Thunderbird Entertainment Group Inc.

Management's Discussion and Analysis

For the three and nine months ended March 31, 2023 ("Q3 2023")

and March 31, 2022 ("Q3 2022")

GENERAL

This Management's Discussion and Analysis ("MD&A") dated May 24, 2023 should be read in conjunction with the unaudited interim condensed consolidated financial statements of Thunderbird Entertainment Group Inc. ("Thunderbird" or the "Company") for the three and nine months ended March 31, 2023 and 2022 and accompanying notes 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 Productions 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 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.

FORWARD-LOOKING STATEMENTS

Thunderbird's public communications may include written, or oral "forward-looking statements" and "forward-looking information" as defined under applicable Canadian securities legislation. 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.

The forward-looking statements or information contained in this document represent our views as of the date hereof and as such information should not be relied upon as representing our views as of any date subsequent to the date of this document. 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.

Forward-looking statements in this document include, but are not limited to, the standstill restrictions under the Cooperation Agreement (as defined below); the fiscal 2023 anticipated lower Adjusted EBITDA than compared with the prior year; the Company's anticipated continued growth in Adjusted EBITDA and revenue in fiscal 2024 and 2025 due to its robust pipeline; adjacent merchandising opportunities on fully owned IP coming to fruition; the Company's belief that fiscal 2024 will be one of the Company's strongest years on record; Thunderbird being well equipped to fuel growth and maximize shareholder value; the Company's ability to continue to deliver industry-leading, quality programming that will further facilitate long term growth; the Company's objectives to create long-term value with programming that can drive multiple revenue streams; Thunderbird's intention to build out its slate of owned intellectual property ("IP") including cross media exploitation and its intention to acquire and distribute premium third-party titles; Thunderbird's intention to continue to be a premium content supplier for leading Internet over the top ("OTT") platforms, which will continue to order premium quality content over quantity; the belief that focusing on higher budget and quality programs will extend the life and increase the value of the Company's library; plans to continue growing the Company's business and library through the acquisition of complementary productions and companies, and through strategic business alliances, both in North America and internationally; Thunderbird's ability to use production service work to further leverage future proprietary productions and strengthen Thunderbird's business relationships with key North American and international broadcasters and other clients; Thunderbird's consideration of IP libraries, which the Company's consumer products and distribution team could grow and amplify; sourcing IP to enhance overall library value, and increase the Company's global footprint through elevated content; Thunderbird's consideration of merger and acquisition ("M&A") targets that complement the Company's core business and growth capacity; the potential for results of operations to fluctuate significantly from period to period; the Company's expectation that liquidity needs for the next twelve months will be met; management continuing to pursue sources of debt or equity financing to develop and produce film and television properties and facilitate strategic acquisitions as considered necessary; the possibility that shareholders will convert their preferred shares into common shares at a ratio of 3:1 or redeem their shares; and 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; market segment conditions; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; product capability and acceptance; international risk and currency exchange rates; and technology changes. An assessment of these risks that could cause actual results to materially differ from current expectations is contained in the "Risks and Uncertainty" section of this MD&A. The foregoing is not an exhaustive list. Additional risks and uncertainties not presently known to Thunderbird or that management believes to be less significant may also adversely affect the Company. 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 document, and no assurance can be given that such events will occur in the disclosed time frames or at all.

RISKS AND UNCERTAINTIES

The Company is exposed to several specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects, and financial condition. For further details see the Forward-Looking Statements section in this MD&A and the "RISKS AND UNCERTAINTIES", contained in Thunderbird Entertainment Group Inc. Management's Discussion and Analysis, for the years ended June 30, 2022 and 2021, filed October 19, 2022, on www.sedar.com.

BUSINESS OVERVIEW

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

Thunderbird prides itself on the Company's culture of excellence, one that prioritizes integrity, acceptance, and flexibility as core values. As part of the Company's mission to create content and build global brands that are award-winning, entertaining, and made with integrity, Thunderbird also fosters artist-driven working environments rooted in kindness, creativity, and acceptance. The Company does this by prioritizing the needs of its team, and by elevating diversity and inclusivity both on-screen and off.

Across the Company, Thunderbird employees and crew members represent a myriad of backgrounds, cultures, countries, and beliefs, under a collective goal of creating content that enriches and entertains at all levels. This focus has also received recognition within the entertainment and business industries. Most recently, Thunderbird was included on Report on Business Magazine's 2023 Women Lead Here list, Atomic received a third ranking on BIV's list of the biggest digital arts companies in B.C., and GPM was named to Realscreen's Global 200 list, for the 11th consecutive year. Previous awards include Thunderbird being named as a leading company in the diversity and inclusion category by BC Business magazine (2021), and series *Molly of Denali* receiving awards such as the National Association for Multi-ethnicity in Communications (NAMIC) Vision Award in animation (2022), a Best Inclusivity

Kidscreen Award (2021) and a George Foster Peabody Award (2020). Thunderbird attributes the Company's growth and success to its teams. Every show, award, and ground-breaking technique reflects the profoundly talented people working across the Company's offices/studios.

Thunderbird's premium content also incorporates the Company's strong diversity and inclusion mandates and its mission of telling uplifting and underrepresented authentic stories. With quality as its North Star in a growing industry, Thunderbird recognizes that only premium content will stand out in a fiercely competitive marketplace.

