

THUNDERBIRD ENTERTAINMENT

Thunderbird Entertainment Group Inc.

Management's Discussion and Analysis

For the years ended June 30, 2023 and 2022

GENERAL

This Management's Discussion and Analysis ("MD&A") dated October 4, 2023 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, 2023 and 2022 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.

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 ("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 our Annual Financial Statements. The Company discusses these measures because it believes that they assist the reader in better understanding operations and key financial results.

FORWARD-LOOKING STATEMENTS

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

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

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 Company's desire to be a purpose-led, people-first, net positive company; moving the industry and the business community forward; opportunities to maximize shareholder value, evaluating unsolicited inbound expressions of interest received by the Company, the potential sale of Thunderbird and proactive engagement with any such opportunity; strategic initiatives materializing; the proposed NCIB and additional details being announced in a subsequent news release; forecasted growth in revenue, AEBITDA and CAGR; AEBITDA margin expansion; greenlit animated IP projects contributing to net income starting in fiscal 2025; the slowdown in greenlights impacting the Company's outlook for the next fiscal year; production of a mass market toy line; plans for global distribution sales and mass market licensing of

Mermicorno: Starfall to come to fruition, MAD HONEY being adapted into a premium series being greenlit; and Thunderbird Brands contributing to the Company'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; 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.

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

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; market segment conditions; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; product capability and acceptance; international risk and currency exchange rates; and technology changes. An assessment of these risks that could cause actual results to materially differ from current expectations is contained in the "Risks and Uncertainty" section of this MD&A. The foregoing is not an exhaustive list. Additional risks and uncertainties not presently known to Thunderbird or that management believes to be less significant may also adversely affect the Company. 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.

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 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 Business in Vancouver'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.

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.

In fiscal 2023, Thunderbird also began development of a robust environmental, social, and corporate governance ("ESG") action plan and roadmap to reflect the Company's desire to be a purpose-led, people-first, net positive company. While this is a long-term initiative, Thunderbird has already taken significant steps forwards, including the appointment of a dedicated sustainability manager, implementation of carbon tracking and reduction targets, establishing our Kids and Family division (Atomic Cartoons) as a registered Benefit Corporation, exploring sustainability in storytelling initiatives and extensive engagement with buyers and funders on upcoming sustainability disclosures. We're also working to move our industry and the business community forward through partnerships with B Labs (U.S.), Reel Green (Creative BC) and the Canadian Media Producer's Association, and more.

POST PANDEMIC BUSINESS TRANSFORMATION

Thunderbird was operational and maintained all production deliverables throughout the pandemic, with team members working from home. COVID-19 intensified the demand for content, and Thunderbird scaled up to meet production demands. The pandemic has transformed business operations as the Company is no longer constrained by geographic location or studio space and can scale up accordingly to meet production needs.

Thunderbird has implemented a hybrid working structure, which also allows team members to create working environments to meet their unique needs.

STRATEGIC REVIEW ADVISORY COMMITTEE UPDATE

Pursuant to the Cooperation Agreement between Thunderbird and Voss Capital, LLC ("Voss"), detailed in the Company's January 19, 2023 news release, Thunderbird formed a Strategic Advisory Committee ("Committee"), which is composed of three directors (including two of the independent directors put forward by Voss) and a Voss-appointed non-voting observer.

Since March 2023, the Committee has been assessing Thunderbird's capital allocation strategy and all opportunities to maximize shareholder value for ultimate recommendation to the Board. Part of this work has involved working alongside ACF Investment Bank to evaluate any unsolicited inbound expressions of interest that may be received by the Company from time to time and handle the potential sale of Thunderbird in the event that an offer is received that meets our standard for shareholder value creation.

The Committee's most recent analysis has indicated a considerable difference between the Company's internal assessment of Thunderbird's valuation, based on management's line of sight on production services bookings, promising owned IP pipeline, and expectations for margin expansion, versus the valuation that prospective buyers might be willing to currently offer given negative macro environment in the media industry. The Committee believes that this discrepancy does not reflect the true potential and long-term value of the Company. As such, it is in the best interest of the Company and its respective shareholders to wait until Thunderbird's strategic initiatives begin to materialize to demonstrate its true worth. While the Committee will continue to evaluate any unsolicited inbound

expressions of interest in Thunderbird, this approach will ensure that when proactive engagement begins with such opportunities, it will be from a position of strength, ensuring maximum value for shareholders.

In the interim, the Board has approved pursuing the implementation of a normal course issuer bid (the “NCIB”), pursuant to which the Company may repurchase its own common shares through the facilities of the TSXV, as may be permitted by the TSXV and applicable securities laws. Implementation of an NCIB remains subject to obtaining the prior acceptance of the TSXV. Further details regarding the proposed NCIB will be provided in a subsequent news release as they become available.

OUTLOOK

With the majority of its forecasted service revenue contracted for the year, management is targeting double-digit revenue growth in fiscal 2024 as well as meaningful growth to AEBITDA¹ to return to levels attained prior to fiscal 2023.

Looking to the next few years, the Company anticipates a double-digit compound annual revenue growth rate (“CAGR”)¹ from fiscals 2023 to 2026, with forecasted revenue of approximately \$220M in fiscal 2026 (fiscals 2021 to 2023 revenue CAGR¹ of 22%). Additionally, management is targeting AEBITDA Margin¹ growth with double-digit margins projected in fiscals 2025 and 2026. The Company greenlit multiple animated IP projects in fiscal 2023, all of which are currently in production, which are projected to contribute to net income starting in fiscal 2025.

Management is, however, mindful of the current industry challenges. Uncertain conditions including cost cutting from major buyers has led to a slowdown in greenlights which could impact the Company’s outlook for the next fiscal year. Thunderbird continues to focus on strategic priorities of growing key brands and investing in owned IP while continuing to expand and deliver consistent service revenue from a robust slate of returning and new series. To address the uncertain market conditions, the Company is committed to maintaining a strong balance sheet and prudently managing our cost base while pursuing sustainable growth.

¹ CAGR and AEBITDA Margin are Non-IFRS Measures, see “Non-IFRS Measures” section of this MD&A for their respective definitions, detailed calculations, and detailed reconciliations.

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.

In June 2023, Thunderbird formalized its consumer products and licensing operations under a new Thunderbird Brands banner, debuting four properties at *Licensing Expo*: *Mermicorno: Starfall*, *Highway Thru Hell*, *The Last Kids on Earth*, and *Mittens & Pants* – which is a Thunderbird acquisition. This team intends to build out its slate of owned IP including cross media exploitation and will also acquire and distribute premium third-party titles.

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+, Corus, 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. 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* is one of the longest-running, unscripted series in Canada, with Season 12 premiering in August 2023. The longevity of the series underpins Thunderbird's reputation for developing quality content.

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 1 debuted on both platforms in October 2022. This series has been renewed for a second season, with production wrapping in fiscal 2023. 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 develop content focused on authentic Indigenous characters and stories. For example, Wapanatahk Media produced *Dr. Savannah: Wild Rose Vet*, which airs on APTN. The first season of this series followed the adventures of Dr. Savannah Howse-Smith, a Métis veterinarian based in rural Alberta.

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 projects at various stages in the development pipeline.

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 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 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 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 provides 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 provide the Company with stable cashflows and help mitigate the financial statement impact of the timing of episodic IP deliveries.

