THUNDERBIRD
ENTERTAINMENT

Thunderbird Entertainment Group Inc.

Management's Discussion and Analysis
For the three months ended September 30, 2021 ("Q1 2022")
and September 30, 2020 ("Q1 2021")

GENERAL

This Management's Discussion and Analysis ("MD&A") dated November 24, 2021 should be read in conjunction with the unaudited interim condensed consolidated financial statements of Thunderbird Entertainment Group Inc. ("Thunderbird" or "the Company") for the three months ended September 30, 2021 and 2020 and accompanying notes which 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 180 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. The Company is committed to a hybrid working structure moving forward, allowing team members to create working structures to meet their unique needs.

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* 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.

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. *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*. Production has commenced on all three new series.

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* premiered September 14, 2021 on CBC Television.

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 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.

With the opening of Thunderbird's consumer products and distribution arm, the Company intends to build out its capacity to finance and produce its own IP, with the goal of steadily growing this division year-over-year to produce a wide variety of top-quality products. In addition, this division will endeavour to finance and distribute premium third-party titles. Fiscal 2022 is key to the Company's continued success and is an incredibly important build year with several initiatives and business structures being put into place to facilitate and support Thunderbird's long-term growth and production and distribution of high-quality content. As Thunderbird continues to grow, the results of this foundational work will start to be realized by 2024 and beyond.

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

- Consolidated revenue was $35.1 million for the three months ended September 30, 2021, compared to $19.8 million for the comparative period of fiscal 2021, an increase of $15.3 million (77%). The majority of this increase over the comparative period in 2021 is related to growth in production service projects and due to the delivery of the live-action series "*Strays*" for CBC.

- Consolidated net income was $1.9 million for the three months ended September 30, 2021, compared to $1.4 million for the comparative period of fiscal 2021, an increase of $0.5 million (36%).

- Adjusted EBITDA was $6.3 million for the three months ended September 30, 2021, compared to $4.8 million for the comparative period of fiscal 2021, an increase of $1.5 million (31%). This increase was primarily due to growth in production services and due to delivery of the live-action series "*Strays*" for CBC. 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 Q1, which ended on September 30, 2021, the Company had 27 programs in various stages of production. Twelve of these projects are Company IP or partner-managed service productions where the Company receives a percentage of certain revenue streams.

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

Thunderbird Kids and Family

- In Q1, the Kids and Family Division, Atomic was in various stages of production on 16 animated television series/animatics and two animated feature-length films, 18 productions in total. These programs reflect a blend of both partner-managed and service-based work.

- During Q1, work produced by Atomic included *Mighty Express* debuting its fourth season exclusively on Netflix, the *Lego Star Wars: Terrifying Tales* special streaming on Disney+, Season 4 of *Trolls: Trollstopia* streaming on Peacock and Hulu, and *Marvel's Spidey and His Amazing Friends* – the first full-length Marvel series for preschoolers – premiering on Disney Channel and Disney Junior. *Curious George: Cape Ahoy* also debuted on Peacock.

- Also, in Q1, Season Two of *Marvel's Spidey and His Amazing* Friends was greenlit after an impressive debut on Disney.

Thunderbird Factual

- In Q1, the Factual Division, Great Pacific Media ("GPM"), was in production on eight series and/or documentaries: *Highway Thru Hell* (Season 11), *Heavy Rescue: 401* (Season 7), *Mud Mountain Haulers* (Season 2), *Deadman's Curse* (working title) (Season 1), *Gut Job* (Season 1), *Styled* (working title) (Season 1), *Dr. Savannah: Wild Rose Vet* (Season 1) in conjunction with Wapanatahk Media, and *The Teenager and The Lost Mayan City* (working title).

- During Q1, GPM commenced production on *Deadman's Curse, Styled* and *Gut Job*; all in partnership with Corus Entertainment.

