THUNDERBIRD
ENTERTAINMENT

Thunderbird Entertainment Group Inc.

Management's Discussion and Analysis

For the years ended June 30, 2021 and 2020

GENERAL

This Management's Discussion and Analysis ("MD&A") dated October 19, 2021 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, 2021 and 2020 and accompanying notes (the "Annual Financial Statements"). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Thunderbird is a public company whose common voting shares are traded on the TSX Venture Exchange ("TSX-V") under the ticker "TBRD" and the OTCQX® Best Market under the symbol "THBRF".

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

FORWARD-LOOKING STATEMENTS

Thunderbird's public communications may include written or oral "forward-looking statements" and "forward-looking information" as defined under applicable Canadian securities legislation. All such statements may not be based on historical facts that relate to the Company's current expectations and views of future events and are made pursuant to the "safe harbour" provisions of applicable securities laws.

Forward-looking statements or information may be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "plan", "project", "should", "believe", "intend", or similar expressions concerning matters that are not historical facts. These statements represent management's current beliefs and are based on information currently available to management and inherently involve numerous risks and uncertainties, both known and unknown. Many factors could cause actual results to differ materially from the results discussed or implied in the forward-looking statements including: general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency exchange rates and technology changes. An assessment of the risks that could cause actual results to materially differ from current expectations is contained in the "Risks and Uncertainty" section of this MD&A. The foregoing is not an exhaustive list. Additional risks and uncertainties not presently known to Thunderbird or that management believes to be less significant may also adversely affect the Company.

The forward-looking statements or information contained in this document represent 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.

NON-IFRS MEASURES

In addition to the results reported in accordance with IFRS, the Company uses various non-IFRS financial measures which are not recognized under IFRS, as supplemental indicators of our operating performance and financial position. These non-IFRS financial measures are provided to enhance the user's understanding of our historical and current financial performance and our prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of our core operating results and ongoing operations and provide a more consistent basis for comparison between periods. The following discussion explains the Company's use of EBITDA, Adjusted EBITDA, Free Cash Flow, Cash Available for Use and Cash Required for Use in Productions.

"EBITDA" is calculated based on earnings before interest, income taxes, and depreciation and amortization. "Adjusted EBITDA" is calculated based on EBITDA before share-based compensation, unrealized foreign exchange gain/loss and items of an unusual or one-time nature that do not reflect our ongoing operations. EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and therefore do not have a standardized meaning prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.

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

"Cash Available for Use" is defined as the total cash and cash equivalents of the Company less Cash Required for Use in Productions. Cash Available for Use funds ongoing working capital requirements, principal and interest payments on corporate demand loans as well as ongoing development and growth efforts and thus is an important liquidity measure that management uses to monitor the business on an ongoing basis.

"Cash Required for Use in Productions" is defined as cash required for the funding of productions from the development stage through to completion that is not considered by the Company to be available for other uses. The cash is not legally restricted and has not been classified as Restricted Cash on the consolidated statement of financial position. This cash has been provided by buyers and third-party Intellectual Property ("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.

BUSINESS OVERVIEW

Thunderbird is a company incorporated under the Business Corporation Act (British Columbia). Thunderbird's principal operating subsidiaries are the Company's Factual Division, Great Pacific Media Inc. ("GPM"), Kids and Family Division, Atomic Cartoons Inc. ("Atomic"), and Thunderbird Productions Inc., the scripted division. 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 60 such subsidiary corporations.

Thunderbird is a global award-winning, full-service, multi-platform media production, distribution and rights management company headquartered in Vancouver, Canada, with additional offices in Los Angeles, Toronto, and Ottawa. Thunderbird's programs cover multiple genres with a significant focus on children's productions, scripted comedy and drama, and non-scripted (factual) content. Thunderbird also has a global distribution and consumer products division. Thunderbird's programs are currently being broadcast via conventional linear means, and a number of digital platforms, in more than 200 territories worldwide. A substantial and growing portion of Thunderbird's programming library has been licensed directly to leading internet "over the top" ("OTT") platforms such as Netflix, Hulu, Amazon and iTunes, which offer subscription video on demand ("SVOD"), transactional video on demand ("TVOD") and advertising video on demand ("AVOD") to their customers.

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 team members as people first, and by elevating diversity and inclusivity both on-screen and off. Across all divisions, 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. Thunderbird attributes the Company's success to its people. Every show, award, and ground-breaking technique reflects the profoundly talented team members across the Company's offices/studios in Vancouver, Ottawa and LA.

As an extension of Thunderbird's commitment to its team, the Company is equally dedicated to producing premium content that is both diverse and inclusive. With quality as its North Star, in a booming and saturated content development industry, Thunderbird recognizes that only premium quality will stand out. Thunderbird's premium quality also incorporates the Company's strong diversity and inclusion mandates and its mission of telling uplifting and underrepresented authentic stories.

COMPANY RESPONSE AND IMPACTS OF COVID-19

Pre-emptive planning and actions, which included investments in new technologies, enabled Thunderbird to transition its workforce of more than 1,000 employees and crew members to work-from-home in March 2020. The Company has remained fully operational throughout the coronavirus pandemic, with work continuing on all productions. Thunderbird remaining fully operational allowed the Company to respond to increased demand for content, which also includes new partnerships with major organizations. New Thunderbird team members have been hired to help meet this growing demand, and the Company continues to pitch, develop, produce, sell, deliver and service content to its partners including Netflix, NBCUniversal, Nickelodeon, PBS, GBH, Bell Media's Discovery, APTN, Corus Entertainment, The Weather Channel, and CBC, among others.

In addition to the Company's work-from-home structure, the adoption of new filming techniques allowed Thunderbird's factual productions to continue, while adhering to physical distancing guidelines, throughout the pandemic.

With health and safety as a priority, staff and crew members predominantly work from home, and there continues to be no disruption to production or security protocols. In fact, COVID-19 has provided new awareness that staffing productions is no longer constrained by geographic location or studio space which further allows the Company to take on more work.

STRATEGY AND OUTLOOK

Thunderbird's strategy is to intentionally grow the Company's divisions and their respective 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.