COVID-19 BUSINESS TRANSFORMATION

Thunderbird was operational and maintained all production deliverables throughout COVID-19, with team members safely transitioned to working-from-home environments. In fact, the pandemic intensified the already strong demand for content, and Thunderbird took on more work as a result, and its team also grew. The pandemic transformed business operations, allowing the Company to scale up differently for animation to meet the demand, as staffing productions was – and is - no longer constrained by geographic location or studio space.

The Company has adopted a permanent hybrid working structure, that allows team members to create working environments to meet their unique needs and Thunderbird to scale up accordingly to production demands.

COOPERATION AGREEMENT AND PROXY CONTEST

On January 19, 2023, Thunderbird entered into a cooperation agreement with Voss Capital, LLC and certain of its affiliates (collectively, "Voss"), which agreement was subsequently amended on January 27, 2023 (as amended, the "Cooperation Agreement"). The terms of the Cooperation Agreement provided for the appointment on January 19, 2023 of two new independent directors put forward by Voss, Asha Daniere and Mark Trachuk (the "Appointees") to the Board. Pursuant to the Cooperation Agreement, the Appointees filled the vacancies resulting from Marni Wieshofer (former interim Chair of the Board and the Chair of the Audit Committee) stepping down from the Board and Frank Giustra resigning from the Board, each also effective as of January 19, 2023.

Further, the Cooperation Agreement provided for (i) the appointment of a third independent director to be identified by the Company from candidates put forward by Voss (the "Additional Director"), promptly following the 2022 Annual Meeting, and (ii) the formation of an advisory committee (the "Advisory Committee") to assess the Company's capital allocation strategy and evaluate all strategic opportunities to maximize value for ultimate recommendation to the Board.

On March 28, 2023, the Board appointed Lisa Coulman as the Additional Director in accordance with the company's constating articles.

Under the terms of the Cooperation Agreement, Voss, among other things, withdrew its slate of proposed nominees and agreed to abide by customary voting commitments and standstill restrictions until the earlier of (i) the conclusion of the Company's meeting of shareholders with respect to the fiscal year ending June 30, 2023, and (ii) December 31, 2023, at which time the Cooperation Agreement will expire.

For the nine months ended March 31, 2023, Thunderbird incurred proxy contest expenses of $2.1 million, compared with nil in the comparative period.

On May 15, 2023, Thunderbird announced that it has engaged ACF Investment Bank ("ACF") as part of the Company's strategic review process of assessing all opportunities to maximize shareholder value. ACF is a leading, global mergers and acquisitions advisor in the Media and Entertainment industry and has completed more than 100 deals in this sector with a total deal value of more than $6 billion. Working with ACF maintains alignment with the Cooperation Agreement, while providing the Company with an important next step in support of its growth trajectory.

OUTLOOK

Industry-wide economic factors and the proxy contest delayed the start of several productions, moving them from fiscal 2023 to fiscals 2024 and 2025. While the Company did not lose any planned work, the Company is no longer anticipating fiscal 2023 to be its strongest, and it will have a lower Adjusted EBITDA compared to fiscal 2022. With the shift in the timing of the Company's production slate, and visibility well into fiscals 2024 and 2025, Thunderbird anticipates continued growth in Adjusted EBITDA and revenues due to its robust pipeline. This includes the addition of several fully owned IP productions with adjacent merchandise opportunities coming to fruition. With increased production bookings in 2024, the Company is projecting strong financial results in fiscal 2024.

STRATEGY

Owned and Controlled IP

Thunderbird's strategy is to intentionally grow the Company and its brands by developing long-term value through the expansion of its programming library and leveraging its owned or controlled IP.

While Thunderbird generates fee income during the production and initial distribution windows for its programs, one of the Company's main objectives is to create long-term value with programming that can drive 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.

An example of Thunderbird's IP is the Emmy Award-winning series *The Last Kids on Earth*, which began streaming on Netflix in 2019. *The Last Kids on Earth* also has a video game that was released in 2021, and a range of merchandise, including action figures, activity toys, role-play accessories, vehicles, plush items, novelty items, games, and play electronics. In 2023, a new digital battle-card game based on *The Last Kids on Earth* became available from SMART Technologies. Additional examples of owned IP include popular unscripted series *Highway Thru Hell*, lifestyle series *Styled*, and scripted series *Reginald the Vampire,* and the recently announced *Mermicorno,* an animated series being produced by Atomic in partnership with tokidoki.

With a team dedicated to consumer products and global distribution, Thunderbird intends to build out its slate of owned IP including cross media exploitation and will also acquire and distribute premium third-party titles, such as the *Mittens and Pants* series, which the Company acquired in summer of 2022.

Diversified Portfolio

Thunderbird develops and produces content for several genres, including kids & family, unscripted and scripted.

Kids & family programming has been and continues to be 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+, Teletoon, HBO Max, Treehouse, Cartoon Network, Walt Disney, Mattel, Warner Bros., Marvel, Microsoft, Lego and NBCUniversal. Atomic productions include *Oddballs, Marvel's Spidey and His Amazing Friends, Pinecone & Pony, Dogs in Space, The Last Kids on Earth, Trolls: TrollsTopia, Molly of Denali, Curious George, LEGO Star Wars: Terrifying Tales, Young Love*, *Princess Power* and *CoComelon Lane*.

