



Thunderbird Entertainment Reports on Company Record Third Quarter Results

Third Quarter Revenue \$29.3 million, increasing 40% over Q3 2019

Record Quarterly Adjusted EBITDA \$6.9 million, increasing 45% over Q3 2019

Record Quarterly Free Cash flow of \$4.5 million

Transformational shift in consumer behaviour leads to global record streaming

Remote working structures for 1,000-plus team members provide increased capacity to scale-up to meet high growth demand for premium content

Balance sheet further strengthened through final payment made on RBC term loan, company is debt free with \$12.2M of cash

Conference call and webcast scheduled for June 1 at 2 p.m. ET

VANCOUVER, May 28, 2020 /CNW/ - Thunderbird Entertainment Group Inc. (TSXV:TBRD, OTC - THBRF) (Thunderbird or the **Company**), today announced its financial results for the third quarter ended March 31, 2020, and provided a corporate update.

Financial Highlights

- Revenue for the three and nine months ended March 31, 2020 was \$29.3 million and \$59.6 million compared to \$20.9 million and \$44.7 million for the comparative periods in fiscal 2019.
- Adjusted EBITDA was \$6.9 million and \$11.2 million for the three and nine months ended March 31, 2020 compared to \$4.7 million and \$10.3 million for the comparative periods in fiscal 2019.
- Net income from continuing operations was \$3.2 million and \$3.2 million for the three and nine months ended March 31, 2020, compared to \$2.1 million and net loss from continuing operations of \$2.6 million for the comparative periods of 2019.
- The Company generated free cash flow of \$4.5 million for the three months ended March 31, 2020, after retiring the balance of a \$6 million term loan provided by the Royal Bank of Canada in 2018.

"With substantial increases in Thunderbird's YOY Q3 2020 revenue, as well as its record AEBITDA, Thunderbird demonstrates its resilience and high growth business model. Throughout COVID-19, the Company has continued to grow and deliver industry leading results, with Q3 being Thunderbird's best quarter to date," said Brian Paes-Braga, Chairman, Thunderbird Entertainment. "All of this is further complemented with record free cash flow generation from the quarter of more than \$4.5 million and a balance sheet that is not only in exceptional shape, but will also open up new opportunities for disciplined M&A."

"Thunderbird's unique business model allows the Company to thrive," Paes-Braga added. "By remaining fully operational, Thunderbird has created new roles and hired additional team members to meet new demand from buyers looking to fill schedules with premium quality content. This is a testament to the leadership of the management team during this global crisis."

As of March 30, Thunderbird's team of more than 1,000 crew members across all divisions in Vancouver, Los Angeles, Ottawa and Toronto were set up to work remotely. The Company's quick actions allowed for work to continue, and all productions in development are moving forward. Thunderbird continues to pitch, develop, produce, sell, deliver and service content to its partners including Netflix, NBCUniversal, Nickelodeon, PBS, WGBH, Bell Media's Discovery, APTN, Corus Entertainment, the Weather Channel, and the CBC, among others.

Key Responses and Impacts of COVID-19

Early Anticipation of Pandemic Facilitated Quick Transition to Remote Working: Pre-emptive actions, in conjunction with the Company's strong balance sheet with virtually no corporate debt, enabled Thunderbird to transition its workforce of more than 1,000 crew to work from home to ensure safety.

Emphasis on Mental Health and Well-being for Employees in Self-isolation: Prioritizing the health of its team, Thunderbird also deployed new health and well-being initiatives to support employees and their families in self-isolation, including the availability of mental health and wellness resources available 24/7.

Leveraging Cutting-Edge Technology to Support Business Continuity: The pandemic has accelerated the already heightened demand for content, with an 85% increase in consumption in March 2020, according to a [Nielsen report](#). Investment in technology, including a new firewall and 800 licenses from Teradici, enabled all productions in various stages of development and production to move forward. This, together with new filming techniques, also allowed factual productions to continue in adherence to physical distancing guidelines.