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.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE AND TWELVE MONTHS ENDED JUNE 30, 2023

- Revenue decreased from \$44.1 million to \$37.7 million and increased from \$149.0 million to \$166.7 million for the three months and year ended June 30, 2023, as compared to the comparative periods in the prior year, variances of \$6.4 million (14%) and \$17.7 million (12%) respectively. Both the number of episodes of IP projects delivered and recognized and the magnitude of production services projects have increased year-over-year (125 total half hours of IP deliveries in the current year compared to 120 total half hours in the prior year).
- Free Cash Flow¹ increased from (\$0.7) million to \$8.0 million and decreased from \$13.9 million to \$4.3 million for the three months and year ended June 30, 2023, as compared to the prior year, variances of \$8.7 million (1169%) and \$9.6 million (69%) respectively. The decrease for the annual period is primarily due to the repayment of interim production financing offset by positive changes in working capital.
- AEBITDA¹ decreased from \$2.4 million to \$0.7 million and from \$20.1 million to \$12.8 million for the three months and year ended June 30, 2023, as compared to the prior year, variances of \$1.7 million (71%) and \$7.3 million (36%) respectively. The decrease is attributable to an increase in general and administrative expenses and industry-wide economic factors resulting in the delay of several productions.
- At June 30, 2023, the Company had 28 programs in various stages of production and was working with 24 clients. Of the 28 programs in production, 10 were Thunderbird IP, and 18 were service productions. One of the service productions is a global IP buyout.
- Thunderbird Kids & Family, producing under the Atomic brand, was in production on several animated series throughout fiscal 2023 including: *Oddballs* for Netflix, *Molly of Denali* (Season 4) for GBH/PBS, *CoComelon Lane* for Moonbug for Netflix, *Marvel's Spidey and His Amazing Friends* (Season 2) for Disney Junior, *My Little Pony: Make Your Mark* for eOne/Hasbro, *Young Love* for Sony and Max, *Teenage Euthanasia* (Season 2) for Adult Swim, and *Little Demon* for FX Network, among others.
- In fiscal 2023, *Princess Power*, a global IP buyout production for Netflix that Atomic developed with Allison Oppenheim, Savannah Guthrie and Drew Barrymore's Flower Films, premiered, receiving significant media coverage in outlets such as *People*, *TODAY*, *Nightly News Kids*, and *Entertainment Tonight*.
- Also in fiscal 2023, Atomic commenced production on the first 26 x 22-minute episode season of the children's series *Mermicorno: Starfall*, inspired by tokidoki's hit toy brand of the same name. Atomic is producing this series as original IP in partnership with tokidoki. Warner Bros. Discovery has acquired the exclusive US television rights and plans are underway for global distribution sales and a mass-market licensing program.
- Thunderbird Unscripted, producing under the GPM brand, was in production on several unscripted series in fiscal 2023, including: *Heavy Rescue: 401* (Season 7), *Deadman's Curse* (Season 1), *Styled* (Season 2), *Dr. Savannah: Wild Rose Vet* (Season 2); *After the Storm* (documentary for Discovery); and *Highway Thru Hell* (Season 11).
- GPM was also in production on two scripted programs in fiscal 2023. It acquired the film and TV rights to the Wattpad property *Boot Camp* and produced a movie of the week based on the property. GPM also worked on *Reginald the Vampire*, which debuted its first season in October 2022 on Syfy (US) and Amazon Prime Video (Canada). GPM recently wrapped production on season two of this series.
- In fiscal 2023, GPM owned-IP *Deadman's Curse* (Season 1) premiered on History Channel. The series ranked as one of the top 10 Canadian original specialty series. The companion podcast, *Deadman's Curse: Slumach's Gold*, also premiered and hit number 4 on Apple's History charts. Production on Seasons 2 and 3 is also underway.

- Thunderbird appointments during fiscal 2023 included Marsha Newbery being appointed to the new role of Vice President, Sustainability & Business Affairs at Thunderbird to oversee the Company's ESG efforts, Hillary Zwick Turner to the new role of SVP, Scripted Content, and Mike Armitage joining GPM as VP of Development.
- In fiscal 2023, Thunderbird launched a scripted team based in Los Angeles, with several scripted projects representing an array of *New York Times* bestselling books and award-winning authors, at various stages in the development pipeline. Of note is MAD HONEY, co-written by Jodi Picoult and Jennifer Finney Boylan, MAD HONEY will be adapted by Thunderbird for a premium series.

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

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, 2023, into quarterly or annual expectations in future years.

SELECTED ANNUAL COMPARATIVE INFORMATION

The selected comparative information set out below for the years ended June 30, 2023, 2022 and 2021 has been derived from, and should be read in conjunction with, the Company's audited consolidated financial statements and accompanying notes for the respective periods.

Financial Position

(\$000's)	June 30, 2023		June 30, 2022		June 30, 2021	
Revenue	\$	166,730	\$	148,998	\$	111,519
Net income (loss) from operations	\$	(5,011)	\$	3,598	\$	5,690
Basic income (loss) per share	\$	(0.101)	\$	0.073	\$	0.119
Total assets	\$	215,854	\$	223,718	\$	160,144
Total non-current liabilities	\$	23,960	\$	26,834	\$	26,828
Shareholders' equity	\$	66,670	\$	69,823	\$	63,960

Results of Operations

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Revenue	37,745	44,119	166,730	148,998
Expenses	40,314	45,939	171,741	145,400
Net income (loss) for the period	(2,569)	(1,820)	(5,011)	3,598
AEBITDA¹	687	2,409	12,761	20,061
AEBITDA Margin¹	1.0%	5.5%	7.7%	13.5%
Free Cash Flow¹	7,984	(747)	4,331	13,917

¹ AEBITDA, AEBITDA Margin and Free Cash Flow are Non-IFRS Measures, see "Non-IFRS Measures" section of this MD&A for their respective definitions, detailed calculations, and detailed reconciliations.

Revenue

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Production services	32,139	32,500	126,840	119,928
Licensing and distribution	5,606	11,619	39,890	29,070
Total revenue	37,745	44,119	166,730	148,998

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 \$37.7 million and \$166.7 million in the three months and year ended June 30, 2023, a decrease of 14% (\$6.4 million) and an increase of 12% (\$17.7 million), respectively, over the comparative periods.

Production services revenue for the three months and year ended June 30, 2023 decreased by 1% (\$0.4 million) and increased by 6% (\$6.9 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 decreased by 52% (\$6.3 million) and increased 37% (\$10.8 million), respectively, for the three months and year ended June 30, 2023, over the comparative periods, due mainly to the timing of deliveries. In the current quarter, distribution revenue was recognized from the delivery of the movie of the week *Boot Camp*. In the comparative quarter, 4 episodes of the scripted series *Reginald the Vampire* and 19 episodes of two unscripted series *Gut Job* and *Styled* (Season 1) were delivered.

Direct operating

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Direct costs	25,180	25,431	101,521	92,136
Amortization of investment in content	4,086	10,854	26,799	17,124
Other	653	102	1,472	474
Total direct operating	29,919	36,387	129,792	109,734

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 months and year ended June 30, 2023 decreased 1% (\$0.3 million) and increased 10% (\$9.3 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.

Amortization of investment in content decreased 62% (\$6.8 million) and increased 56% (\$9.6 million) in the three months and year ended June 30, 2023, respectively, as compared to the comparative periods, mainly due to the timing of delivery of episodes in Q4 2023 versus Q4 2022 as described above in the revenue section.