Thunderbird also remains a dominant player in the unscripted marketplace with multiple long running television series. For example, through GPM, the Company produces *Highway Thru Hell* which chronicles the action-packed world of heavy rescue towing, airs on Discovery Canada and is distributed in more than 190 territories worldwide, including The Weather Channel in the U.S.

Highway Thru Hell had two spin-off series for Discovery Canada: *Heavy Rescue: 401* and *Mud Mountain Haulers. Heavy Rescue: 401's* final season aired in 2023, and the series brought elements of *Highway Thru Hell* to Canada's busiest freeway, Ontario's notorious Highway 401. The second spin-off series is titled *Mud Mountain Haulers* and is set high in the mountains of British Columbia.

GPM is also the production company behind *Reginald the Vampire,* a fully owned scripted series that stars Spider-Man's Jacob Batalon. *Reginald the Vampire* (Season 1) was picked up in a straight-to-series 10-episode order by SyFy and is co-produced with Modern Story Company and December Films. Hulu and Amazon Prime Video picked up the series for their streaming services in selected territories, and season one debuted on both platforms in October 2022. This series has been renewed for a second season. Cineflix Rights is an exclusive worldwide distribution partner. *Boot Camp* is another scripted GPM production. The film adaptation stars Drew Ray Tanner (*Riverdale*) and is based on the popular Wattpad story by Gina Musa of the same name.

GPM also works in partnership with Wapanatahk Media, a production company headed by Indigenous producers Tania Koenig-Gauchier and Shirley McLean, to produce series like *Dr. Savannah: Wild Rose Vet.* This series follows the adventures of Dr. Savannah Howse-Smith, a Métis veterinarian based in rural Alberta and airs on APTN.

Thunderbird fully owns the award-winning comedy series *Kim's Convenience* which is currently available on Netflix worldwide. The show 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 (free ad-supported streaming TV services) rights to *Kim's Convenience*, making it Thunderbird's first production to be featured on a FAST channel. *Strays*, a scripted spin-off of *Kim's Convenience,* had two seasons, both airing on CBC.

Recognizing the opportunity to further expand into the scripted genre, Thunderbird established a dedicated scripted team based in Los Angeles. Thunderbird's scripted team has 13 projects at various stages in the development pipeline.

Strategic Business Relationships

The Company's productions currently air on Netflix, Peacock, Nickelodeon, Apple, Sony, PBS, Bell Media's Discovery, Disney+, Corus Entertainment and the CBC, among others. 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 video on demand to their customers. Thunderbird intends to continue to be a premium content supplier for these platforms, which will continue to order premium quality content over quantity.

Thunderbird's Library

Thunderbird continues to focus on higher budget and higher quality programs as management believes this extends the life and increases the value of its library. 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 companies, and through strategic business alliances, both in North America and internationally.

Service Production Work

While Thunderbird's primary focus is on producing programming in which the Company holds long-term proprietary interests, it also generates fee revenue from providing production services to a variety of clients. Service production generates near term earnings and provide opportunities for the Company to develop its emerging talent and credentials on top brands, which can be further leveraged for future proprietary productions and strengthen Thunderbird's business relationships with key North American and international broadcasters and other clients. Production services also provide the Company with stable cashflows and helps mitigate the financial statement impact of the timing of episodic IP deliveries.

Thunderbird's service partnerships can also include partner managed deals. Under the terms of these deals, the productions are fully funded, and ancillary rights are controlled by the partner but entirely managed by Thunderbird. As a result, Thunderbird is entitled to receive a percentage of the profits from merchandise and licensing.

Thunderbird's service partnerships also include global IP buyouts. Under the terms of these deals, the production is originally optioned by the Company, and then acquired by the partner, with Thunderbird receiving an increased percentage of net profits from merchandising and licensing. *Princess Power,* which debuted in January 2023 on Netflix is an example of a global IP buyout. *Princess Power* launched in January 2023 on Netflix worldwide, receiving significant media coverage. In the days following its premiere, it ranked #8 on the Netflix Kids chart in the U.S.

Investment in Infrastructure

In fiscal 2022, the Company made several key hires in areas such as marketing, business affairs including environmental, social, and governance and consumer products and distribution to facilitate continued growth. The

Company also invested in software and technology, which are necessary to enable Thunderbird to efficiently deliver premium quality programming and provide continued work-from-home options. Thunderbird is also working with a book-scouting agency to source IP for the kids & family, scripted and unscripted content development to enhance overall library value and increase its global footprint through elevated content. In fiscal 2023, the Company continued to invest in the business with several key new hires in kids & family and scripted development, consumer products and distribution and business affairs.

Mergers and Acquisitions
Thunderbird's philosophy to M&A includes exploring M&A targets that allow for accretive growth and support the Company's overall diversity and inclusion commitments of creating award-winning, entertaining content with integrity. Thunderbird would also consider M&A targets that complement the Company's core business and growth capacity.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE FISCAL THIRD QUARTER ENDED MARCH 31, 2023

- Revenue increased by $0.4 million (1%) to $37.3 million and $24.1 million (23%) to $129.0 million for the three and nine months ended March 31, 2023, as compared to $36.9 million and $104.9 million for the comparative periods in the prior year. Both the number of episodes of IP projects delivered and recognized and the number and magnitude of production services projects remained consistent quarter-over-quarter (26 total half hours of IP deliveries in the current quarter compared to 28 total half hours in the prior year's third quarter).