Children's programming has been and continues to be an important and growing component of Thunderbird's production slate and proprietary library. In 2015, Thunderbird expanded its focus on kids and family programming by making a substantial investment in animated programming with the acquisition of Atomic. Today, Atomic's roster of clients and partners includes Netflix, Nickelodeon, PBS, Spin Master, Sony, AppleTV+, Teletoon, Treehouse, Cartoon Network, Walt Disney, Mattel, Warner Bros., Marvel, Microsoft, Lego and NBCUniversal. Productions that Atomic has worked on include *Marvel's Spidey and His Amazing Friends, Dogs in Space, The Last Kids on Earth, Trolls: Trollstopia, Molly of Denali, Curious George, The Lego Star Wars Holiday Special, Hello Ninja* and *Beat Bugs*.

With a robust slate of programming, Atomic has been expanding rapidly. In 2017, it introduced a Los Angeles office, and expanded on this with a LA studio in 2020. Atomic's expanded presence in LA has enabled the Company to cultivate more direct and accessible relationships with many of its partners, including Netflix, Disney, and NBCUniversal. It has also provided more access to LA showrunners, directors, writers, designers, storyboard artists and editorial teams. In addition to this, in December 2018 Atomic launched Atomic Ottawa, which further expanded the capacity of the kids and family division across Canada. In January 2021, the Company launched a global distribution and consumer products division. The division, while global in focus, is located in LA.

An example of the Company's IP is the series, *The Last Kids on Earth* which began streaming September 17, 2019 on Netflix. *The Last Kids on Earth* has a video game which launched in the spring of 2021, expanding on the master toy deal with JAKKS Pacific Inc. to develop and market a range of merchandise, including action figures, activity toys, role-play accessories, vehicles, plush items, novelty items, games, and play electronics. To date, apparel, merchandise and a video game have launched. *The Last Kids on Earth* was recognized with an Emmy Award in July 2020.

Thunderbird's factual division, GPM, remains a dominant player in the non-scripted (factual) marketplace with multiple long running television series. GPM produces *Highway Thru Hell (HTH)* 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 United States ("U.S."). The Company aired the 100th episode of *Highway Thru Hell* on Discovery Canada in November 2019, and Season 10 premiered in the Fall of 2021. With two spin-offs, HTH is one of the most successful independently owned unscripted brands in the world.

One of the HTH spin-off series for Discovery Canada is *Heavy Rescue: 401,* and the other is *Mud Mountain Haulers. Heavy Rescue: 401* brings elements of HTH to Canada's busiest freeway, Ontario's notorious Highway 401, whereas *Mud Mountain Haulers* is set high in the mountains of British Columbia. Both spin-offs, as well as HTH, are Company IP and were renewed for subsequent seasons by Discovery Canada in June 2021. *Highway Thru Hell, Heavy Rescue:401* and *Mud Mountain Haulers* are also distributed on The Weather Channel.

Additional GPM productions include *Queen of the Oil Patch,* which airs on APTN, and *$ave My Reno,* in the lifestyle genre, which airs on HGTV Canada. In June 2021, GPM also confirmed three new projects were ordered to series by Corus Entertainment: *Styled*, *Gut Job* and *Deadman's Curse.*

Thunderbird's scripted work includes producing the award-winning comedy series *Kim's Convenience.* This series is available on Netflix worldwide. The show also has worldwide distribution through a mix of streaming, cable and VOD partnerships in Asia. *Kim's Convenience* Season 5 was the last season for the popular series, with the finale airing in April 2021. Thunderbird commenced work on a new scripted spin-off of *Kim's Convenience* called *Strays*. *Strays* is slated to premiere on CBC Television in the 2021–22 television season.

In keeping with global trends, an increasing portion of Thunderbird's growth and future business focus is with OTT platforms such as Netflix, Amazon and others. Thunderbird intends to continue to be known as a preferred supplier of programming for these leading OTT platforms with the strategy of building iconic brands. Through the creation of the Company's consumer products and distribution division, Thunderbird intends to develop more and expand on its IP. In addition to acquiring and producing proprietary programming, Thunderbird also plans to grow its business and library through the acquisition of complimentary companies in the entertainment industry and through strategic business alliances. The focus of these efforts is to grow its library, expand Thunderbird's production and distribution capabilities and extend its operations beyond North America.

Thunderbird has developed strategic business relationships with key North American and international broadcasters, international distributors and major global digital platforms. These strong relationships are built on a track record of past successes and demonstrate the confidence that Thunderbird's partners have in the Company to deliver quality programming, on time and on budget.

Thunderbird continues to focus on higher budget and higher quality programs as management believes this extends the life and thereby 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.

While Thunderbird's primary focus is on producing programming in which the Company holds long-term proprietary interests, it also generates recurring revenue from providing production services to a variety of clients. These activities generate near term earnings and provide additional opportunities for the Company to develop its emerging talent and credentials, which can be further leveraged for future proprietary productions. Additionally, service production activities can further strengthen Thunderbird's business relationships with key North American and international broadcasters and other clients.

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

As part of its goal to become the next major global studio, Thunderbird is also exploring merger and acquisition ("M&A") targets, with a focus in Asia and Europe, as these markets have been identified as growth areas for streaming companies. With more M&As on the horizon, the industry is set to become more competitive and the need for high quality content continues to explode. Thunderbird as a high quality, full service, global content studio is uniquely positioned to benefit from the increasing tension in the marketplace.

The Company's philosophy on M&A targets involves acquisitions that allow for accretive growth and support the Company's overall diversity and inclusion commitments of creating award-winning, entertaining content with integrity. Opportunities that Thunderbird would consider include those with intellectual property libraries, which the Company's consumer products and distribution division could grow and amplify. Thunderbird would also consider M&A targets that complement the Company's core business and growth capacity, such as animated features and educational technology.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE AND TWELVE MONTHS ENDED JUNE 30, 2021

- Consolidated revenue for the three months and year ended June 30, 2021, was $26.1 million and $111.5 million as compared to $21.1 million and $81.3 million for the comparative periods of fiscal 2020, increases of $5.0 million (24%) and $30.2 million (37%), respectively. The majority of these increases over the comparative periods in 2020 is related to growth in production service projects.

- Consolidated net loss was $0.9 million and consolidated net income was $5.7 million for the three months and year ended June 30, 2021, compared to a net loss of $0.5 million and net income of $3.0 million for the comparative periods of fiscal 2020, a decrease of $0.4 million (53%) and increase of $2.7 million (89%), respectively.

