prospects, financial condition, results of operations and cash flows.

Fluctuation of financial results
Our financial results can vary from period to period, largely due to factors outside our control, such as the timing of production deliveries, the number of projects in production, and the success of each production in terms of viewership, merchandise, and other revenue streams. As a result, results from one period may not reflect future performance.

Holding company structure
Almost all our operations are conducted through our subsidiaries. As a holding company, our ability to meet financial obligations depends largely on receiving interest, principal repayments, management fees, dividends, and other payments from these subsidiaries, as well as on funds raised through equity, debt, or asset sales. Payments from subsidiaries may be limited by law or contracts, depend on their earnings, and are influenced by various business considerations.

Conflicts of interest
Certain directors and officers of the Company are, or may become, directors of other entertainment companies. In some cases, this may create conflicts of interest, requiring them to abstain from specific decisions. Under British Columbia corporate law, directors and officers must act honestly and in good faith in the best interests of the Company. However, in conflict-of-interest situations, they may owe similar duties to another company, which can require balancing competing obligations. As a result, there can be no assurance that the Company's interests will always take priority.

Costs and compliance risks as a result of being a public company
Legal, accounting and general administrative costs related to regulatory compliance have increased significantly in recent years, and we expect these costs to continue rising as corporate governance requirements evolve, including rules from the Canadian Securities Administrators and the TSXV. These changes may make certain activities more time-consuming and costly. There can be no assurance that we will fully meet all requirements of these evolving regulations. Failure to implement effective governance practices, maintain internal controls, or address challenges in execution could affect our operating results or reporting obligations, potentially undermining investor confidence and impacting the market price of our Common Shares.

Enforcement of actions
It may be difficult for U.S. or other foreign investors to take legal action or enforce judgments against the Company, its directors, or executive officers. Investors outside Canada could face challenges when pursuing claims under U.S. federal or state securities laws, or similar laws in their home countries. There is uncertainty about whether a U.S. court judgment based solely on these laws would be enforceable in Canada against the Company or its directors and officers. Likewise, it is unclear whether a Canadian court would allow a claim based solely on U.S. securities laws to be brought against the Company or its directors and officers.

Climate change
Climate change is increasingly affecting individuals, communities, and businesses. Extreme climate events could disrupt the Company's production schedules, shipment of goods, and supply chains. Some or all costs and damages from these events may not be covered by the Company's insurance, and insurance coverage may become more expensive or limited in the future. As a result, the Company could face higher expenses, which may materially affect our business prospects, financial condition, results of operations, and cash flows.

Actions by shareholders
Our business, financial condition and operating results could be negatively affected by actions taken by shareholders, including the initiation of a proxy contest. Responding to such actions can be costly, time consuming, and could divert the attention of our Board and our management team from daily operations and the execution of business strategies.

Investment strategy
There can be no assurance that we will successfully execute the strategy set out in this document and the Company's public disclosure. The implementation of our strategy is subject to risks beyond our control, including market competition, audience acceptance of our properties and brands, economic conditions, renewals of key licenses on commercially reasonable terms, and access to capital to fund company investments. Effective execution requires strong planning, disciplined investment, and scalable operational and management systems. If we are unable to expand and adapt these systems in line with growth, our future performance could be affected, and potentially impact our business prospects, financial condition, results of operations and cash flows, as well as the Company's market price.

Acquisitions
We actively pursue acquisitions, business combinations, and joint ventures to grow and enhance our business. Management evaluates a broad range of strategic opportunities, including joint ventures, debt or equity investments, acquisitions or dispositions of material assets, intellectual property development or licensing, new product lines, and major distribution arrangements.

Public announcements of potential transactions can affect the market price of our Common Shares. To this point, the Company generally does not disclose the pursuit of such opportunities unless required by law, meaning investors may buy or sell shares while a material transaction is under consideration. These transactions may involve debt or equity financing, which could increase financial leverage or dilute existing shareholders.

We may face challenges integrating acquired businesses or assets, and there is no assurance that the expected strategic or financial benefits will be realized. Negotiating and completing transactions can be costly and may divert management's time and resources. Additionally, future acquisitions could result in impairments of goodwill or intangible assets, or other acquisition-related charges.

Any of these factors could materially affect our business prospects, financial condition, results of operations, and cash flows.