- Free Cash Flow[1] decreased by $10.6 million (204%) to ($15.8) million and $18.4 million (125%) to ($3.7) million for the three and nine months ended March 31, 2023, as compared to ($5.2) million and $14.7 million for the comparative periods in the prior year. The decrease is primarily due to positive changes in working capital offset by repayment of interim production financing.

- Adjusted EBITDA[1] decreased by $2.7 million (42%) to $3.7 million and $5.6 million (32%) to $12.1 million for the three and nine months ended March 31, 2023, compared to $6.4 million and $17.7 million for the comparative periods in the prior year. The decrease is attributable to an increase in general and administrative expenses, and the delay of several productions as a result of industry-wide economic factors and the proxy contest.

- In Q3, the Company had 27 programs in various stages of production. Of the 27 programs, 10 were Thunderbird IP and 17 were service productions. One of the service productions is a global IP buyout, where the production was originally optioned by the Company then acquired by the partner with Thunderbird receiving an increased percentage of net profits from merchandising and licensing as a result.

- Thunderbird kids & family content, which is produced under Atomic, was comprised of 19 programs in production for 17 different clients. Productions included *Princess Power* for Netflix, *Marvel's Spidey and His Amazing Friends* (Season 2) for Disney Junior, *CoComelon Lane* for Moonbug for Netflix, *My Little Pony: Make Your Mark* for eOne/Hasbro, *Young Love* for Sony and HBO Max, and *Teenage Euthanasia* (Season 2) for Adult Swim.

- Working for four different clients, Thunderbird unscripted content, which is produced under GPM, was comprised of six unscripted series, including: *Highway Thru Hell* (Season 12) *Heavy Rescue: 401* (Season 7), *Deadman's Curse* (Season 2), *Styled* (Season 2), *Mud Mountain Haulers* (Season 3), and *Dr. Savannah: Wild Rose Vet* (Season 2).

- During the quarter, GPM was in production on *Reginald the Vampire* (Season 2), starring Jacob Batalon, and *Boot Camp,* a scripted production based on the popular Wattpad story by Gina Musa.

- Subsequent to the quarter, Warner Bros. Discovery licensed the new Atomic original series *Mermicorno: Starfall,* produced in partnership with tokidoki, for Max in the U.S. The fully owned IP is also being distributed globally by Thunderbird Distribution and a mass-market consumer products program will be co-managed by Thunderbird and tokidoki.

- In Q3, Thunderbird established a dedicated scripted team based in Los Angeles. Subsequent to Q3, Thunderbird appointed Hillary Zwick Turner to the new role of SVP, Scripted Content, and announced that the Company had optioned New York Times bestselling novel MAD HONEY, co-written by Jodi Picoult and Jennifer Finney Boylan for a premium series adaptation. Thunderbird's scripted team has 13 projects at various stages in the development pipeline.

- During the quarter, Thunderbird also welcomed Lisa Coulman to its Board of Directors.

[1] Free Cash Flow and Adjusted EBITDA are Non-IFRS Measures, see "Non-IFRS Measures" section of this MD&A for their respective definitions and detailed calculations.

SEASONALITY

Results of operations for any period are contingent on the number and size of programs produced and/or delivered. Therefore, the Company's results of operations may fluctuate significantly from period to period and may not be indicative of future periods. Cash flows may also fluctuate and may not be closely correlated with revenue recognition. The Company's revenues vary significantly over the quarters as they can be driven by owned IP deliveries and license period commencement dates with the broadcasters and distributors and therefore are not earned on an even basis throughout the year. The Company is somewhat reliant on the broadcaster's budget and financing cycles and at times the license period will be delayed and commence at a date later than originally projected. In addition, the Company delivers owned IP to OTT streaming platforms which do not have seasonal premiere calendars like traditional broadcasters. Readers of the Financial Statements and this MD&A are therefore cautioned about extrapolating the results for quarterly or annual periods in the financial quarter ended March 31, 2023 or the year ended June 30, 2022, into quarterly or annual expectations in future periods.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected comparative information set out below for the three and nine months ended March 31, 2023 and 2022 has been derived from, and should be read in conjunction with, the Company's unaudited interim condensed consolidated financial statements and accompanying notes.