Distribution and marketing

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Total distribution and marketing	318	424	1,249	1,201

Distribution and marketing expenses include expenses related to the distribution of the Company's content library to third parties, investor relations, advertising and promotion, donations, attendance at forums, conferences and film markets, and the travel and meals related to such. Distribution and marketing expenses decreased by 25% and increased by 4%, respectively, for the three months and year ended June 30, 2023 over the comparative periods. The decrease in the current quarter was mainly due to decreases in investor relations, advertising and promotion and travel as fewer conferences and conventions were attended.

General and administrative

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Salaries, employee benefits and contractors	6,009	3,888	17,581	13,337
Office and administrative	1,017	1,214	5,483	4,483
Legal and professional fees	354	444	2,858	1,141
Total general and administrative	7,380	5,546	25,922	18,961

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

Total general and administrative expenses increased 33% (\$1.8 million) and 37% (\$7.0 million), respectively, for the three months and year ended June 30, 2023 over the comparative periods. Salaries and contractor fees increased 55% (\$2.1 million) and 32% (\$4.2 million), respectively, for the three months and year ended June 30, 2023 to facilitate continued growth and support company expansion. Office and administrative expenses decreased 16% (\$0.2 million)

and increased 22% (\$1.0 million), respectively, over the comparative periods. While the current quarter has decreased somewhat, the increase in the year over year period is due mainly to increased computer maintenance and software licenses, due partially to the growth in staff, and also inflation and supply chain challenges, and additional office expenses due to employees returning back to the office. Legal and professional fees decreased \$0.1 million and increased \$1.7 million, respectively, over the comparative periods due to legal costs related to the proxy contest.

Share-based compensation

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Total share-based compensation	260	252	834	938

Share-based compensation expense was \$0.3 million and \$0.8 million for the three months and year ended June 30, 2023, compared to \$0.3 million and \$0.9 million in the comparative periods. The decrease for the current year is due to the timing of the vesting for stock option grants offset by restricted share units ("RSUs") granted.

Amortization

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Amortization of intangible assets	67	67	270	270
Amortization of property and equipment	348	535	2,047	2,311
Amortization of right-of-use assets	2,372	2,829	10,938	8,227
Total amortization	2,787	3,431	13,255	10,808

Amortization of property and equipment decreased 35% (\$0.2 million) and 11% (\$0.3 million), respectively, for the three months and year ended June 30, 2023 over the comparative periods. The current quarter and year-end periods were lower due to a decrease in the purchases of computer equipment in the current quarter.

Amortization of right-of-use ("ROU") assets decreased 16% (\$0.5 million) and increased 33% (\$2.7 million), respectively, for the three months and year ended June 30, 2023 over the comparative periods. While the acquisition of ROU assets at the end of the current quarter resulted in a decrease in the amortization booked for the period, the year over year increase is due to an increase in computer hardware, servers and equipment contracts designated as leases under IFRS 16 *Leases* acquired throughout the year to support the animated productions.

Finance costs

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Dividends on redeemable preferred shares	7	8	29	39
Interest on interim production financing	491	14	1,287	330
Interest on lease obligations ¹	329	351	1,425	1,313
Interest income	(27)	(7)	(360)	(61)
Interest income on lease receivable	-	(18)	(12)	(77)
Realized foreign exchange gain on interim production financing	-	(575)	(4)	(575)
Unrealized foreign exchange (gain) loss on interim production financing	(41)	700	87	754
Total finance costs	759	473	2,452	1,723

¹Included in interest on lease obligations for the three months and year ended June 30, 2023 is interest related to non-finance leases of \$320 and \$1,391, respectively (three months and year ended June 30, 2022 - \$338 and \$1,237, respectively).

Finance costs include interest expense, dividends and foreign exchange gains and losses on loans, net of interest income. Finance costs increased by 60% and 42%, respectively, for the three months and year ended June 30, 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 and net foreign exchange gains on interim production financing, due to the repayment of large foreign currency-based loans in the current year.

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

Foreign exchange (gain) loss

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Realized foreign exchange (gain) loss	95	(46)	(179)	(7)
Unrealized foreign exchange (gain) loss	(146)	55	204	(237)
Total foreign exchange (gain) loss	(51)	9	25	(244)

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 months and year ended June 30, 2023 over the comparative periods. The change in realized foreign exchange gain for the fiscal year 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 fiscal year is mainly due to the revaluation of foreign currency trade receivables and U.S. dollar bank balances to the current spot rate at year end.

QUARTERLY FINANCIAL INFORMATION

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
(\$000's, except per share data)	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	37,745	37,281	47,958	43,746	44,119	36,853	32,954	35,072
Net income (loss)	(2,569)	(2,250)	(285)	93	(1,820)	2,138	1,393	1,887
Basic earnings (loss) per share	(0.051)	(0.045)	(0.006)	0.002	(0.037)	0.043	0.028	0.039
Diluted earnings (loss) per share	(0.051)	(0.045)	(0.006)	0.002	(0.037)	0.041	0.027	0.037

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 fourth quarter of 2023 compared to the third quarter of 2023 was the result of an increase in general and administration costs and amortization, due to timing of deliveries in the current quarter, and the delivery of fewer IP projects in the third quarter than the fourth quarter.

The increase in net loss in the third quarter of 2023 compared 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.

FINANCIAL CONDITION

(\$000's)	June 30, 2023		June 30, 2022	
Cash and cash equivalents	\$	25,364	\$	30,178
Accounts receivable		110,679		105,953
Investment in content		31,414		35,955
Property and equipment		26,621		29,735
Goodwill and intangible assets		12,808		13,078
Other assets		8,968		8,819
Total assets	\$	215,854	\$	223,718
Accounts payable and accrued liabilities	\$	38,756	\$	28,971
Interim production financing		50,387		57,299
Lease obligations		24,102		27,970
Deferred revenue		30,381		33,782
Other liabilities		5,558		5,873
Total liabilities	\$	149,184	\$	153,895
Shareholders' equity	\$	66,670	\$	69,823

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

Total assets were \$215.9 million as at June 30, 2023, a decrease of \$7.8 million compared to \$223.7 million as at June 30, 2022. The decrease is primarily due to decreases in cash, investment in content and property and equipment, offset by an increase in accounts receivable. The decrease in cash is consistent with the decrease in interim production financing and deferred revenue, partially offset by the increase in accounts payable. Tax credit receivables, included in accounts receivable, have increased by \$4.3 million due to the timing and completion of productions. The decrease in investment in content of \$4.6 million is mainly due to the number and timing of deliveries of IP projects, and the related amortization.

Total liabilities were \$149.2 million as at June 30, 2023, a decrease of \$4.7 million compared to \$153.9 million as at June 30, 2022. The decrease is mainly due to a decrease in interim production financing, lease obligations and deferred revenue, 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 \$11.6 million and are related to the tax credit

receivables above (the Company claims and collects tax credits on behalf of some of its clients). The decrease in interim production financing is due to repayments of \$44.2 million during the year.

Shareholders' equity was \$66.7 million as at June 30, 2023, a decrease of \$3.1 million compared to \$69.8 million as at June 30, 2022. The deficit increased \$5.0 million due to a net loss of \$5.0 million and common shares increased \$1.9 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 June 30, 2023 the Company has a cash balance of \$25.4 million, as compared to cash of \$30.2 million at June 30, 2022.