- Adjusted EBITDA was $2.3 million and $19.6 million for the three months and year ended June 30, 2021, compared to $2.9 million and $15.5 million for the comparative periods of fiscal 2020, a decrease of $0.6 million (21%) and increase of $4.1 million (26%), respectively. These increases were primarily due to growth in production services. See the "Non-IFRS Measures" section of this MD&A for the definition and detailed calculation of EBITDA, Adjusted EBITDA and Free Cash Flow.

- In Q4 and the year ended on June 30, 2021, the Company had 18 programs in various stages of production. Eight of these projects are Company IP or partner-managed.

- The Company's work airs on Netflix, Peacock, Nickelodeon, Apple, Sony, PBS, Bell Media's Discovery, Disney+, Corus Entertainment and the CBC, among others.

- A major milestone in Fiscal 2021 was the launching of Thunderbird's Global Distribution and Consumer Products Division, and the hiring of industry veteran Richard Goldsmith to lead the new division as President of Global Distribution and Consumer Products.

- Throughout Fiscal 2021, the Company, its productions, and team members were recognized with nominations and awards from the following outlets and organizations:
    - 2021 TSX Venture 50 (Thunderbird Entertainment Group);
    - YWCA Women of Distinction (Nadine Westerbarkey);
    - Report on Business' Best Executive Awards (Barb Harwood);
    - BC Business' Business of Good Awards (Diversity and Inclusion category);
    - BC Business' Women of the Year (Equity and Inclusion Champion – Jennifer Twiner McCarron);
    - The Canadian HR Awards 2021 (Rising Star of the Year – Melody Zhang);
    - Banff Rockie Awards 2021 (Children Animation category – *Molly of Denali*);
    - Youth Media Alliance (Animation (Ages 6-9 and 9+) – *The Last Kids on Earth* and *Molly of Denali*);
    - Kidscreen (Best Inclusivity – *Molly of Denali*);
    - Nickelodeon Kids' Choice Awards (Favorite Animated Series – *LEGO: Jurassic World: Legend of Isla Nublar*);
    - Television Critics Association recognition for "Outstanding Achievement in Youth Programming" (*Molly of Denali*);
    - Daytime Emmy in the Outstanding Special Class Animated Program category (*The Last Kids on Earth*);
    - The Canadian Screen Awards (Best Photography/Comedy, Best Lead Actor/Comedy, Best

Supporting Actor/Comedy, and Best Guest Actor/Comedy – *Kim's Convenience*); and

- The Leo Awards (17 nominations across seven productions/series).

Thunderbird Kids and Family

- In Q4 and at the year ended on June 30, 2021, the Kids and Family Division (Atomic Cartoons) was in various stages of production on 11 animated television programs and two animated feature-length films, 13 productions in total. These series reflect a blend of both proprietary and service-based work. Productions include co-producing *Spidey and His Amazing Friends* with Disney Jr*, Molly of Denali* (Season 2) for GBH/ PBS KIDS, and *My Little Pony* for eOne/Hasbro. A Curious George production is also in production for Peacock. The Kids and Family Division is also currently working with Sony Pictures Animation on HBO Max's highly anticipated series *Young Love*.

- During Q4, Atomic Cartoons' *The Last Kids on Earth* franchise launched its first video game: *The Last Kids on Earth and the Staff of Doom*.

- Atomic Cartoons also received renewals for two projects from broadcast and streaming partners: *Molly of Denali* for GBH/PBS Kids (Season 2) and *Spidey and His Amazing Friends* for Disney Jr (Season 2).

Thunderbird Factual

- In Q4 and at the year ended on June 30, 2021, the Factual and Scripted Division (Great Pacific Media), was in production on five series: *Highway Thru Hell* (Season 10), *Heavy Rescue: 401* (Season 6), *Deadman's Curse* (Season 1), *Strays* (Season 1) and *Dr. Savannah: Wild Rose Vet* (Season 1) in conjunction with Wapanatahk Media.

- Great Pacific Media ("GPM") received renewals for three of the division's hit factual series, *Highway Thru Hell*, *Heavy Rescue: 40*1 and *Mud Mountain Haulers,* which all air on Discovery Canada. GPM also confirmed three new projects were ordered to series by Corus Entertainment: *Styled*, *Gut Job* and *Deadman's Curse.*

- Wapanatahk Media, in partnership with GPM, announced a development deal with Anthony Johnson and Dr. James Makokis, the first Two-Spirit Indigenous couple to win *The Amazing Race Canada*. Wapanatahk Media also continued production on its first series *Dr. Savannah: Wild Rose Vet.*

- Subsequent to the fiscal year end, GPM announced a new scripted series starring Spiderman's Jacob Batalon. *Reginald the Vampire* has been picked up in a straight to series 10-episode order by SyFy, and is co-produced with Modern Story Company, December Films and GPM.

- Also subsequent to the fiscal year end, *Strays*, the spin-off series from *Kim's Convenience*, premiered on CBC.

SEASONALITY

Results of operations for any period are contingent on the number and size of programs 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 are driven by contracted deliveries and license period start dates with the broadcasters and distributors and therefore are not earned on an even basis throughout the year. The Company is also 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. The Company also continues to deliver more 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, 2021, 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, 2021, 2020 and 2019 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, 2021**		**June 30, 2020**		**June 30, 2019**
Revenue	$	**111,519**	$	81,289	$	57,671
Net income (loss) from continuing operations	$	**5,690**	$	4,131	$	(1,620)
Basic income (loss) per share – continuing operations	$	**0.119**	$	0.089	$	(0.051)
Total assets	$	**160,144**	$	155,177	$	133,944
Total non-current liabilities	$	**26,828**	$	28,154	$	6,805
Shareholders' equity	$	**63,930**	$	53,661	$	49,920

Results of Operations

	For the three months ended		**For the year ended**	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
($000's, except per share data)	**$**	**$**	**$**	**$**
Revenue	26,097	21,090	111,519	81,289
Expenses	26,984	21,355	105,829	77,158
Net income (loss) from continuing operations	**(887)**	**(265)**	**5,690**	**4,131**
Income (loss) from discontinued operation	-	(315)	47	(1,088)
Net income (loss) for the period	**(887)**	**(580)**	**5,737**	**3,043**
Foreign currency translation adjustment	(10)	(5)	(47)	4
Gain (loss) on translation of discontinued operation	-	80	(35)	(9)
Comprehensive net income (loss) for the period	**(897)**	**(505)**	**5,655**	**3,038**
Basic income (loss) per share – continuing operations	(0.018)	(0.006)	0.119	0.089
Diluted income (loss) per share – continuing operations	(0.018)	(0.006)	0.113	0.084
Basic income (loss) per share – discontinued operation	-	(0.007)	0.001	(0.023)
Diluted income (loss) per share – discontinued operation	-	(0.007)	0.001	(0.023)