Financial Position

($000's)		**Mar 31, 2023**		**June 30, 2022**
Total assets	$	190,642	$	223,718
Total non-current liabilities	$	23,873	$	26,834
Shareholders' equity	$	68,921	$	69,823

Results of Operations

	For the three months ended		**For the nine months ended**	
	Mar 31, 2023	**Mar 31, 2022**	**Mar 31, 2023**	**Mar 31, 2022**
($000's, except per share data)	**$**	**$**	**$**	**$**
Revenue	37,281	36,853	128,985	104,879
Expenses	39,531	34,715	131,428	99,462
Net income (loss) for the period	**(2,250)**	**2,138**	**(2,443)**	**5,417**
Foreign currency translation adjustment	(5)	11	(36)	14
Comprehensive net income (loss) for the period	**(2,255)**	**2,149**	**(2,479)**	**5,431**
Basic income (loss) per share	(0.045)	0.043	(0.049)	0.111
Diluted income (loss) per share	(0.045)	0.041	(0.049)	0.105

EBITDA, Adjusted EBITDA and Free Cash Flow

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Net income (loss) for the period	**(2,250)**	**2,138**	**(2,443)**	**5,417**
Income tax expense (recovery)	(183)	788	401	2,827
Deferred income tax expense (recovery)	(198)	242	(1,130)	34
Finance costs				
Interest	618	287	1,547	1,165
Dividends on redeemable preferred shares	7	8	22	31
Amortization				
Property and equipment	550	424	1,699	1,777
Right-of-use assets	3,198	2,160	8,566	5,398
Intangible assets	68	67	203	203
	4,060	3,976	11,308	11,435
EBITDA	**1,810**	**6,114**	**8,865**	**16,852**
Share-based compensation	233	182	574	686
Unrealized foreign exchange loss (gain)	14	90	534	(204)
Loss (gain) on disposal of property and equipment	-	2	(1)	2
Severance costs	-	-	-	208
Proxy contest	1,617	-	2,101	-
Other	-	6	-	108
	1,864	**280**	**3,208**	**800**
Adjusted EBITDA	**3,674**	**6,394**	**12,073**	**17,652**
Cash (outflows) inflows from operations	(13,125)	1,481	23,998	7,126
Purchase of property and equipment	(139)	(1,512)	(1,902)	(3,053)
Net (repayment) advances of interim production financing	(2,550)	(5,165)	(25,750)	10,589
Free Cash Flow	**(15,814)**	**(5,196)**	**(3,654)**	**14,662**

Cash and cash equivalents

($000's)		Mar 31, 2023		Mar 31, 2022
Cash Available for Use[1]	$	5,743	$	9,190
Cash Required for Use in Productions[1]	$	13,708	$	24,062
Total cash and cash equivalents	$	**19,451**	$	**33,252**

[1]Cash Available for Use and Cash Required for Use in Productions are Non-IFRS Measures, see "Non-IFRS Measures" section of this MD&A for their respective definitions.

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.

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. 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. The decrease in Cash Required for Use in Productions from March 31, 2022 to March 31, 2023 is primarily related to cash balances maintained for scripted and unscripted productions.

Revenue

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Production services	32,347	32,179	94,702	87,428
Licensing and distribution	4,934	4,674	34,283	17,451
Total revenue	**37,281**	**36,853**	**128,985**	**104,879**

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 $37.3 million and $129.0 million in the three and nine months ended March 31, 2023, increases of 1% ($0.4 million) and 23% ($24.1 million), respectively, over the comparative periods.

Production services revenue for the three and nine months ended March 31, 2023 increased by 1% ($0.2 million) and 8% ($7.3 million), respectively, over the comparative periods, due to an increase in the size of contracts. This revenue consists primarily of animation production services, which experienced continued growth. The growth in production services revenue 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 of contracts provides consistency in revenue flows. Projects with significant revenues during the quarter include *Princess Power, Marvel's Spidey and His Amazing Friends, My Little Pony, Teenage Euthanasia* and *CoComelon Lane.*

Licensing and distribution revenue increased $0.3 million and $16.8 million, respectively, for the three and nine months ended March 31, 2023, over the comparative periods, due mainly to the distribution of the scripted series *Reginald the Vampire,* and the delivery of 13 episodes of the unscripted series *Heavy Rescue: 401 (*Season 7) in the current quarter. In the comparative quarter, 13 episodes of the unscripted series *Heavy Rescue: 401* (Season 6) and 1 episode of a documentary (*Teenager and the Lost Maya City)* were delivered. Distribution revenue of $1.6 million was also recognized in the comparative quarter due to the sale to FilmRise, for the scripted series *Kim's Convenience* Seasons 1 through 5.

Direct operating

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Direct costs	26,002	25,181	76,341	66,705
Amortization of investment in content	1,947	433	22,712	6,270
Other	500	212	819	372
Total direct operating	**28,449**	**25,826**	**99,872**	**73,347**

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 for the three and nine months ended March 31, 2023 increased 3% ($0.8 million) and 14% ($9.6 million), respectively, over the comparative periods, in line with the increase in the Company's animation production service revenue as described above in the revenue section, and also due to the increase in the number and scope of active service productions in the current periods, production schedule extensions, and additional resources required for production completion.

Amortization of investment in content increased $1.5 million and $16.4 million in the three and nine months ended March 31, 2023, respectively, as compared to the comparative periods, mainly due to the timing of delivery of episodes in Q3 2023 versus Q3 2022 as described above in the revenue section.

Distribution and marketing

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Total distribution and marketing	**309**	**284**	**933**	**777**

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 by 9% and 20%, respectively, for the three and nine months ended March 31, 2023 over the comparative periods. The increase was mainly due to increases in meals, entertainment and travel as in-person attendances to conferences and meetings resumed, offset by decreases in advertising and promotion for the current period.