Net cash flows

	For the year ended June 30	
	2023	2022
(\$000's)	\$	\$
Cash inflows (outflows) by activity:		
Operating activities	13,182	(5,562)
Financing activities	(16,459)	16,868
Investing activities	(1,740)	(4,115)
Effect of exchange rate changes on cash	203	567
Net cash inflows (outflows)	(4,814)	7,758

Cash flows from operating activities in the year ended June 30, 2023 provided cash of \$13.2 million, compared to using \$5.6 million in the comparative year. During fiscal 2023 cash provided by operation activities included amortization of \$40.1 million, compared to \$27.9 million in fiscal 2022, mainly due to an increase in amortization of investment in content and right-of-use assets, as well as a working capital outflow of \$0.9 million, compared to an outflow of \$7.5 million in fiscal 2022, due mainly to the increase of accounts receivable and accounts payable, timing of payments and other receipts. Cash outflows relating to investment in content included outflows of \$21.4 million, compared to \$30.8 million in fiscal 2022.

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 \$16.5 million in the year ended June 30, 2023 as compared to providing \$16.9 million in the comparative year. 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 year ended June 30, 2023, the Company purchased property and equipment, primarily computer equipment, totalling approximately \$1.8 million as compared to \$4.1 million in the comparative year.

The following table summarizes the Cash Available for Use¹ and Cash Required for Use in Productions¹ to the total cash and cash equivalents for the years ended June 30, 2023 and 2022. Cash Available for Use¹ is defined as the total cash and cash equivalents of the Company less Cash Required for Use in Productions¹. Cash Available for Use¹ 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 Productions¹ 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 Productions¹ from June 30, 2022 to June 30, 2023 is primarily related to cash balances maintained for animation production services contracts.

Cash and cash equivalents

(\$000's)	June 30, 2023		June 30, 2022	
Cash Available for Use ¹	\$	8,662	\$	9,000
Cash Required for Use in Productions ¹	\$	16,702	\$	21,178
Total cash and cash equivalents	\$	25,364	\$	30,178

¹Cash 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.

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 potentially repurchasing its own common shares pursuant to the proposed NCIB, subject to obtaining prior acceptance from the TSXV. 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2023, the Company had drawn down \$16.4 million.

Under the terms of the RBC credit facilities, the Company is required to meet certain covenants. As at June 30, 2023, the Company was in compliance with the Debt Service Coverage covenant and the Funded Debt to Tangible Net Worth covenant, but was not in compliance with the Earnings Before Interest and Taxes ("EBIT") to Interest Expense covenant. The EBIT to Interest Expense covenant calculated by the Company as at June 30, 2023 was a ratio of 0.07:1, while the covenant requires that it will not be less than a 2.5:1 ratio. Subsequent to the fiscal year end, the Company has obtained confirmation that RBC has tolerated the breach of this covenant as at June 30, 2023.

The overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2022.

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 affected by general Canadian and worldwide economic conditions. Global financial conditions are subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises. Changes or fluctuations in economic conditions or economic uncertainty may affect discretionary consumer and business spending, resulting in increased or decreased demand for our product offerings. In addition, elevated consumer price index inflation driven by sharp increases in energy and food prices as well as supply disruptions and strong demand for goods can also affect the Company's business, operations and financial performance. A continued or worsened slowdown in the financial markets or other economic conditions, including but 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, and interest rates and tax rates, may adversely affect our growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Current or future events caused by volatility in domestic or international economic conditions, a rapid destabilization of economic conditions, or a decline in economic growth may have a material adverse effect on Thunderbird, its operations and/or its financial results, as well as the market price of our securities. See also "Pandemics, endemics and other health risks" below.

Global economic turmoil and regional economic conditions

Global economic turmoil, such as that created by the COVID-19 pandemic and its effects, and Russia's invasion of Ukraine, including the indirect impacts as a result of sanctions and economic disruptions, may cause a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, levels of intervention from the Canadian federal government and other foreign governments, decreased consumer confidence, overall slower economic activity, inflation, and extreme volatility in credit, equity and fixed income markets. A decrease in economic activity in Canada or in other regions of the world in which the Company does business could adversely affect demand for content, thus reducing the Company's business prospects, financial condition, results of operations and cash flows. A decline in economic conditions could reduce performance of the Company's television and home entertainment releases. In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment the Company offers, which could also adversely affect the Company's results of operations and, at the same time, increase costs. For instance, lower household income and decreases in consumer discretionary spending, which is sensitive to general economic conditions, may affect cable television and other video service subscriptions, in particular with respect to digital programming packages, premium video programming packages and premium a la carte services on which the Company's networks are typically carried. A reduction in spending may cause a decrease in subscribers to the Company's networks, which could have a materially adverse impact on the Company's business prospects, financial condition, results of operations and cash flows. Moreover, financial institution failures may cause the Company to incur increased expenses or make it more difficult to finance any future acquisitions or engage in other financing activities.

Risks related to the nature of the film and television industry

The film and television industry involves a substantial degree of risk. The industry is a rapidly evolving market, and our current business and future prospects are difficult to evaluate. Audience acceptance of film and television programming is a factor not only of the response to the production's artistic components, but also to the quality and acceptance of other competing forms of film and television programming released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly and most of which are beyond our control. Our success will depend on the commercial success of content, which is unpredictable. Operating in this industry involves risk. It is difficult to predict how the audience will receive a production. The audience reaction and reviews and ratings of the production are determining factors in the commercial success of a production. Failure to anticipate, identify, and react to changes in audience interests and consumer preferences could significantly lower sales of entertainment properties, brands and products and a lack of audience acceptance, or decline in popularity, for the film and television programming produced or distributed by us could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

In addition, 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, in the markets in which we operate; (ii) reduction in broadcaster and other platform programming budgets in the markets in which we operate, 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 foregoing 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 particular production.

Our results of operations will depend, in part, on the experience and judgment of management to select and develop new investment and production opportunities. We cannot make assurances that our film and television programs will obtain favourable reviews or ratings or that broadcasters or other customers will license the rights to broadcast any of our film and television programs in development or renew licenses to broadcast film and television programs in our library. The failure to achieve any of the foregoing could have a material adverse effect on our business, results of operations or financial condition. Licensed distributors' decisions regarding the timing of release and promotional support of our films, television programs and related products are important in determining the success of these films, television programs and related products. We do not control the timing and manner in which our licensed distributors distribute our films, television programs or related products. Any decision by those distributors not to distribute or promote one of our films, television programs or related products or to promote competitors' films, television programs or related products to a greater extent than they promote ours could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

We are also dependent 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 have an impact on the number of networks and broadcasters with whom we could do business. Such external factors could have a material adverse effect on our business, operating results, and financial condition.

Technological advances

The film and television industry continues to undergo significant and rapid changes driven by technological advances and evolving trends. We cannot accurately predict the overall effect that technological growth or the availability of

alternative forms of entertainment may have on the potential revenue from, and profitability of, the film and television content produced or distributed by us. 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 of such programming over the internet, thereby adversely impacting revenues to distributors and producers. Significant growth in these consumer practices could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

In addition, in recent years, content consumers have spent an increasing amount of time on the internet and on mobile devices and increasingly seek to download and/or view content on a time-delayed or on-demand basis, via televisions and on handheld or portable devices, which has caused significant changes to the retail distribution of content. Additionally, the emergence of new production or computer-generated imagery technologies, or a new digital television broadcasting standard, may diminish the value of our existing equipment and content.

The film and television industry is constantly undergoing change with respect to the formats through which films, television programming and related products are ultimately delivered to the consumer. Although we are committed to adapting new production technologies, there can be no assurance that we will be able to incorporate other new production and postproduction technologies which may become de facto industry standards. In particular, the advent of new broadcast standards, which may result in television programming being presented with greater resolution and on a wider screen than is currently the case, may diminish the evergreen value of our programming library because such productions may not be able to take full advantage of such features. There can be no assurance that we will be successful in adapting to these changes on a timely basis.