Strong Relationships with Valued Industry Partners Contribute to Ongoing Workflow: The Company has, and continues to receive, indications from traditional broadcasters and streaming partners (including Netflix, Disney+, NBCUniversal) that they will need more content on an ongoing basis to keep up with demand, which is anticipated to continue following the pandemic. The Company hired and virtually onboarded 30 new team members to support the increased workflow since April 1, 2020.

Continued Scenario Planning: The Company has undergone extensive planning across all divisions and productions to safeguard the business while economies reopen globally. This involves everything from reconfiguring studio spaces for future use, to creating business continuity plans for all productions in development.

"As creators during the pandemic, our work has taken on new meaning, and knowing that Thunderbird's content has played even a small role in keeping families entertained is humbling," said Jennifer Twiner McCarron, CEO of Thunderbird. "Digital technology enabled the Company to prioritize the health of our team and make a pivotal shift at a time when demand for content is soaring. Thunderbird is entering a whole new paradigm, and the investments we've made in infrastructure and our team, uniquely position the Company to keep delivering premium content, while also providing us with the opportunity to scale-up like never before."

Results of Operations

Results for the three and nine months ended March 31, 2020 compared to the three and nine months ended March 31, 2019:

	Three months ended		Nine months ended	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019
(\$000's, except per share data)	\$	\$	\$	\$
Revenue	29,301	20,946	59,550	44,736
Expenses ¹	26,141	18,828	56,305	47,310
Net income (loss) from continuing operations	3,160	2,118	3,245	(2,574)
Loss from discontinued operations	(205)	(189)	(773)	(152)
Net income (loss) for the period	2,955	1,929	2,472	(2,726)

¹ Expenses includes a charge related to Public company listing of \$5,316 in the nine months ended March 31, 2019

EBITDA, Adjusted EBITDA and Free Cash Flow are summarized as follows:

EBITDA	6,881	4,288	11,123	8,369
Adjusted EBITDA	6,881	4,734	11,236	10,269
Free Cash Flow	4,472	(1,532)	4,700	(1,630)

- Consolidated revenue for the three and nine months ended March 31, 2020 was \$29.3 million and \$59.6 million as compared to \$20.9 million and \$44.7 million for the comparative periods of fiscal 2019, increases of \$8.4 million and \$14.9 million respectively. The majority of this revenue increase over the comparative periods in 2019 related to growth in the kids and family division.
- Consolidated net income from continuing operations was \$3.2 million and \$3.2 million for the three and nine months ended March 31, 2020, compared to net income from continuing operations of \$2.1 and net loss from continuing operations of \$2.6 million for the comparative periods of fiscal 2019. Net income was \$3.0 million and \$2.5 million, after loss from discontinued operations of \$205 and \$773, as compared to net income of \$1.9 million and a net loss of \$2.7 million after loss from discontinued operations of \$189 and \$152 in the previous periods of 2019. The Company incurred a one-time charge during the comparative period of fiscal 2019 relating to the RTO Transaction of \$5.3 million.
- Adjusted EBITDA was \$6.9 million and \$11.2 million for the three and nine months ended March 31, 2020 compared to \$4.7 million and \$10.3 million for the comparative periods of fiscal 2019, an increase of \$2.2 million and \$0.9 million, respectively. The three month increase was due to a large increase in production service work, as well as an increase in licensing and distribution revenues due to an increase in the number of proprietary shows delivered over the comparable quarter. This was offset by the related increase in direct costs and amortization of content due to those shows and also increases in salaries, contracting and computer software due to significant growth in the animation and factual divisions. There was also a decrease in rent expense primarily due to the adoption of IFRS 16 in which lease obligations for long-term leases are no longer recorded as rent expense, but capitalized as right-of-use ("ROU") assets and amortized.
- During the quarter, management decided to discontinue operations of its UK division. The related assets and liabilities have been presented as held for sale, and the net revenues and expenses are shown as a loss from discontinued operations.
- During the six months ended December 31, 2019, the Company paid down the remaining \$1.4 million of a three-year non-revolving term loan that was initially drawn in July 2018 in the amount of \$6.0 million. The term loan was drawn in order to repurchase common shares of certain shareholders of Thunderbird and was part of an overall credit facility negotiated with the Royal Bank of Canada that also included an increased production line of credit and an acquisition facility.