EBITDA, Adjusted EBITDA and Free Cash Flow

	For the three months ended		For the year ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
($000's)	**$**	**$**	**$**	**$**
Net income (loss) from continuing operations	**(887)**	**(265)**	**5,690**	**4,131**
Income tax expense	422	119	2,315	1,480
Deferred income tax expense (recovery)	(371)	(61)	216	103
Finance costs				
Interest	392	399	1,475	1,166
Dividends on preferred shares	11	18	67	74
Amortization				
Property and equipment	419	732	1,356	1,564
Right-of-use assets	1,583	1,754	6,695	5,796
Intangible assets	67	67	270	270
	2,523	3,028	12,394	10,453
EBITDA	**1,636**	**2,763**	**18,084**	**14,584**
Share-based compensation	387	139	1,168	683
Unrealized foreign exchange (gain) loss	(103)	28	(989)	(156)
Loss (gain) on disposal of property and equipment	-	-	733	11
Gain on disposal of right-of-use assets	(11)	-	(277)	-
Severance costs	300	-	583	113
Other	70	17	309	217
	643	**184**	**1,527**	**868**
Adjusted EBITDA	**2,279**	**2,947**	**19,611**	**15,452**
Cash inflows from continuing operations	3,333	9,463	22,275	16,540
Purchase of property and equipment	(523)	(1,225)	(1,360)	(3,312)
Net repayment of interim production financing	2,006	(5,662)	(8,622)	(5,951)
Free Cash Flow	**4,816**	**2,576**	**12,293**	**7,277**

Adjusted EBITDA was $2.3 million and $19.6 million for the three months and year ended June 30, 2021, compared to $2.9 million and $15.5 million for the comparative periods of fiscal 2020, a decrease of $0.6 million and increase of $4.1 million, respectively. This increase was primarily due to growth in production services projects.

Free cash flow was $4.8 million and $12.3 million for the three months and year ended June 30, 2021, as compared to $2.6 million and $7.3 million for the comparative periods, increases of $2.2 million and $5.0 million, respectively. These fluctuations are mainly due to changes in working capital and net production loan repayments. See the "Non-IFRS Measures" section of this MD&A for the definition and detailed calculation of EBITDA, Adjusted EBITDA and Free Cash Flow.

Revenue

($000's)	For the three months ended June 30, 2021 $	June 30, 2020 $	For the year ended June 30, 2021 $	June 30, 2020 $
Production services	23,966	12,540	77,207	47,417
Licensing and distribution	1,962	8,534	34,038	33,816
Other	169	16	274	56
Total revenue	**26,097**	**21,090**	**111,519**	**81,289**

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 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 $26.1 million and $111.5 million in the three months and year ended June 30, 2021, increases of 24% ($5.0 million) and 37% ($30.2 million) over the comparative periods.

Production services revenue for the three months and year ended June 30, 2021 increased by 91% ($11.4 million) and 63% ($29.8 million) over the comparative periods, due to an increase in the number and size of contracts. This revenue consists primarily of animation production services, which experienced continued growth. The growth in production services revenue reduces the volatility of results over quarters as the production service revenue is recognized as the work is completed.

Licensing and distribution revenue decreased by 77% ($6.6 million) and increased by 1% ($0.2 million) for the three months and year ended June 30, 2021, over the comparative periods, due mainly to the timing of delivery of an animation series in the Q4 2020 comparative period. In the comparative quarter, revenue was recognized from 10 episodes of an animation series (*The Last Kids on Earth*).

Direct operating

($000's)	For the three months ended June 30, 2021 $	June 30, 2020 $	For the year ended June 30, 2021 $	June 30, 2020 $
Direct costs	16,334	9,821	56,868	35,133
Amortization of investment in content	3,032	4,555	19,173	16,172
Other	75	6	593	114
Total direct operating	**19,441**	**14,382**	**76,634**	**51,419**

Direct operating includes costs directly related to the Company's productions, such as production expenses on service work, amortization and recoupment costs for third party library product and royalties and residuals for completed productions. Other includes development expenses on projects the Company has abandoned.

Direct costs for the three months and year ended June 30, 2021 increased 66% ($6.5 million) and 62% ($21.7 million) over the comparative periods, consistent with the increase in the Company's animation production service revenue as described above in the revenue section.

Amortization of investment in content decreased in the three months ended June 30, 2021, as compared to the comparative period mainly due to the timing of delivery of episodes in Q4 2021 versus Q4 2020 as described above in the revenue section.

Amortization

($000's)	For the three months ended June 30, 2021 $	For the three months ended June 30, 2020 $	For the year ended June 30, 2021 $	For the year ended June 30, 2020 $
Amortization of intangible assets	67	67	270	270
Amortization of property and equipment	419	732	1,356	1,564
Amortization of right-of-use assets	1,583	1,754	6,695	5,796
Total amortization	**2,069**	**2,553**	**8,321**	**7,630**

Amortization of property and equipment decreased 43% ($0.3 million) and 13% ($0.2 million), respectively, for the three months and year ended June 30, 2021 over the comparative periods. This is due to the declining balance of computer hardware and equipment as well as the decrease in leasehold improvements due to the sublease of the Vancouver head office.

Amortization of right-of-use assets decreased 10% ($0.2 million) and increased 16% ($0.9 million), respectively, for the three months and year ended June 30, 2021 over the comparative periods. This is due to an increase in computer hardware, servers and equipment under capital lease offset by the sublease of the Vancouver head office lease.