Management believes that the changes in consumer preferences will continue to be felt across our businesses and that the impact of these changes can be very difficult to predict. A failure by us to adequately foresee, assess and capitalize upon such changes could result in a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Concentration risk

Revenue may originate from disproportionately few 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 on acceptable terms or at all. Accordingly, a significant change in the relationship with, or a reduction in the revenue generated by any such broadcasters or customers, could result in a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Competition

Substantially all of our revenues are derived from the production and distribution of film and television programs. We face competition from other companies in both our production and distribution operations and in our acquisition and growth strategy in pursuit of additional content. Some of our competitors are significantly larger and have substantially greater marketing, production, and financial resources than us, which means they may be able to compete aggressively on pricing and other aspects of future production and distribution opportunities and may be able to offer better 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. We compete for the time and attention of audiences on the basis of a number of factors, including quality of experience, relevance, acceptance and perception of content quality, ease of use, price, accessibility, perception of ad load, brand awareness and reputation. Further, vertical integration of the television broadcast industry worldwide and the creation and expansion of new networks, which create a substantial portion of their own programming, have decreased the number of available time slots for programs produced by third-party production companies, even though the total number of outlets for programming has increased. There can be no assurances that we will be able to compete successfully in the future or that we will continue to produce or acquire rights to additional successful programming or enter into agreements for the acquisition, financing, production, distribution, or licensing of programming on terms favourable to us. There continues to be intense competition for the most attractive time slots offered by various broadcasting services. There can be no assurances we will be able to increase or maintain penetration of broadcast schedules. Such competition may result in us losing access to future opportunities, which

would have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

International distribution activities

We directly engage in international distribution activities, and in certain circumstances we partner with key international distributors as a means of financing production budgets and exploiting our programming around the world. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in Canada. Collectively, we and our international distribution partners face certain business risks that could indirectly adversely affect our financial results. These risks include laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws; 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; differing degrees of protection for intellectual property; differing technical requirements; increased costs of adapting products to foreign countries; differing degrees of protection for intellectual property rights in some countries; new and different sources of competition and international pricing pressure; and the instability of foreign economies and governments. Changes in or the occurrence of any of these factors could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Dependence on management information systems

Our ability to conduct our business, including maintaining financial controls, is based in part on the efficient and uninterrupted operation of our networks, information technology systems, hardware and software, including management information systems and access to the internet. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems, applications and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increases in capital and remediation expenditures.

If any of our financial, rights management, personnel, email, other information technology systems, internet access or other systems or processes were to stop operating properly for any significant period for any reason (including, for example, hardware or software malfunctions, computer viruses, internet problems, network outages or sabotage), we could suffer a disruption to our business, loss of data, regulatory intervention or reputational damage.

Risks related to privacy and information security

The protection of customer, employee and company data is important to our business. We use and store personally identifiable and other sensitive information of our customers and employees. The collection and use of personally identifiable information is governed by federal and provincial laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase our operating costs and adversely affects our ability to market products and services. Information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents, including, ransom of data, such as, without limitation, customer and/or employee information, due to employee error, malfeasance, or other vulnerabilities. Any such incident could compromise our networks and the information we store could be accessed, misused, publicly disclosed, corrupted, lost, or stolen, resulting in fraud, including wire fraud related to our assets, or other harm. If a data security incident or breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation and brand could be materially damaged and we may be exposed to a risk of loss or litigation and possible liability, which could result in a material adverse effect on our business, results of operations and financial condition.

Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies and in the future, we may expend additional resources to continue to enhance our information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that we will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on our systems, or that any such incident will be discovered in a timely manner. Any such incident could affect our business and, among other things, result in the loss of revenue, the loss or

unauthorized access to confidential information or other assets, the loss of or damage to trade secrets, damage to our reputation, litigation, regulatory enforcement actions, violation of privacy, security or other laws and regulations and remediation costs. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats.

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 as a result of computer viruses, misappropriation of data or other acts, natural disasters, extreme weather, accidental releases of information or other similar events, may disrupt our business, damage our reputation, expose us to regulatory investigations, actions, litigation, fines and penalties or have a negative impact on our results of operations, 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 depends, in part, upon successful protection of our intellectual property. From time to time, various third parties may contest or infringe upon our intellectual property rights. There can be no assurance that our actions to establish and protect copyright, trademarks and other proprietary rights will be adequate to prevent imitation by others of entertainment programming produced and/or distributed by us or to prevent third parties from seeking to block our distribution and exploitation of contract rights as a violation of their trademarks and proprietary rights. Any infringement, including increasingly rampant online piracy and illegal distribution of copyrighted content, may have a material adverse impact on our operations and financial results.

There can be no assurance that others will not assert rights in, or ownership of, the Company's trademarks, copyrights and other proprietary rights, or that the Company will be able to successfully resolve these conflicts. Any successful claims to the ownership of these intangible assets could hinder our ability to exploit these rights. We may not have the financial resources to protect our rights to the same extent as our competitors. We attempt to protect proprietary and intellectual property rights to our productions through available copyright and trademark laws in a number of jurisdictions and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries in which we may distribute our products and in other jurisdictions no assurance can be given that challenges will not be made to our copyright and trademarks. In addition, technological advances, and conversion of motion pictures into digital format have made it easier to create, transmit and share unauthorized copies of motion pictures and television shows. Users may be able to download and distribute unauthorized or "pirated" copies of copyrighted material over the internet. As long as pirated content is available to download digitally, some consumers may choose to digitally download material illegally. As a result, it may be possible for unauthorized third parties to copy and distribute our productions or certain portions or applications of our intended productions, which could have a material adverse effect on our business prospects, results of operations or financial condition.

Litigation may also be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on our business prospects, results of operations or financial condition. We cannot provide assurances that infringement or invalidity claims will not materially adversely affect our business prospects, results of operations or financial condition. Regardless of the validity or the success of the assertion of these claims, we could incur adverse publicity or significant costs and diversion of resources in enforcing our intellectual property rights or in defending against such claims, which could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Potential for budget overruns and other production risks

A production's costs may exceed its budget. Unforeseen events such as labour disputes, threats of infectious diseases or pandemics, death or disability of a star performer, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, damage to master tapes and recordings, adverse weather

conditions, or other unforeseen events may cause cost overruns and delay or frustrate completion of a production. Although we have historically completed our productions substantially within budget, there can be no assurance that we will continue to do so. There can be no assurance that any overrun resulting from any occurrence will be adequately covered or that any insurance and/or completion bonds will continue to be available or, if available on terms acceptable to us. In the event of budget overruns, we may have to seek additional financing from outside sources to complete production. No assurance can be given as to the availability of such financing or, if available on terms acceptable to us. In addition, in the event of substantial budget overruns, there can be no assurance that such 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

We depend on a limited number of titles for the majority of the revenues generated by our film and television content library. The success of any title is dependent on a variety of factors, including promotional and marketing activities, the quality and acceptance of other competing programs, general economic conditions and other intangible factors, all of which can rapidly change and many of which are beyond our control. The rapid decline in popularity of any of the titles on which we rely could have a material adverse effect on our revenues and our results of operations. Our growth relies on the continued success of our 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 includes several film and television titles that are certified as Canadian content programming (“Cancon”). The titles produced by our television production operations in Canada are also certified as Cancon. In Canada and under international co-production treaties, under applicable regulations, a program will generally qualify as a Cancon production if, among other things: (i) it is produced and owned or co-owned by a Canadian-controlled entity with the involvement of Canadians in certain key prescribed principal functions; 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, eliminated or scaled back, thereby reducing the advantages that they currently provide to us as a supplier of such programs.