The Company's unaudited interim financial statements, along with its Management's Discussion and Analysis for Q3 2020, are available on the Company's website at www.thunderbird.tv and under the Company's profile at www.sedar.com.

Thunderbird's Q3 Corporate Highlights

- During the third quarter, the Company had 20 programs in various stages of production, and deals with Netflix, NBCUniversal, Nickelodeon, PBS, WGBH, Bell Media's Discovery, APTN, Corus Entertainment and CBC, among others.
- Forty-three half-hour episodes and 21 one-hour episodes were delivered collectively in Q3 from the factual, scripted, and kids and family divisions. All of the one-hour episodes, and 24 of the half-hour episodes were Company IP.
- Subsequent to the quarter, the IP-owned animated youth series *The Last Kids on Earth* received a nomination for a Daytime Emmy in the Outstanding Special Class Animated Program category.
- Molly of Denali* was selected as a finalist for [PRIX JEUNESSE INTERNATIONAL 2020](http://www.prixjeunesseinternational.com).
- Molly of Denali* was also recently nominated for an esteemed Peabody Award, being one of only two nominees in the children and youth category.
- The Company received 11 nominations for the 2020 Canadian Screen Awards, and 20 Leo Award nominations.
- The Company was named to *Fast Company's* prestigious annual list of the World's Most Innovative Companies for 2020, earning the standing of #9 in the Film and Television category.
- The Company expanded its kids and family division with the opening of its Los Angeles animation studio. The LA studio's first

project is already in production with 80 crew working remotely.

- The Company presented at the third annual LD Micro Virtual Conference, and virtually attended the 32nd Annual ROTH Conference.
- Technology, with the new working remotely environment, provides new opportunities for the Company to scale-up to meet the increased demand for content and take-on more work.

Division Updates

Factual Division, Great Pacific Media

- During the quarter, Thunderbird's factual division was in production on six series and one documentary special: *Highway Thru Hell* (Season 9), *Heavy Rescue: 401* (Season 5), *Save My Reno* (Season 3), *Queen of the Oil Patch* (Season 2), *High Arctic Haulers* (Season 1), *Untitled Factual Series* (Season 1), and *The Teenager and the Lost Mayan City* (Documentary for CBC).
- *Highway Thru Hell* (Season 9) completed principal photography on the series' largest season to date, with 18 one-hour episodes. The new episodes will premiere in the fall of 2020.
- *Heavy Rescue: 401* (Season 5) completed principal photography in the quarter. Season 5 will feature 18 one-hour episodes and is scheduled to premiere in January 2021.
- Season 2 of the critically-acclaimed documentary series *Queen of the Oil Patch* wrapped post production, with eight episodes being produced. The series is produced in collaboration with Kah-Kitowak Films. It is scheduled to premiere June 7, 2020 on APTN.
- The Company also premiered its newest high-action factual series, *High Arctic Haulers*, in partnership with the CBC. *High Arctic Haulers* premiered on CBC in January 2020. Thunderbird holds worldwide rights to the original IP series and will be launching it to foreign markets with Beyond Distribution.
- *Save My Reno* (Season 3) premiered on HGTV Canada in the quarter and generated impressive ratings. The title was renewed for a fourth season consisting of 14 episodes for Corus Entertainment.
- *The Teenager and the Lost Mayan City* continued principal photography in Quebec and Mexico for CBC's *The Nature of Things*.
- The Company began principal photography on an exciting new series for Canadian and international broadcasters. "Untitled Factual Series" (Season 1) will consist of eight hour-long episodes and will premiere in the 2020/21 broadcast season.