General and administrative

($000's)	For the three months ended June 30, 2021 $	For the three months ended June 30, 2020 $	For the year ended June 30, 2021 $	For the year ended June 30, 2020 $
Salaries, employee benefits and contractors	3,691	2,774	11,306	9,354
Office and administrative	727	764	3,014	3,177
Legal and professional fees	181	151	919	728
Total general and administrative	**4,599**	**3,689**	**15,239**	**13,259**

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

Total general and administrative expenses increased 25% ($1.0 million) and 15% ($2.0 million) for the three months and year ended June 30, 2021 over the comparative periods. Salaries and contractor fees increased 33% ($1.0 million) and 21% ($2.0 million) over the three months and year ended June 30, 2021 due to significant growth. Legal and professional fees increased by 26% ($0.2 million) over the respective year-end comparative period due mainly to an arbitration case regarding a past production that has now been settled.

Distribution and marketing

($000's)	For the three months ended June 30, 2021 $	For the three months ended June 30, 2020 $	For the year ended June 30, 2021 $	For the year ended June 30, 2020 $
Total distribution and marketing	**189**	**104**	**847**	**1,410**

Distribution and marketing expenses include expenses related to the distribution of the Company's content library to third parties, investor relations, advertising and promotion, attendance at forums, conferences and film markets, and the travel and meals related to such. Distribution and marketing expenses increased by 82% ($0.1 million) and decreased by 40% ($0.6 million) for the three months and year ended June 30, 2021 over the comparative periods. The increase was mainly due to increases in advertising, promotion, donations and on-line conventions in the current period, and the decrease was mainly due to a decrease in travel and meals and in-person attendances at markets and conferences in the three months and year ended June 30, 2021 due to COVID-19.

Finance

($000's)	For the three months ended June 30, 2021 $	For the three months ended June 30, 2020 $	For the year ended June 30, 2021 $	For the year ended June 30, 2020 $
Dividends on redeemable preferred shares	11	18	67	74
Interest on loans	107	196	184	651
Interest on lease obligations[1]	318	291	1,488	1,095
Interest income	(13)	(88)	(148)	(580)
Interest income on lease receivable	(20)	-	(49)	-
Realized foreign exchange gain on loans	-	-	(2)	-
Unrealized foreign exchange gain on loans	(116)	-	(1,070)	-
Total finance	**287**	**417**	**470**	**1,240**

[1]Included in interest on lease obligations for the three months and year ended June 30, 2021 is interest related to non-finance leases of $298 and $1,379, respectively (three months and year ended June 30, 2020 - $249 and $913, respectively).

Finance expenses include interest expense, dividends and foreign exchange gains and losses on loans, net of interest income. Finance expenses decreased by 31% and 62% for the three months and year ended June 30, 2021 over the comparative periods. The decrease in finance costs for the quarter was mainly due to a decrease of interest on loans, as the outstanding interim production financing balances during the quarter were lower than the comparative quarter loan balances, and unrealized foreign exchange gains on financing loans denominated in $US dollars. This was offset by a decrease of interest income received due to tax credits that were received sooner than in the previous periods. For the year-end period, finance costs decreased due to the unrealized foreign exchange gains on financing loans denominated in $US dollars.

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 June 30, 2021 $	For the three months ended June 30, 2020 $	For the year ended June 30, 2021 $	For the year ended June 30, 2020 $
Realized foreign exchange loss	109	154	72	326
Unrealized foreign exchange (gain) loss	(137)	(141)	91	(392)
Total foreign exchange (gain) loss	**(28)**	**13**	**163**	**(66)**

Foreign exchange gain/loss includes both realized and unrealized gains and losses from foreign currency transactions. Foreign exchange gain increased by 315% and decreased by 347% for the three months and year ended June 30, 2021 over the comparative periods. The decrease in realized foreign exchange loss is mainly related to the receipts of $US dollar receivables from production service agreements with budget rates lower than the current spot rate, which has been decreasing steadily from the prior year-end. The change in unrealized foreign exchange gain/loss is mainly due to the revaluation of foreign currency trade receivables and $US dollar bank balances to the current spot rate at period end.

Share-based compensation

Share-based compensation expense was $0.4 million and $1.2 million for the three months and year ended June 30, 2021, compared to $0.1 million and $0.7 million in the comparative periods. These increases are primarily due to an increase in the number of stock options granted in the current fiscal year.

NET ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

In March 2021, the Company sold the shares of its UK operation. In March 2020, the Company had decided to cease its UK operation and classified the related assets and liabilities as held for sale. The results from the operations are classified as discontinued operations.

	June 30, 2021	June 30, 2020
Cash	$ -	$ 538
Trade receivables and other	-	586
Investment in content	-	98
Assets held for sale	**-**	**1,222**
Accounts payable and accrued liabilities	-	633
Deferred revenue	-	126
Liabilities associated with assets held for sale	**-**	**759**
Net assets held for sale	**$ -**	**$ 463**

The cumulative foreign exchange gains recognized in accumulated other comprehensive income in relation to the discontinued operation as at June 30, 2021 were $nil (June 30, 2020 – foreign exchange losses of $35).

Analysis of the results of discontinued operation is as follows:

	Year ended June 30, 2021	2020
Revenue	$ 650	$ 2,195
Expenses	401	3,283
Income (loss) from discontinued operation	**249**	**(1,088)**
Loss on sale of discontinued operations	(202)	-
Income (loss) from discontinued operation	**47**	**(1,088)**
Loss on translation of discontinued operation	(35)	(9)
Other comprehensive loss from discontinued operation	**$ (35)**	**$ (9)**

In assessing the fair value of the net assets held for sale, the Company determined that all assets and liabilities had a fair value which was equal to net book value.

QUARTERLY FINANCIAL INFORMATION

($000's, except per share data)	Q4 2021 $	Q3 2021 $	Q2 2021 $	Q1 2021 $	Q4 2020 $	Q3 2020 $	Q2 2020 $	Q1 2020 $
Revenue	26,097	37,683	27,950	19,789	21,090	29,564	14,093	16,542
Net income (loss) from continuing operations	(887)	3,580	1,528	1,469	(265)	3,365	(307)	1,338
Basic earnings (loss) per share from continuing operations	(0.018)	0.074	0.032	0.031	(0.006)	0.072	(0.007)	0.029
Diluted earnings (loss) per share from continuing operations	(0.018)	0.070	0.030	0.030	(0.006)	0.068	(0.007)	0.027

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

As discussed in the Seasonality section above, net income from continuing operations is substantially determined by the number and timing of programs delivered. Revenue recognized on these projects depends on contracted deliveries and license period start dates with the broadcasters and distributors and therefore fluctuate significantly from quarter to quarter driving the variances in the Company's revenue and net income/loss from continuing operations. However, the Company continues to deliver more IP to OTT streaming platforms which do not have seasonal premiere calendars like traditional broadcasters, therefore some quarterly patterns of the past may not be indicative of the future.