In addition, many of our programs are contractually required by broadcasters to be certified as “Canadian” under the CRTC’s policies. Although we have taken measures to ensure that we continue to be “Canadian” under the Investment Canada Act, there can be no assurance that our programming will continue to qualify as Cancon. In the event a production does not qualify for certification as “Canadian”, we would be in default under any government incentive and broadcast licenses for that production, Canadian broadcasters would not be able to use the programs to meet their Canadian programming obligations and the broadcaster could refuse acceptance of our productions.

In addition to license fees from domestic and foreign broadcasters and financial contributions from co-producers, we finance a significant portion of our production budgets from certain governmental incentive programs and tax credits in Canada, as described in note 3(p) “Government financing and assistance” of Thunderbird’s audited consolidated financial statements for the year-ended June 30, 2023. There can be no assurance that such incentive programs or tax credits will not be reduced, amended, or eliminated or that we or any production will qualify for them. Any such change could have a material adverse impact on our business prospects, financial condition, results of operations and cash flows.

Loss of our Canadian status

We and our subsidiaries are able to benefit from a number of licenses, incentive programs and Canadian government tax credits as a result of being “Canadian” as defined under the Investment Canada Act. In particular, we will not qualify as Canadian if Canadian nationals cease to beneficially own shares of the Company having more than 50% of

the combined voting power of its outstanding shares. Further, the Minister of Canadian Heritage may nevertheless determine that we are not a Canadian-controlled entity under the Investment Canada Act. As well, many of our programs are contractually required by broadcasters to be certified as “Canadian”. In the event a production does not qualify for certification as Canadian, we would be in default under any government incentive and broadcast licenses for that production. In the event of such default, the broadcaster could refuse acceptance of our productions. 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.

In addition, 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 negatively affected in varying degrees by future adverse changes in the regulatory environment that currently governs the film and television industry. Any change in the regulatory environment could 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.

Liquidity

The Company manages liquidity carefully to address fluctuating quarterly revenues. Any failure of the Company to adequately manage such liquidity could adversely affect the Company’s business and results of operations. The Company’s production revenues for any period are dependent on the number and timing of programs delivered, which cannot be predicted with certainty. The Company’s distribution revenues vary significantly from quarter to quarter driven by contracted deliveries with television and other services. Distribution revenues are contract and demand driven and can fluctuate significantly from period to period. The Company manages liquidity by forecasting and monitoring operating cash flows and through the use of capital leases and maintenance of credit facilities. Any failure to adequately manage liquidity could adversely affect the Company’s business and results of operations, including by limiting the Company’s ability to meet its working capital needs, make necessary or desirable 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 that can change in unpredictable ways. We depend on the acceptance by consumers of our merchandising offerings; therefore, success depends on the ability to predict and take advantage of consumer tastes in Canada and around the world. In addition, we derive royalties from the sale of licensed merchandise by third parties. We are dependent on the success of those third parties. Factors that negatively impact those 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 occur, which could adversely affect the Company’s ability to maintain operations, as well as the ability of suppliers to provide products and services needed to operate the business. Pandemics, epidemics and other health risks could also have an adverse effect on the economy and financial markets resulting in a declining level of retail and commercial activity, which could have a negative impact on the demand for, and prices of, our products and services.

Health epidemics or pandemics can adversely affect consumer spending and confidence levels and supply availability and costs, as well as the local operations in impacted markets, all of which can adversely affect the financial results, condition and outlook of the Company. Significantly, the global pandemic resulting from COVID-19 has disrupted global health, economic and market conditions, consumer behavior and Thunderbird’s operations beginning in early 2020. Local and national governmental mandates or recommendations and public perceptions of the risks associated with the COVID-19 pandemic have caused, and may continue to cause, consumer behavior to change and worsening or volatile economic conditions, which could continue to adversely affect the business of the Company.

The impact of COVID-19 (and its variants) and measures to prevent its spread have affected the Company in a number of ways. Most significantly there have been disruptions in the production of content, specifically suspension or delay of production of most live action film and television content in the industry.

Health epidemics or pandemics may also heighten other risks disclosed in this “Risks and Uncertainties” section, such as, but not limited to, those related to consumer behavior. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision.

Dependence on key personnel

We are dependent on members of our senior management team and skilled personnel at all levels and believe that our future financial success and ability to meet our financial objectives will depend in part, on our ability to retain highly skilled management and personnel. We are also dependent on the implementation of adequate succession planning procedures in respect of key roles, to ensure continuity. Our success is also highly dependent on our continuing ability to identify, hire, train, retain and motivate highly qualified personnel who have specialized technical knowledge regarding our business and industry. Competition for highly skilled technical, management, marketing, sales and other employees is high in our industry, and we may not be successful in attracting and retaining such personnel. The departure of any of the executive directors or certain senior officers could, in the short-term, have an adverse effect on our business prospects, financial condition, results of operations and cash flows. The Board of Directors cannot give any assurances that they, or any of the members of senior management, will remain with the Company. If we fail to attract and retain skilled personnel, executive officers and other key employees could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows and we may not be able to grow our business as anticipated.

Employee relations

The Company’s operations depend on the expertise, efforts and engagement of its employees. The industry is competitive in attracting and retaining a skilled workforce. The loss of key employees, through attrition or retirement or any deterioration in overall employee morale and engagement resulting from organizational changes, unresolved collective agreements or other events could have an adverse impact on the Company’s operations and/or financial results. As well, failure to establish an effective succession plan could impair operations until qualified replacements are found.

A critical component of Thunderbird’s success is our corporate culture, which we believe fosters innovation, encourages teamwork, cultivates creativity and promotes focus on execution. As we continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue our corporate objectives.

The Company values employment diversity. The Company is committed to building and maintaining a diverse workforce and inclusive work environment throughout the organization. The Company continues to re-examine its diversity and inclusion plans and business processes as they pertain to recruitment and retention. A portion of production financing may come from broadcasters or other funds that require a certain number or type of production crew positions be held by historically underrepresented communities. Failure to address systemic racism could have an adverse impact on the Company’s reputation, operations and/or 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 have positive relationships with the guilds and unions in the industry, a renegotiation with, strike by, labour protest, or a lockout of, one or more of the guilds or unions that provide personnel essential to the production by us or our content partners of film and television programming could delay or halt the delivery of such programming.

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.

On May 2, 2023, the Writers Guild of America (“WGA”) commenced a strike and on July 14, 2023, the Screen Actors Guild-American Federation of Television and Radio Artists (“SAG-AFTRA”) commenced a strike. As of today’s date, the members of the WGA have settled their collective bargaining agreement, while the SAG-AFTRA continues their strike, members of SAG-AFTRA will not provide performing or related services to producers. While the U.S. entertainment guild strikes have not impacted the Company or forced a production halt on any of the Company’s shows currently in production or post-production, if the SAG-AFTRA strikes is prolonged, the types of programming the Company can produce may be impacted and audience levels, the business, financial condition and performance of the Company may be adversely impacted.

Litigation

Governmental, legal or arbitration proceedings may be brought or threatened against us in the future. Regardless of their merit, any such claims could be time consuming and expensive to evaluate and defend, divert management’s attention and focus away from the business and subject us to potentially significant liabilities, subject us to a loss of consumer confidence and may negatively impact our reputation. Any such litigation or other proceeding may have a negative impact on the market price of our securities.