Future financing
We may require additional financing to support future acquisitions or changes to our business plan, including increased costs for marketing, distribution, programming, or debt refinancing. Our actual funding needs could differ materially from current estimates. Given the sensitivity of global capital markets, we may not be able to secure additional equity or debt financing on favourable terms, or at all. While management believes the Company has sufficient cash resources and access to capital markets and other liquidity sources to execute its business plan, an inability to obtain financing at a reasonable cost could limit our growth.

Any issuance of equity could dilute existing shareholders. Failure to secure timely financing could hinder execution of our business plan, negatively affect operations, and potentially result in default on commitments, which might require the Company to seek a buyer for the business or its assets.

Changes to taxation legislation
We operate in multiple tax jurisdictions, where tax laws and their interpretation may change over time. Any changes in legislation, regulation, or their interpretation could affect the value of our assets, our ability to provide returns to shareholders, or otherwise negatively impact our business prospects, financial condition, results of operations, and cash flows. Additionally, any future tax relief available to us may differ from the assumptions we have made based on current laws and known changes. If these assumptions prove incorrect, our ability to provide returns to shareholders could be affected, potentially resulting in a material adverse effect on our business, financial condition, results of operations, and cash flows.

Income taxes and audits from tax authorities
In preparing our financial statements, we estimate eligible production tax credits in each jurisdiction where we operate, based on applicable tax laws, regulations, and interpretations. We are also subject to ongoing audits by these tax authorities, and the results could significantly affect the tax credits recorded on our consolidated balance

sheets and the income tax expense reported in our consolidated statements of earnings. Any cash payments or receipts resulting from these audits could impact our cash resources, operations, and overall financial results.

Fluctuations in the price of securities

Fluctuations in the price of our Common Shares could contribute to the loss of all or part of our shareholder investments. Factors that could have a material adverse effect on shareholder investments include, but are not limited to: (i) fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar; (ii) success of competitors; (iii) actual or anticipated changes in the market's expectations about operating results; (iv) changes in laws and regulations affecting the business; (v) changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; or (vi) our operating results failing to meet the expectation of securities analysts or investors in a particular period. In such circumstances, the trading price may not recover and may experience a further decline.

Broad market and industry factors may materially affect the market price of our securities, regardless of our operating performance. Both the stock market in general and the TSXV in particular have experienced price and volume fluctuations that often bear little relation to the underlying performance of the companies involved. As a result, the trading prices and valuations of these stocks, including our own, can be unpredictable. A loss of investor confidence in the market for retail stocks (or in companies perceived as like ours) could depress our share price, regardless of our business prospects, financial condition, or results of operations. Any decline in the market price of our securities could also impair our ability to issue additional securities or secure financing in the future.

The impact of any changes in interest rates

We do not currently use derivative financial instruments to mitigate interest rate risk. Changes in applicable interest rates on our debt could adversely affect our financial condition.

Impacts of fluctuations in exchange rates

As a Canadian-reporting entity, our results are subject to foreign currency exchange risk due to certain revenues and expenses being denominated in foreign currencies. Our principal exposure is to the U.S. dollar. Unexpected or sharp fluctuations in exchange rates could significantly reduce the margins realized on our international contracts and materially affect our business, financial condition and operating results and cash flows. Furthermore, any future introduction of currency or exchange control regulations by foreign governments could restrict our ability to efficiently repatriate cash flows back to Canada. To mitigate foreign currency risk, we actively negotiate production contracts to align, as far as possible, the currency of customer revenues with the currency of associated production expenses.

Risks related to seasonality and fluctuation of results of operations

The Company's business is sensitive to general economic cycles and may be affected by the cyclical nature of the markets it serves, as well as by local, regional, national, and global economic conditions. Seasonal variations in retail activity also influence financial results. In addition, the broadcasting segment experiences, and is expected to continue experiencing, significant seasonality due to factors such as advertising patterns and changes in viewer habits.

As a result, our operating results may fluctuate materially from period to period, and the results of any single period are not necessarily indicative of future performance. Cash flows from operations can also vary and may not closely align with revenue recognition. In particular, results in any period depend heavily on the production and delivery schedule of television programs and film projects.

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 June 30, 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, 2025 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	50,115	-	-	50,115
Income taxes payable	1,406	-	-	1,406
Interim production financing	7,414	-	-	7,414
Deferred revenue	12,547	-	-	12,547
Lease obligations	2,204	4,316	6,425	12,945
Redeemable preferred shares	465	116	-	581
	74,151	**4,432**	**6,425**	**85,008**

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. Based on the average carrying value of these facilities, a fluctuation in interest rates of 1% would represent approximately a $136 change to net earnings for the year ended June 30, 2025 (2024 - $351). The Company has no interest rate hedges or swaps outstanding at June 30, 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 June 30, 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.