The decrease in net income from continuing operations in the fourth quarter of 2021 compared to the third quarter of 2021 was a result of no IP projects being delivered in the fourth quarter, mitigated by growth in production services, which are mainly delivered to OTT streaming platforms.

The Company had the highest delivery of IP projects for the fiscal year during the third quarter of 2021, consistent with prior fiscal periods. This resulted in higher net income from continuing operations in the third quarter of 2021 compared to the second quarter of 2021. However, as noted above, this quarterly pattern may not be indicative of the future.

The increase in net income from continuing operations in the second quarter of 2021 compared to the first quarter of 2021 was primarily due to growth in production services projects as well as an increase in IP delivered.

The increase in net income from continuing operations in the first quarter of 2021 compared to the fourth quarter of 2020 was a result of lower general and administrative costs, lower amortization of property and equipment and intangible assets, as well as lower finance costs in the first quarter of 2021.

During the third quarter of 2020, the Company had the highest delivery of IP projects for the fiscal period to date. This resulted in higher net income from continuing operations in the third quarter of 2020 over the second and fourth quarter.

The decrease in net income from continuing operations in the second quarter of 2020 compared to the first quarter of 2020 was a result of less IP projects being recognized in the second quarter than in the first quarter of 2020.

The increase in net income from continuing operations in the first quarter of 2020 was a result of more IP projects being delivered in the first quarter as compared to the fourth quarter of 2019.

FINANCIAL CONDITION

($000's)		**June 30, 2021**		**June 30, 2020**
Cash and cash equivalents	$	22.420	$	12,820
Accounts receivable		67,104		62,839
Investment in content		21,933		25,292
Property and equipment		25,957		31,096
Goodwill and intangible assets		13,348		13,618
Other assets		9,382		9,512
Total assets	$	160,144	$	155,177
Accounts payable and accrued liabilities	$	8,400	$	7,708
Interim production financing		32,845		42,420
Lease obligations		25,021		26,862
Deferred revenue		21,198		14,999
Other liabilities		8,750		9,527
Total liabilities	$	96,214	$	101,516
Shareholders' equity	$	63,930	$	53,661

The above table summarizes certain information with respect to the Company's capitalization and financial position as at June 30, 2021 and 2020.

Total assets were $160.1 million as at June 30, 2021, an increase of $4.9 million compared to $155.2 million as at June 30, 2020. The increase is primarily due to an increase in cash and accounts receivable, offset by a decrease in property and equipment. These increases are due to a higher EBITDA, consistent with an increase in revenue, provided from larger and a greater number of contracts, and an increase in the amount of options being exercised, which produced a cash inflow of $2.3 million compared to the prior year. The decrease of property and equipment is partially due to the removal of the head office ROU asset and leasehold improvement asset due to the sublease of the head office, and also to fewer computer hardware additions in the current year as compared to the prior year.

Total liabilities were $96.2 million as at June 30, 2021, a decrease of $5.3 million compared to $101.5 million as at June 30, 2020. The decrease is mainly due to the decrease in interim production financing, offset by an increase in deferred revenue. The decrease in interim production financing is primarily related to the repayment of production loans related to an animated series, of which $18.1 million was paid down in the current fiscal year. The balance is due to an increase in the number of productions during the year requiring interim financing. The increase in deferred revenue is directly related to an increase in the number and scope of productions compared to the prior year.

Shareholders' equity was $63.9 million as at June 30, 2021, an increase of $10.2 million compared to $53.7 million as at June 30, 2020. Common shares increased due to the conversion of preferred shares, shares issued as management compensation, and the exercise of options ($4.9 million). The deficit decreased $5.7 million due to an increase to net income, as a result of the increase in revenue.

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 existing revenue resources in addition to accessing funds through a variety of sources including refundable tax credit 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 as considered necessary.

As at June 30, 2021 the Company has a cash balance of $22.4 million, as compared to cash of $12.8 million at June 30, 2020.

Net cash inflows (outflows)

	For the year ended June 30	
	2021	**2020**
($000's)	**$**	**$**
Cash inflows (outflows) by activity:		
Operating activities	22,786	15,545
Financing activities	(11,340)	(12,991)
Investing activities	(1,429)	(3,315)
Effect of exchange rate changes on cash	(417)	151
Net cash inflows	**9,600**	**(610)**

Cash flows from operating activities in the year ended June 30, 2021 provided cash of $22.8 million, compared to $15.5 million in the comparative year. During Q4 2021 cash provided by operating activities included a working capital inflow of $2.9 million, compared to $1.5 million in Q4 2020, due in part to the collection of amounts receivable, timing of payments and other receipts. Cash outflows relating to investment in content included cash outflows of $15.2 million, compared to $13.8 million in Q4 2020, due to increased additions of content in production over Q4 2020, the benefits which will be recognized mainly in F2022.

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 $11.3 million in the year ended June 30, 2021 as compared to using $13.0 million in the comparative year. The decrease in cash outflows is due predominantly to the repayments of loans offset by loan proceeds and the proceeds from the exercise of warrants and share options in the current year. In the comparative year, long-term debt of $1.4 million was repaid.

Cash flows from investing activities pertains to property and equipment purchases. During the year ended June 30, 2021, the Company purchased property and equipment, primarily computer equipment, totalling approximately $1.4 million as compared to $3.3 million in the comparative year.

Cash and cash equivalents

($000's)		**June 30, 2021**		**June 30, 2020**
Cash available for use	$	7,256	$	5,007
Cash required for use in productions	$	15,164	$	7,813
Total cash and cash equivalents	$	**22,420**	$	**12,820**

Cash available for use is defined as the total cash and cash equivalents of the Company less cash required for use in productions. Cash available for use funds ongoing working capital requirements, principal and interest payments on corporate demand loans as well as ongoing development and growth efforts.