Kids & Family Division, Atomic Cartoons

- During the quarter, Atomic Cartoons was in various stages of production on 14 animated series. Service productions include *Hello Ninja* and *Mighty Express* for Netflix, *Molly of Denali* for WGBH/ PBS KIDS and CBC, *101 Dalmatian Street* for Disney+, and *LEGO Jurassic World* for NBCUniversal.
- Subsequent to the quarter, the second season of the IP-owned animated youth series *The Last Kids on Earth* launched on April 17, exclusively on Netflix. Available in 190 countries, it featured 10 new episodes, and more episodes are in production, including an interactive special. *The Last Kids on Earth* is based on the hugely popular *New York Times* best-selling book series of the same name, written by Max Brallier. In addition, the highly-anticipated toy line based on the series is now available. A t-shirt line has also launched and a video game is in development for a 2021 debut.
- A new partnership was announced between Atomic and the visionary Jim Henson Company, to develop a new animated series called *Nate Create*. The production will feature a variety of art styles like origami, watercolor, 2D, cut-out, stop-motion, and CG, and will be one of the division's most ambitious series.
- Also, subsequent to the quarter, the second season of *Hello Ninja* began streaming on Netflix on April 24, 2020 in 28 languages and 190 countries. A third season for this popular series was announced in May 2020.
- The Company announced it was in production of a new CG-animated series for preschoolers called *Mighty Express*. This series was announced in February by Netflix and Spin Master, which is renowned for many hit series, including the popular *Paw Patrol* franchise.
- The Company also produces short films for Disney. To date, *Marvel Super Heroes* has received more than 240 million views on the Youtube channel, and has similarly high numbers on the Disney Junior channel. The *Black Panther* short film passed 20 million views in March.

Scripted Division

- Subsequent to the quarter, the fourth season of *Kim's Convenience* began streaming April 1 on Netflix outside of Canada (it remains available in Canada on CBC Gem). *Kim's Convenience* was also renewed for seasons five and six, which are scheduled for 2021 and 2022 respectively. The series was also included by TV Guide in its [April 2020 ranking](#) of the best feel-good series currently available on Netflix, Amazon, Hulu, and Disney+.
- The team working on *Kim's Convenience* are currently in the writers' room, working remotely on scripts for the two upcoming seasons.

Conference Call Webcast on June 1, 2020 at 2 p.m. Eastern Standard Time

Thunderbird will hold a conference call and webcast to share the Company's third quarter financial results on June 1, 2020 at 11 a.m. PST/ 2 p.m. EST. A live webcast of the conference call can be accessed by clicking [here](#). The call will be recorded for webcasting purposes and will be available at www.thunderbird.tv two hours after the initial scheduled time.

Q3 Conference Call: Monday, June 1, 2020 at 11 a.m. PST/ 2 p.m. EST

Canadian Dial-In Numbers: (+1) 416-764-8688 (Toronto), (+1) 778-383-7413 (Vancouver)

North American Toll-Free Number: (+1) 888-390-0546

Alternatively, you may access a replay of the conference call by calling (+1) 416-764-8677 or toll-free at (+1) 888-390-0541 (passcode 178213 #) two hours after the initial scheduled time.

For information on Thunderbird and to subscribe to the Company's investor list for news updates, go to www.thunderbird.tv.

About Thunderbird Entertainment Group

Thunderbird Entertainment Group is a global award-winning, full-service, multiplatform production, distribution, and rights management company, headquartered in Vancouver, with additional offices in Los Angeles, Toronto, and Ottawa. Thunderbird creates award-winning scripted, unscripted, and animated programming for the world's leading digital platforms, as well as Canadian and international broadcasters. Thunderbird's vision is to produce high quality, socially responsible content that makes the world a better place. The Company develops, produces, and distributes animated, factual, and scripted content through its various divisions, including Thunderbird kids and family (Atomic Cartoons), Thunderbird factual (Great Pacific Media) and Thunderbird productions. Thunderbird is on Facebook, Twitter, and Instagram at @tbirdent. For more information, visit: www.thunderbird.tv.

On Behalf of Thunderbird Entertainment Group Inc.

Jennifer Twiner McCarron
Chief Executive Officer

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This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements with respect to the Company's objectives, goals or future plans and the business and operations of the Company. 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; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; those additional risks set out in the Company's Filing Statement and other public documents filed on SEDAR at www.sedar.com; and other matters discussed in this news release. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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This news release contains references to certain measures that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. The Company believes that non-IFRS measures, specifically EBITDA and Adjusted EBITDA, are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures.

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