Reputation damage

Our ability to maintain our existing customer relationships and to attract new customers depends to a large extent on our reputation. While we have put in place certain mechanisms to mitigate the risk that our reputation may be tarnished, including good governance practices, a Code of Ethics, and Environmental, Social and Governance (ESG) planning, we cannot be assured that we will continue to enjoy a good reputation nor can we be assured that events that are beyond our control will not cause our reputation to be negatively impacted. The loss or tarnishing of our reputation could have a material adverse effect on our business, prospects, financial condition 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 nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of content. Any imposition of liability that is not covered by insurance or is more than insurance coverage could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Fluctuation of financial results

The results of operations for any period are largely dependent on the number, timing and commercial success of television and other programs as well as related merchandise and other ancillary revenue sources, realized during that period, none of which can be predicted with certainty or are entirely within our control. Consequently, our results of operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods.

Holding company structure

Substantially all of our business activities are operated by our subsidiaries. As a holding company, the Company’s ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

Conflicts of interest

Certain of the directors and officers of Thunderbird are or may become directors of other entertainment companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions

of the Board of Directors. To the extent that such other companies may participate in ventures in which we are also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The corporate laws of British Columbia require the directors and officers to act honestly and in good faith with a view to the best interests of Thunderbird. However, in conflict-of-interest situations, our directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. There is no assurance that the interests of Thunderbird will receive priority in all cases.

Costs and compliance risks as a result of being a public company

Legal, accounting, and other expenses associated with public company reporting requirements have increased significantly in recent years. We anticipate that general and administrative costs associated with regulatory compliance will continue to increase with evolving corporate governance requirements, including rules implemented by the Canadian Securities Administrators and the TSXV, and will result in some activities becoming more time-consuming and costly. There can be no assurance that we will be able to effectively meet all the requirements of these evolving regulations. Any failure to effectively implement governance practices, internal controls, or to resolve difficulties encountered in their implementation, could harm our operating results, or result in the failure to meet reporting obligations. Any such result could cause investors to lose confidence in Thunderbird's reported information, which could have a material adverse effect on the market price of our Common Shares.

Enforcement of actions

It may be difficult for U.S. or other foreign investors to bring actions and enforce judgments. Investors in the U.S. or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against the Company, its directors, and its executive officers named in this MD&A based on civil liabilities provisions of the federal securities laws or other laws of the U.S. or any state thereof or the equivalent laws of other jurisdictions of investor residence. There is some doubt as to whether a judgment of a U.S. court based solely upon the civil liability provisions of U.S. federal or state securities laws would be enforceable in Canada against the Company, its directors and officers, or the experts named in this document. There is also doubt as to whether an original action could be brought in Canada against the Company or its directors and officers or the experts named in this document to enforce liabilities based solely upon U.S. federal or state securities laws.

Climate change

Climate change is increasingly impacting individuals, communities and businesses. Severe weather events and fires are becoming routine and could impact or disrupt the Company's production schedules, shipment of necessary goods, and supply chains. It is possible that some or all of the costs, damages or impacts associated with extreme weather events and fires may not be covered by the Company's insurance policies. The cost of such insurance coverage may become increasingly more expensive and such policies may be subject to limitations in the future, in which case the Company may bear more or all of the costs associated with extreme weather events and fires, which could have a material adverse effect on 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 as a result of actions by shareholders, including the initiation of a proxy contest. Responding to proxy contests and other actions by shareholders can be costly, time consuming, and could divert the attention of our Board of Directors and our management team from the management of our operations and the pursuit of our business strategies.

Investment strategy

There can be no certainty that we will be able to implement successfully the strategy set out in this document and our public disclosure record. Implementation of our strategy is subject to risks beyond our control, including competition, market acceptance of entertainment properties and brands, changes in economic conditions, ability to obtain or renew licenses on commercially reasonable terms, and ability to finance investment in entertainment properties and brands. Our ability to implement our strategy in a competitive market requires effective planning and management control systems. Our future growth will depend on our ability to expand and improve operational, financial and management information and control systems in line with its growth. Failure to do so could have a

material adverse effect on our business prospects, financial condition, results of operations and cash flows, as well as a negative impact on the market price of our securities.

Acquisitions

We have made, and will continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand our business.

The public announcement of potential future corporate developments may significantly affect the market price of the Common Shares. Management of the Company, in the ordinary course of the Company's business, regularly explores potential strategic opportunities and transactions. These opportunities and transactions may include strategic joint venture relationships, significant debt or equity investments in the Company by third parties, the acquisition or disposition of material assets, the licensing, acquisition or disposition of material IP, the development of new product lines or new applications for its existing IP, significant distribution arrangements, and other similar opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant impact on the price of the Common Shares. The Company's policy is to not publicly disclose the pursuit of a potential strategic opportunity or transaction unless it is required to do so by applicable law, including applicable securities laws relating to continuous disclosure obligations. There can be no assurance that investors who buy or sell Common Shares of the Company are doing so at a time when the Company is not pursuing a particular strategic opportunity or transaction that, when announced, would have a significant effect on the price of the Common Shares.

Any indebtedness incurred or assumed in any such transaction may or may not increase our leverage relative to our earnings before interest, provisions for income taxes, depreciation, and amortization, or relative to our equity capitalization, and any equity issued may or may not be at prices dilutive to our then existing shareholders. We may encounter difficulties in integrating acquired assets with our operations. Furthermore, we may not realize the benefits we anticipated when we entered these transactions. In addition, the negotiation of potential acquisitions, business combinations or joint ventures as well as the integration of an acquired business could require us to incur significant costs and cause diversion of management's time and resources. Future acquisitions could also result in an impairment of goodwill and other intangibles, development project impairments and other acquisition-related expenses.

Any of the foregoing could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Future financing

We may need additional financing due to future acquisitions, changes in our business plan or failure of our business plan to succeed, including increasing marketing, distribution or programming costs or to refinance our debt when due. Our actual funding requirements could vary materially from our current estimates. Given the sensitivity of capital markets worldwide, there is a risk that we may not be able to obtain additional equity or debt financing on favourable terms or at all. While management believes that the Company possesses sufficient cash resources, access to capital markets and other liquidity sources to execute the Company's business plan, an inability to access financing at a reasonable cost could affect our ability to grow. In addition, in instances where the Company issues equity, such issuance will result in the then existing shareholders of the Company sustaining dilution to their relative proportion of the equity in the Company. If we fail to obtain any necessary financing on a timely basis, our ability to execute our current business plan may be limited, and our business could be adversely affected. As a result, we could default on our commitments to creditors or others and may have to seek a purchaser for our business or assets.

Changes to taxation legislation

We operate in a number of different tax jurisdictions. In any of the jurisdictions, the tax rules and their interpretation may change. Any change in taxation legislation or regulation or its interpretation could affect the value of our assets, our ability to provide returns to shareholders or otherwise have an adverse effect on our business prospects, financial condition, results of operations and cash flows. Further, any relief from taxation that may be available to us in the future may not be in accordance with the assumptions made by us as to our future performance (these assumptions being based on the current legislative position and any known future changes). If the assumptions made

by us as to such taxation relief available do not prove correct, our ability to provide returns to shareholders may be affected and there may be a material adverse effect on our business prospects, financial condition, results of operations and cash flows.