General and administrative

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Salaries, employee benefits and contractors	3,928	3,071	11,572	9,449
Office and administrative	1,040	1,098	4,466	3,302
Legal and professional fees	1,525	222	2,504	663
Total general and administrative	**6,493**	**4,391**	**18,542**	**13,414**

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

Total general and administrative expenses increased 48% ($2.1 million) and 38% ($5.1 million), respectively, for the three and nine months ended March 31, 2023 over the comparative periods. Salaries and contractor fees increased 28% ($0.9 million) and 22% ($2.1 million), respectively, for the three and nine months ended March 31, 2023 to facilitate continued growth and remain competitive. Office and administrative expenses decreased 5% ($0.1 million) and increased 35% ($1.2 million), respectively, over the comparative periods due mainly to increased computer maintenance and software licenses, due partially to inflation and supply chain challenges, and additional office expenses due to employees returning back to the office. Legal and professional fees increased $1.3 million and $1.8 million, respectively, over the comparative periods due to legal costs related to the proxy contest.

Share-based compensation

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Total share-based compensation	**233**	**182**	**574**	**686**

Share-based compensation expense was $0.2 million and $0.6 million for the three and nine months ended March 31, 2023, compared to $0.2 million and $0.7 million in the comparative periods. The increase for the quarter is due to stock options granted in the current quarter while none were granted in the comparative quarter. The decrease for the current nine-month period is due to the timing of the vesting for stock option grants offset by Restricted Stock Units ("RSUs") issued.

Amortization

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Amortization of intangible assets	68	67	203	203
Amortization of property and equipment	550	424	1,699	1,777
Amortization of right-of-use assets	3,198	2,160	8,566	5,398
Total amortization	**3,816**	**2,651**	**10,468**	**7,378**

Amortization of property and equipment increased 30% ($0.1 million) and decreased 4% ($0.1 million), respectively, for the three and nine months ended March 31, 2023 over the comparative periods. The current quarter was higher due to an increase in leasehold improvements due to new and renovated production and corporate office spaces, as well as due to the purchase of computer equipment to accommodate studio and crew expansion.

Amortization of right-of-use assets increased 48% ($1.0 million) and 59% ($3.2 million), respectively, for the three and nine months ended March 31, 2023 over the comparative periods. This is due to an increase in computer hardware, servers and equipment contracts designated as leases under IFRS 16 *Leases* to support the animated productions.

Finance costs

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Dividends on redeemable preferred shares	7	8	22	31
Interest on interim production financing	347	38	796	316
Interest on lease obligations[1]	356	302	1,096	962
Interest income	(85)	(34)	(333)	(55)
Interest income on lease receivable	-	(19)	(12)	(58)
Realized foreign exchange gain on interim production financing	-	-	(4)	-
Unrealized foreign exchange (gain) loss on interim production financing	(2)	(65)	128	54
Total finance costs	**623**	**230**	**1,693**	**1,250**

[1]Included in interest on lease obligations for the three and nine months ended March 31, 2023 is interest related to non-finance leases of $349 and $1,071, respectively (three and nine months ended March 31, 2022 - $285 and $899, respectively).

Finance expenses include interest expense, dividends and foreign exchange gains and losses on loans, net of interest income. Finance expenses increased by 171% and 35%, respectively, for the three and nine months ended March 31, 2023 over the comparative periods. The increase in finance costs for the quarter was mainly due to the increase of loan interest paid, due in part by variable interest on RBC Prime + % loans, and partially offset by interest income earned on tax credits.

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

Foreign exchange (gain) loss

	For the three months ended		For the nine months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
($000's)	$	$	$	$
Realized foreign exchange (gain) loss	(16)	(36)	(274)	39
Unrealized foreign exchange (gain) loss	5	155	350	(292)
Total foreign exchange (gain) loss	**(11)**	**119**	**76**	**(253)**

Foreign exchange (gain) loss includes both realized and unrealized gains and losses from foreign currency transactions. Foreign exchange gain increased by $0.1 million and decreased by $0.3 million, respectively, for the three and nine months ended March 31, 2023 over the comparative periods. The change in realized foreign exchange gain for the current quarter is mainly related to the receipts of U.S. dollar receivables from production service agreements with budget rates lower than the current spot rate. The change in unrealized foreign exchange loss for the current quarter is mainly due to the revaluation of foreign currency trade receivables and U.S. dollar bank balances to the current spot rate at quarter end.

QUARTERLY FINANCIAL INFORMATION

($000's, except per share data)	**Q3 2023 $**	**Q2 2023 $**	**Q1 2023 $**	**Q4 2022 $**	**Q3 2022 $**	**Q2 2022 $**	**Q1 2022 $**	**Q4 2021 $**
Revenue	37,281	47,958	43,746	44,119	36,853	32,954	35,072	26,097
Net income (loss)	(2,250)	(287)	94	(1,819)	2,138	1,393	1,886	(887)
Basic earnings (loss) per share	(0.045)	(0.006)	0.002	(0.037)	0.043	0.028	0.039	(0.018)
Diluted earnings (loss) per share	(0.045)	(0.006)	0.002	(0.037)	0.041	0.027	0.037	(0.018)

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

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

The increase in net loss in the third quarter of 2023 comparted to the second quarter of 2023 was due to a decrease in distribution revenue, the delivery of fewer IP projects in the third quarter than the second quarter, and a slight decrease in production services revenues.