Cash required for use in productions is defined as cash required for the funding of productions from the development stage through to completion that is not considered by the Company to be available for other uses. This cash has been provided by buyers and third-party IP owners that have engaged the Company to produce content, as well as banks with whom the Company has contracted to provide interim production financing. The increase in cash required for use in productions from June 30, 2020 to June 30, 2021 is primarily related to cash balances maintained for animation production services contracts.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions, and to maximize the return to shareholders through the optimization of reasonable debt and equity balances commensurate with current operating requirements.

To facilitate the management of its capital structure, the Company prepares annual expenditure budgets that are updated as necessary depending on the various factors, including industry conditions and operating cash flows. The annual and updated budgets 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 prime 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, 2021, the Company had repaid the prior draws.
- A $3.0 million revolving un-margined line of credit, bearing interest at prime plus 1.25%, secured by a General Security Agreement, and repayable on demand. As at June 30, 2021, the Company had repaid the prior draws.
- A five-year $10.0 million non-revolving term loan at an interest rate of prime 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, 2021, this facility had not been drawn upon.
- A $40.0 million revolving production operating line of credit at an interest rate of prime 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 ("SPPC"). As at June 30, 2021, the Company had drawn down $9.9 million.

- A $4.2 million revolving lease facility. This facility may be used to finance equipment purchases. As at June 30, 2021, this facility had not been drawn upon.
- Two non-revolving reducing single lease facilities totaling $2.8 million. These facilities may be used to finance equipment purchases and leasehold improvements. As at June 30, 2021, neither of these facilities had been drawn upon.

Under the terms of the RBC credit facilities, the Company is required to meet certain covenants. As at June 30, 2021, the Company was in compliance with all of the covenants.

The overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2020.

RISKS AND UNCERTAINTY

The Company is exposed to several specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects, and financial condition.

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. Reference to "we", "our" and similar terms refer to Thunderbird.

A. GENERAL RISKS

ECONOMIC CONDITIONS

Thunderbird's operating performance is affected by general Canadian and worldwide economic conditions. Changes in economic conditions or economic uncertainty may affect discretionary consumer and business spending, resulting in increased or decreased demand for our product offerings. Current or future events caused by volatility in domestic or international economic conditions or a decline in economic growth may have a material adverse effect on Thunderbird, its operations and/or its financial results. See also "Global Pandemics".

GLOBAL PANDEMICS

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, the Company's products and services. On March 11, 2020, the World Heath Organization (WHO) declared COVID-19 a pandemic.

The COVID-19 pandemic continues to significantly impact the well-being of individuals and the Canadian and global economies. The Company has implemented a specific response plan, informed by measures recommended by public health agencies, to continue providing its services and support to customers while safeguarding the health and safety of employees. Appropriate business continuity measures have been taken to ensure uninterrupted service. Restrictions have been reintroduced in some provinces to tackle recent surges of COVID-19 cases which will impact various sectors and businesses. Development of company-wide principles and guidelines, informed by public health authorities' recommendations, and site-specific plans have been made and continue to be adjusted as necessary on a location-by-location basis. Site-specific plans may include reduced occupancy at some sites, or modification of workspaces to provide the right level of protection to the Company's employees.

The impact of COVID-19 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. For Canadian original programming, the Company continues to work with industry groups to keep our crew on Canadian productions safe and to manage incremental costs associated with enhanced COVID-19 precautions. Scarcity of producers, cast, crew, and studio space, together with the costs of personal protective equipment and insurance, are currently estimated to increase the cost of scripted productions by up to 15%.

It is too soon to gauge the medium to long-term impacts of the current outbreak, given the many unknowns related to COVID-19. These include the duration, severity and the impact of a resurgence of the outbreak as emergency measures are eased or reintroduced. COVID-19 is altering business and consumer activity in many ways. The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions, the temporary shut-down of non-essential services and extreme fluctuations in financial and commodity markets. Restrictive measures may be re-implemented by one or more governments in jurisdictions where the Company operates. Labour shortages due to illness, Company or government imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or cessation of all or a portion of the Company's operations. 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, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to continue to contain the COVID-19 virus or remedy its impact, among others.

The actual and threatened spread of COVID-19 globally could also have a material adverse effect on the regional economies in which the Company operates, could continue to negatively impact stock markets, including the price of its Common Shares, could adversely impact its ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing or renegotiating the terms of its existing financing more challenging or more expensive. Potential impacts include, but are not limited to, loss of revenues due to suspension of operations or decline in customer demand, disruption to supply chains and human resources that impact production or operating costs, a deterioration of customer receivables and estimate of expected credit loss, and an impairment of financial and non-financial assets.

Depending on the duration and severity of the current COVID-19 pandemic, it may also have the effect of heightening many of the other risks described in other disclosure documents, including, but not limited to, risks relating to the Company's obligations, complying with the covenants contained in the agreements that govern its existing indebtedness, restricted access to capital and increased borrowing costs, liquidity risk, exposure to advertising revenue, its ability to maintain adequate internal controls in the event that employees are restricted from accessing their regular offices for a significant period of time, it ability to acquire or develop products and rights to entertainment properties, and increased reliance on information technology systems, applications, and information repositories.

Any of these developments, and others, could have a material adverse effect on the Company's business, financial condition, operations and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in the Company's financial statements will change in the near term and the effect of any such changes could be material, which could result in, among other things, an impairment of long-lived assets, impairments of investments in venture funds and a change in the estimated credit losses on accounts receivable.

COMPETITION AND TECHNOLOGICAL ADVANCES

Risks related to the nature of the film and television industry

The film and television industry involves a substantial degree of risk. 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 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.

B. BUSINESS RISKS

RELIANCE ON KEY SUPPLIERS AND CUSTOMERS

Concentration risk

Revenue may originate from disproportionately few broadcasters and OTT customers. As these contracts expire, there could be an adverse effect on our 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. 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. 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. 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 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. 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;

changes in local regulatory requirements, including restrictions on content; differing cultural tastes and attitudes; differing degrees of protection for intellectual property; 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.

INFORMATION SYSTEMS AND INTERNAL BUSINESS PROCESSES

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 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.

INTELLECTUAL PROPERTY RIGHTS/PIRACY

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 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.

PRODUCTION OF FILM AND TELEVISION PROGRAMS

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(q) "Government financing and assistance" of Thunderbird's audited consolidated financial statements for the year-ended June 30, 2021. 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.

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.

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 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
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.