Income taxes and audits from tax authorities

In preparing our financial statements, we are required to estimate production tax credits receivable in each of the jurisdictions in which we operate, taking into consideration tax laws, regulations and interpretations that pertain to our activities. In addition, we are subject to audits from these tax authorities on an ongoing basis and the outcome of such audits could materially affect the amount of tax credits receivable recorded on our consolidated balance sheets and the income tax expense recorded on our consolidated statements of earnings. Any cash payment or receipt resulting from such audits would have an impact on our cash resources available for our operations and our overall results of operations.

Fluctuations in the price of securities

Fluctuations in the price of our Common Shares could contribute to the loss of all or part of your investment. Factors that could have a material adverse effect on your investment 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.

In addition, broad market and industry factors may materially harm the market price of our securities irrespective of operating performance. The stock market in general and the TSXV in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies affected. The trading prices and valuations of these stocks and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress the share price regardless of our business prospects, financial conditions, or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and to obtain additional financing in the future.

The impact of any changes in interest rates

We do not presently actively make use of derivative financial instruments to mitigate the impact of changes in interest rates. Any movements in the applicable interest rate on our debt could adversely impact our financial condition.

Impacts of fluctuations in exchange rates

We may be adversely affected by exchange rate fluctuations. A portion of the Company's revenues and expenses are in currencies other than Canadian dollars and, therefore, are subject to fluctuations in exchange rates. Currency exchange rates are determined by market factors beyond our control and may vary substantially during a production period. In addition, our ability to repatriate Canadian funds arising in connection with foreign exploitation of our properties may also be adversely affected by currency and exchange control regulations imposed by the country in which the production is exploited. At present, we are not aware of any existing currency or exchange control regulations in any country in which we currently contemplate exploiting our properties which would have an adverse effect on our ability to repatriate such funds. Where appropriate, we hedge our foreign exchange risk using derivatives or other measures. Fluctuations in exchange rates between the Canadian dollar and the U.S. dollar may have a material impact on our business prospects, financial condition, results of operations and cash flows.

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 June 30, 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, 2023 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	37,760	-	-	37,760
Income taxes payable	996	-	-	996
Interim production financing	50,387	-	-	50,387
Deferred revenue	30,381	-	-	30,381
Lease obligations	5,333	8,833	9,936	24,102
Redeemable preferred shares	465	116	-	581
	125,322	8,949	9,936	144,207

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. Based on the average carrying value of these facilities, a fluctuation in interest rates of 1% would represent approximately a \$538 change to net earnings for the year ended June 30, 2023 (2022 - \$451). The Company has no interest rate hedges or swaps outstanding at June 30, 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, 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, 2023 (2022 - \$29). 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, 2023, revenue denominated in U.S. dollars accounted for 31% (2022 - 37%) of total revenue and revenue denominated in AUD accounted for 1% (2022 - 2%) of total revenue. As at June 30, 2023, a 5% fluctuation in the U.S. dollar exchange rate would have an impact of approximately \$1,214 (2022 - \$1,293) on net earnings and a 5% fluctuation in the AUD exchange rate would have an impact of approximately \$121 (2022 - \$160) 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. A 5% fluctuation in the U.S. dollar closing rate would result in a change to net earnings for the year ended June 30, 2023 of approximately \$384 (2022 - \$325) and a 5% fluctuation in the AUD closing rate would result in a change to net earnings for the year ended June 30, 2023 of \$22 (2022 - \$nil).

TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES

In the comparative year ended June 30, 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 June 30, 2023, \$nil (2022 - \$94) was due from the Chief Creative Officer and President (Matthew Berkowitz), and \$nil (2022 - \$25) was payable to the Chief Financial Officer (Barb Harwood). Also at June 30, 2023, \$440 (2022 - \$485) was payable to the Chair and Chief Executive Officer (Jennifer Twiner McCarron). Subsequent to the fiscal year end, the Board agreed to forgive the non-interest-bearing loan from the Company to Mr. Berkowitz intended to cover taxes payable in respect of the exercise of certain stock options.

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, Chief Financial Officer, Chief Operating Officer, General Counsel and Corporate Secretary (Sarah Nathanson), and Chief Creative Officer and President. The remuneration of directors and officers is as follows:

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Short-term benefits	2,283	1,256	4,579	3,182
Share-based payments	131	98	359	321
Total key management personnel compensation	2,414	1,354	4,938	3,503

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, 2023, 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, 2023.

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, and therefore do not have standardized meanings prescribed by IFRS, as supplemental indicators of our operating performance and financial position. The Company's method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. These non-IFRS financial measures are provided to enhance the user's understanding of our historical and current financial performance and our prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of our core operating results and ongoing operations and provide a more consistent basis for comparison between periods. The following discussion explains the Company's use of EBITDA, AEBITDA, Free Cash Flow, Compound Annual Growth Rate, AEBITDA Margins, 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.

"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 AEBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. Refer to section "Non-IFRS Measures Reconciliations" below of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS, which is net income.

"Free Cash Flow" is calculated based on cash flows from operations, purchase 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.

"Compound Annual Growth Rate" ("CAGR"). CAGR is a metric used to evaluate the growth in our business. It represents the growth rate over a period of time on an annual compounded basis. CAGR is a non-IFRS ratio when applied to non-IFRS financial measures.

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

"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.

"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.

Non-IFRS Measures Reconciliations

The following table presents the reconciliation from net income (loss) to Adjusted EBITDA, for the three months and years ended June 30, 2023 and 2022.

(\$000's)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Net income (loss) for the period	(2,569)	(1,820)	(5,011)	3,598
Income tax expense (recovery)	(374)	65	27	2,892
Deferred income tax recovery	(685)	(648)	(1,815)	(614)
Finance costs				
Interest	793	340	2,340	1,505
Dividends on redeemable preferred shares	7	8	29	39
Amortization				
Property and equipment	348	535	2,047	2,311
Right-of-use assets	2,372	2,829	10,938	8,227
Intangible assets	67	67	270	270
	2,528	3,196	13,836	14,630
EBITDA	(41)	1,376	8,825	18,228
Share-based compensation	260	252	834	938
Unrealized foreign exchange loss (gain)	(171)	781	363	578
Restructuring costs	638	-	638	208
Proxy contest	-	-	2,101	-
Other	1	-	-	109
	728	1,033	3,936	1,833
Adjusted EBITDA	687	2,409	12,761	20,061

The following table presents the reconciliation from cash flows from operations to Free Cash Flow, for the three months and years ended June 30, 2023 and 2022.

Summary of Cash Flows

(\$000's, except per share data)	For the three months ended		For the year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Cash (outflows) inflows from operations	(10,816)	(12,690)	13,182	(5,562)
(Purchase) disposal of property and equipment	92	(1,078)	(1,810)	(4,131)
Net advances (repayment) of interim production financing	18,708	13,021	(7,041)	23,610
Free Cash Flow	7,984	(747)	4,331	13,917

The following table presents the reconciliation from Cash Available for Use and Cash Required for Use in Productions to Cash for the years ended June 30, 2023 and 2022.

(\$000's)	June 30, 2023		June 30, 2022	
Cash Available for Use ¹	\$	8,662	\$	9,000
Cash Required for Use in Productions ¹	\$	16,702	\$	21,178
Total cash and cash equivalents	\$	25,364	\$	30,178

DISCLOSURE OF OUTSTANDING SHARE DATA

As at October 4, 2023 the Company had the following common and preferred shares and stock options outstanding.

Common Shares	50,183,987
Preferred Shares – redeemable class A ¹	415,000
Stock Options	3,148,500
Restricted Share Units Equity Settled	111,960

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

Directors and Officers as at June 30, 2023

Directors

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

Officers

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