The increase in net loss in the second quarter of 2023 compared to the first quarter of 2023 was due to the delivery of fewer IP projects in the second quarter than the first quarter, offset by growth in production services projects.

The increase in net income in the first quarter of 2023 compared to the fourth quarter of 2022 was due to an increase in deliveries of IP projects in the current quarter, offset by a decrease in library revenue and a slight decrease in production services revenues.

The decrease in net income in the fourth quarter of 2022 compared to the third quarter of 2022 was due to a decrease in distribution revenue, offset by deliveries of IP projects and growth in production services projects.

The increase in net income in the third quarter of 2022 compared to the second quarter of 2022 was due to the delivery of more IP projects in the third quarter than in the second quarter, as well as due to the recording of a large distribution contract. Also, there was continued growth in production services projects.

The decrease in net income in the second quarter of 2022 compared to the first quarter of 2022 was due to the delivery of fewer IP projects in the current quarter than the first quarter, offset by growth in production services projects.

The increase in net income from continuing operations in the first quarter of 2022 compared to the fourth quarter of 2021 was a result of the delivery of IP projects in the first quarter compared to no IP projects being delivered in the fourth quarter. In addition, there was continued growth in production services.

FINANCIAL CONDITION

($000's)		Mar 31, 2023		June 30, 2022
Cash and cash equivalents	$	19,451	$	30,178
Accounts receivable		99,652		105,953
Investment in content		22,129		35,955
Property and equipment		28,759		29,735
Goodwill and intangible assets		12,875		13,078
Other assets		7,776		8,819
Total assets	$	190,642	$	223,718
Accounts payable and accrued liabilities	$	35,218	$	28,971
Interim production financing		31,703		57,299
Lease obligations		25,753		27,970
Deferred revenue		23,997		33,782
Other liabilities		5,050		5,873
Total liabilities	$	121,721	$	153,895
Shareholders' equity	$	68,921	$	69,823

The above table summarizes certain information with respect to the Company's capitalization and financial position as at March 31, 2023 and June 30, 2022.

Total assets were $190.6 million as at March 31, 2023, a decrease of $33.1 million compared to $223.7 million as at June 30, 2022. The decrease is primarily due to decreases in cash, accounts receivable, and investment in content. The decrease in cash is consistent with the decrease in interim production financing and deferred revenue. Tax credit receivables, included in accounts receivable, have decreased by $8.2 million due to the timing and completion of productions. The decrease in investment in content of $13.9 million is mainly due to the increase in the number and timing of deliveries of IP projects, and the related amortization.

Total liabilities were $121.7 million as at March 31, 2023, a decrease of $32.2 million compared to $153.9 million as at June 30, 2022. The decrease is mainly due to a decrease in interim production financing, offset by an increase in accounts payable. The increase in accounts payable and accrued liabilities is consistent with the increased magnitude of productions in progress. Tax credit advances payable to clients (included in accounts payable and accrued liabilities) increased $10.5 million and are related to the tax credit receivables above. The decrease in interim production financing is due to repayments of $42.6 million during the period.

Shareholders' equity was $68.9 million as at March 31, 2023, a decrease of $0.9 million compared to $69.8 million as at June 30, 2022. The deficit increased $2.4 million due to a net loss of $2.4 million and common shares increased $1.5 million through the exercise of stock options.

LIQUIDITY

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

As at March 31, 2023 the Company has a cash balance of $19.5 million, as compared to cash of $30.2 million at June 30, 2022.

Net cash flows

	Nine months ended Mar 31	
	2023	2022
($000's)	$	$
Cash inflows (outflows) by activity:		
Operating activities	23,998	7,126
Financing activities	(32,926)	6,436
Investing activities	(1,896)	(3,037)
Effect of exchange rate changes on cash	97	307
Net cash inflows (outflows)	**(10,727)**	**10,832**

Cash flows from operating activities in the nine months ended March 31, 2023 provided cash of $24.0 million, compared to $7.1 million in the comparative period. During Q3 2023 cash provided by operation activities included amortization of $33.2 million, compared to $13.6 million in Q3 2022, mainly due to an increase in amortization of investment in content and right-of-use assets, as well as a working capital inflow of $0.8 million, compared to an inflow of $7.0 million in Q3 2022, due mainly to the increase of accounts receivable, timing of payments, decrease of deferred revenue and other receipts.

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 $32.9 million in the nine months ended March 31, 2023 as compared to providing $6.4 million in the comparative period. The increase in cash outflows is due predominantly to loan repayments offset by the proceeds of loans.

Cash flows from investing activities pertains to property and equipment purchases. During the nine months ended March 31, 2023, the Company purchased property and equipment, primarily computer equipment, totalling approximately $1.9 million as compared to $3.1 million in the comparative period.

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. 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 of Directors and the quarterly reforecasts are reviewed by the Board of Directors.

The Company has a credit agreement with the Royal Bank of Canada ("RBC") which provides the Company access to funding through distinct credit facilities.