PEOPLE
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. Further, 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, although we believe that we offer competitive remuneration packages that are attractive to our current and future personnel. If we fail to retain skilled personnel, we may not be able to grow our business as anticipated, which could have an adverse effect on our business prospects, financial condition, results of operations and cash flows.

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.

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.

OTHER

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.

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 its 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 TSX-V, 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 Management's Discussion and Analysis 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.

C. FINANCIAL RISKS

ACQUISITIONS AND OTHER STRATEGIC TRANSACTIONS

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.

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 deliver growth through further material acquisitions and/or investments, for which additional sources of financing may be required. There can be no assurance that should we seek to deliver such growth we will be able to raise those funds, whether on acceptable terms or at all. If further financing is obtained by issuing equity securities or convertible debt securities, the existing shareholdings may be diluted, and the new securities may carry rights, privileges, and preferences superior to the existing issued shares. If we were to seek to deliver such growth through debt financing, we may incur significant borrowing costs.

TAXES

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.

MARKET VOLATILITY

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.

INTEREST RATE RISK

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.

FOREIGN CURRENCY RISK

Impacts of fluctuations in exchange rates

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, 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. 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, 2021.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far 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, 2021 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	8,400	-	-	8,400
Income taxes payable	1,649	-	-	1,649
Interim production financing	32,845	-	-	32,845
Deferred revenue	21,198	-	-	21,198
Obligations under leases	4,718	9,307	10,996	25,021
Redeemable preferred shares	700	229	-	929
	69,510	**9,536**	**10,996**	**90,042**

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 $376 change to net earnings for the year ended June 30, 2021 (2020 - $435). The Company has no interest rate hedges or swaps outstanding at June 30, 2021.

ii. **Foreign currency exchange risk**

Foreign currency exchange risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's activities that expose it to currency risk involve the holding of foreign currencies as well as earning revenues and incurring expenses that are denominated in foreign currencies. The Company has engaged in certain foreign exchange hedging activities (foreign contracts on foreign currency client payments) and also mitigates its currency exchange risk by entering into natural hedges whereby foreign currency liabilities are offset by assets pledged in the same foreign currency.

For the year ended June 30, 2021, revenue denominated in U.S. dollars accounted for 46% (2020 - 38%) of total revenue, revenue denominated in AUD accounted for 3% (2020 - 3%) of total revenue and revenue denominated in GBP accounted for nil (2020 – 2%) of total revenue. As at June 30, 2021, a 5% fluctuation in the U.S. dollar exchange rate would have an impact of approximately $1,569 (2020 - $779) on net earnings, a 5% fluctuation in the AUD exchange rate would have an impact of approximately $166 (2020 - $139) on net earnings and a 5% fluctuation in the GBP exchange rate would have an impact of approximately $1 (2020 - $50) on net earnings.

The Company is also exposed to foreign exchange risk on its cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and interim production financing that are denominated in U.S. dollars. A 5% fluctuation in the U.S. dollar closing rate would result in a change to net earnings for the year ended June 30, 2021 of approximately $429 (2020 - $178) and a 5% fluctuation in the AUD closing rate would result in a change to net earnings for the year ended June 30, 2021 of approximately $42 (2020 - nil).

TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES

	For the three months ended		For the year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
($000's)	$	$	$	$
Consulting fees[1]	36	101	287	446
Revenue[2]	-	-	-	(651)
Other	-	10	117	53
	36	**111**	**404**	**(152)**

[1]Paid to companies owned by directors.
[2]Received from a company owned by the former President.

In the three months and year ended June 30, 2021 and the comparative periods, consulting fees were paid to companies owned by directors (Brian Paes-Braga: Valola Holdings Corp. and Quiet Cove Capital (UK) Corp Ltd. and Frank Giustra: Fiore Management & Advisory Corp.). Revenue related to production services work was received in the comparative year-end period from a company owned by the former President (Mark Miller: Kah-kitowak Films (II) Inc.). Other fees for storage, composing and narration were paid in year ended June 30, 2021 and the comparative periods to a company owned by the former President (Mark Miller: Mark Miller Media Link).

At June 30, 2021, $nil (2020 - $652) was due from a company owned by the former President (Mark Miller: Kah-kitowak Films (II) Inc.); $14 (2020 - $19) was payable to a director and companies owned by directors (Frank Giustra: The Radcliffe Corporation; Brian Paes-Braga: Valola Holdings Corp. and Quiet Cove Capital (UK) Corp Ltd.; Linda Michaelson); and $606 (2020 - $724) was payable to a director and the CEO (Jennifer Twiner McCarron).

The related party transactions are made on terms equivalent to those that prevail in arm's length transactions. All outstanding balances at the period-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 all directors, as well as the Chair (Brian Paes-Braga), Chief Executive Officer and President (Jennifer Twiner McCarron), Chief Financial Officer (Barb Harwood), Chief Operating Officer (Sarah Nathanson), former Vice Chair (Tim Gamble), former President (Mark Miller) and former Chief Operating Officer (Scott Fitzsimmons). The remuneration of directors and officers is as follows:

	For the three months ended		For the year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
($000's)	$	$	$	$
Short-term benefits	999	1,234	2,259	3,208
Share-based payments	40	80	200	368
Total key management personnel compensation	**1,039**	**1,314**	**2,459**	**3,576**

During the year ended June 30, 2021, the Company issued 55,698 common shares to the Chief Executive Office (Jennifer Twiner McCarron) at a deemed price of $2.045 per share. The issuance reflects partial consideration for a performance bonus earned during the fiscal year ended June 30, 2020, in accordance with the terms of the CEO's employment agreement.

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,

2021 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.

Standards issued but not yet effective

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

DISCLOSURE OF OUTSTANDING SHARE DATA

As at October 19, 2021 the Company had the following common and preferred shares and stock options outstanding.

Common Shares	48,931,597
Preferred Shares – redeemable[1]	654,000
Stock Options	3,957,750

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

Directors and Officers as at June 30, 2021

Directors

Brian Paes-Braga	Chair, Director
Jennifer Twiner McCarron	CEO, President, Director
Marni Wieshofer	Lead Director
Frank Giustra	Director
Azim Jamal	Director
Linda Michaelson	Director
Paul Sparkes	Director

Officers

Jennifer Twiner McCarron	CEO, President, Director
Barb Harwood	CFO
Sarah Nathanson	COO, Corporate Secretary