For the year ended June 30, 2025, revenue denominated in U.S. dollars ("USD") accounted for 34% (2024 – 31%) of total revenue and revenue denominated in Great British Pounds ("GBP") accounted for 1% (2024 – 1%) of total revenue. As at June 30, 2025, a 5% fluctuation in the USD exchange rate would have an impact of approximately $1,722 (2024 - $1,141) on net earnings and a 5% fluctuation in the GBP exchange rate would have an impact of approximately $78 (2024 – $113) on net earnings.

The Company is also exposed to foreign exchange risk on its cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and interim production financing that are denominated in foreign currencies. For the year ended June 30, 2025, a 5% fluctuation in the USD closing rate would result in a change to net earnings of approximately $461 (2024 - $223), a 5% fluctuation in the GBP closing rate would result in a change to net earnings of approximately $7 (2024 - $22) and a 5% fluctuation in the Euro closing rate would result in a change to net earnings of approximately nil (2024 - $11).

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 the item described below, that may have a material adverse effect on the financial position or results of operations of the Company.

A potential claim may arise against the Company relating to the alleged unauthorized exploitation of a television series. Management believes that any claim against the Company in regard to this matter would be without merit and will defend the action accordingly.

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.

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, 2025, 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, 2025.

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, Adjusted EBITDA, Free Cash Flow, Adjusted EBITDA 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.

"Adjusted EBITDA" 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 Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. 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.

"Adjusted EBITDA Margin" is calculated as a ratio of Adjusted EBITDA over total revenues. Adjusted EBITDA 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 Adjusted EBITDA, for the three months and years ended June 30, 2025 and 2024.

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Net income for the period	**1,781**	**2,480**	**6,321**	**2,378**
Income tax expense (recovery)	(201)	584	1,892	930
Deferred income tax expense	983	343	728	431
Finance costs				
Interest expense	124	472	586	1,461
Dividends on redeemable preferred shares	7	7	29	29
Amortization				
Property and equipment	165	359	1,546	1,734
Right-of-use assets	1,370	1,661	5,959	7,079
Intangible assets	-	67	136	270
	2,448	3,493	10,876	11,934
EBITDA	**4,229**	**5,973**	**17,197**	**14,312**
Share-based compensation	248	117	896	739
Unrealized foreign exchange loss (gain)	(36)	22	366	28
Loss (gain) on disposal of property and equipment	579	(37)	223	(29)
Loss (gain) on termination of leases	(793)	-	(793)	40
Restructuring and other costs	(50)	879	439	1,603
	(52)	**981**	**1,131**	**2,381**
Adjusted EBITDA	**4,177**	**6,954**	**18,328**	**16,693**

The following table presents the reconciliation from cash flows from operations to Free Cash Flow, for the three months and years ended June 30, 2025 and 2024.

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Cash (outflows) inflows from operations	(3,463)	3,232	22,856	37,673
Net purchase of property and equipment	(20)	(184)	(887)	(456)
Net advances (repayment) of interim production financing	375	(7,819)	(12,404)	(30,594)
Free Cash Flow	**(3,108)**	**(4,771)**	**9,565**	**6,623**

The following table presents the reconciliation from Gross Profit to Gross Margin, for the three months and years ended June 30, 2025 and 2024.

	For the three months ended		For the year ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
($000's)	$	$	$	$
Revenue	47,374	51,814	185,677	165,323
Direct Operating	37,592	40,303	145,878	127,795
Gross Profit	**9,782**	**11,511**	**39,799**	**37,528**
Gross Margin	**20.6%**	**22.2%**	**21.4%**	**22.7%**

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 years ended June 30, 2025 and 2024.

($000's)		June 30, 2025		June 30, 2024
Cash Available for Use	$	14,271	$	11,499
Cash Required for Use in Productions	$	13,716	$	13,717
Total cash and cash equivalents	**$**	**27,987**	**$**	**25,216**

DISCLOSURE OF OUTSTANDING SHARE DATA

As at October 8, 2025 the Company had the following common and preferred shares and securities convertible into common shares outstanding.

Common Shares	49,170,444
Preferred Shares – redeemable class A[1]	415,000
Stock Options	1,423,000
RSUs Equity Settled	401,082
PSUs Equity Settled	400,412

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