- A $5.0 million revolving term loan for bridging production financing of productions being produced prior to closing of an applicable production facility. This bears interest at RBC's prime rate plus 1.25%, secured by a General Security Agreement, and must be repaid on the earlier of 15 days after the individual production financing close or 180 days from the first drawdown. As at March 31, 2023, the Company had repaid the prior draws.
- A $3.0 million revolving un-margined line of credit, bearing interest at RBC's prime rate plus 1.25%, secured by a General Security Agreement, and repayable on demand. As at March 31, 2023, the Company had repaid the prior draws.
- A five-year $10.0 million non-revolving term loan, to be used to finance the acquisition of select media companies, at an interest rate of RBC's prime rate plus 0.50%, secured by a General Security Agreement. Repayments include an annual cash flow sweep of 5% of Thunderbird's EBITDA due within 120 days of the fiscal year-end. As at March 31, 2023, this facility had not been drawn upon.

- A $40.0 million revolving production operating line of credit at an interest rate of RBC's prime rate plus 0.5% and secured by a General Security Agreement and assignment of federal and provincial tax credits. Interest only is payable monthly in arrears with the principal repayment to be made upon the receipt of the tax credits for each single purpose production company. As at March 31, 2023, the Company had drawn down $13.1 million.

Under the terms of the RBC credit facilities, the Company is required to meet certain covenants. As at March 31, 2023, 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, 2022.

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

Credit risk

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

The Company's customers are considered to have low default risk and the historical default rate and frequency of loss are low, therefore the lifetime expected credit loss allowance for trade receivables is nominal as at March 31, 2023.

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 17 of the audited consolidated financial statements for June 30, 2022 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	34,351	-	-	34,351
Income taxes payable	867	-	-	867
Interim production financing	31,703	-	-	31,703
Deferred revenue	23,997	-	-	23,997
Lease obligations	6,563	8,774	10,416	25,753
Redeemable preferred shares	465	116	-	581
	97,946	**8,890**	**10,416**	**117,252**

The Company now has the option to retract the redeemable preferred shares at a value of $1.00 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 $1.00 per share. The Company also pays an annual dividend of $0.07 per preferred share.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's net income and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i. **Interest rate risk**
Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its interim production financing which bears a floating interest rate. The Company has no interest rate hedges or swaps outstanding at March 31, 2023.

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 has engaged in certain foreign exchange hedging activities (foreign contracts on foreign currency client payments) and 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.

TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES
In the comparative nine-month period ended March 31, 2022, consulting fees of $55 were paid to companies owned by a former director (Brian Paes-Braga: Valola Holdings Corp. and Quiet Cove Capital (UK) Corp Ltd.).

At March 31, 2023, $99 (2022 - $91) was due from the Chief Creative Officer and President (Matthew Berkowitz).

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.

Key management personnel compensation
Key management includes directors and former directors, as well as the Chief Executive Officer and Chair (Jennifer Twiner McCarron), Chief Financial Officer (Barb Harwood), Chief Operating Officer, General Counsel and Corporate Secretary (Sarah Nathanson), Chief Creative Officer and President and former Chair (Brian Paes-Braga). The remuneration of directors and officers is as follows:

	For the three months ended		**For the nine months ended**	
	Mar 31, 2023	**Mar 31, 2022**	**Mar 31, 2023**	**Mar 31, 2022**
($000's)	**$**	**$**	**$**	**$**
Short-term benefits	882	622	2,296	1,927
Share-based payments	103	70	228	223
Total key management personnel compensation	**985**	**692**	**2,524**	**2,150**

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, 2022, filed on www.sedar.com. 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 "Significant Accounting Policies" note 3 in the Annual Financial Statements for the year ended June 30, 2022, except for the new accounting policy adopted and described below.

Restricted share units

Share-based compensation expense relates to stock options as well as cash settled restricted share units ("RSUs"). For cash settled RSUs, the fair value of the RSUs is recognized as share-based compensation expense, with a corresponding increase in accrued liabilities over the vesting period, using the graded vesting method. The amount recognized as an expense is based on the estimate of the number of RSUs expected to vest. Cash settled RSUs are measured at their fair value at each reporting period on a mark-to-market basis. Upon vesting of the cash settled RSUs, the liability is reduced by the cash payout.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current quarter 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, as supplemental indicators of our operating performance and financial position. 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, Cash Available for Use, and Cash Required for Use in Productions.

"EBITDA" is calculated based on earnings before interest, income taxes, and depreciation and amortization. "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. EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and therefore do not have a standardized meaning prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.

"Free Cash Flow" ("FCF") is calculated based on cash flows from operations, purchase of property and equipment and net interim production financing. FCF represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets.

"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.

"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.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at May 24, 2023 the Company had the following common and preferred shares and stock options outstanding.

Common Shares	49,933,487
Preferred Shares – redeemable class A[1]	415,000
Stock Options	3,406,500

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

Directors and Officers as at March 31, 2023

Directors

Jennifer Twiner McCarron	CEO, Director, Chair
Mark Trachuk	Lead Director
Lisa Coulman	Director
Asha Daniere	Director
Azim Jamal	Director
Jerome Levy	Director
Linda Michaelson	Director

Officers

Jennifer Twiner McCarron	CEO, Director
Barb Harwood	CFO
Sarah Nathanson	COO, General Counsel, Corporate Secretary
Matthew Berkowitz	CCO, President