Thunderbird Scripted

- In Q1, Thunderbird also announced *Reginald the Vampire*, its new fully owned scripted series starring Spider-Man's Jacob Batalon. *Reginald the Vampire* was picked up in a straight-to-series 10-episode order by SyFy and is being co-produced with Modern Story Company and December Films.

- Also, in Q1, *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 the current year or future years.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected comparative information set out below for the three months ended September 30, 2021 and 2020 has been derived from, and should be read in conjunction with, the Company's unaudited interim condensed consolidated financial statements and accompanying notes for the respective periods.

Financial Position

($000's)		**September 30, 2021**		**June 30, 2021**
Total assets	$	170,333	$	160,144
Total non-current liabilities	$	27,165	$	26,828
Shareholders' equity	$	66,310	$	63,930

Results of Operations

	For the three months ended	
	Sept 30, 2021	**Sept 30, 2020**
($000's, except per share data)	**$**	**$**
Revenue	35,072	19,790
Expenses	33,186	18,321
Net income from continuing operations	**1,886**	**1,469**
Loss from discontinued operation	-	(80)
Net income for the period	**1,886**	**1,389**
Foreign currency translation adjustment	6	(3)
Loss on translation of discontinued operation	-	(44)
Comprehensive net income for the period	**1,892**	**1,342**
Basic income per share – continuing operations	0.039	0.031
Diluted income per share – continuing operations	0.037	0.030
Basic loss per share – discontinued operation	-	(0.002)
Diluted loss per share – discontinued operation	-	(0.002)

EBITDA, Adjusted EBITDA and Free Cash Flow

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Net income from continuing operations	**1,886**	**1,469**
Income tax expense	765	318
Deferred income tax expense	113	60
Finance costs		
Interest	413	477
Dividends on redeemable preferred shares	11	18
Amortization		
Property and equipment	1,011	324
Right-of-use assets	1,478	1,923
Intangible assets	68	67
	3,859	3,187
EBITDA	**5,745**	**4,656**
Share-based compensation	275	119
Unrealized foreign exchange (gain) loss	3	(285)
Severance costs	208	283
Other	70	-
	556	**117**
Adjusted EBITDA	**6,301**	**4,773**
Cash (outflows) inflows from continuing operations	(936)	1,514
Purchase of property and equipment	(1,043)	(268)
Net advances (repayment) of interim production financing	5,416	(18)
Free Cash Flow	**3,437**	**1,228**

Adjusted EBITDA was $6.3 million for the three months ended September 30, 2021, compared to $4.8 million for the comparative period of fiscal 2021, an increase of $1.5 million. This increase was primarily due to growth in production services projects and delivery of the scripted comedy series "*Strays*" for CBC.

Free cash flow was $3.4 million for the three months ended September 30, 2021, as compared to $1.2 million for the comparative period, an increase of $2.2 million. This fluctuation is mainly due to changes in working capital and net production loan advances. 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 Sept 30, 2021 $	Sept 30, 2020 $
Production services	25,142	14,701
Licensing and distribution	9,930	5,053
Other	-	36
Total revenue	**35,072**	**19,790**

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 $35.1 million in the three months ended September 30, 2021, an increase of 77% ($15.3 million) over the comparative quarter.

Production services revenue for the three months ended September 30, 2021 increased by 71% ($10.4 million) over the comparative period, 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 increased by 97% ($4.9 million) for the three months ended September 30, 2021, over the comparative period, due mainly to the timing of delivery of a scripted series in the current period. In the current quarter, revenue was recognized from 10 episodes of a scripted series (*Strays*) and 11 episodes of a factual series (*Highway Thru Hell* S10) and in the comparative quarter revenue was recognized from 12 episodes of a factual series (*Highway Thru Hell* S9).

Direct operating

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Direct costs	19,276	10,838
Amortization of investment in content	5,511	798
Other	56	45
Total direct operating	**24,843**	**11,681**

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 ended September 30, 2021 increased 78% ($8.4 million) over the comparative period, consistent with the increase in the Company's animation production service revenue as described above in the revenue section.

Amortization of investment in content increased in the three months ended September 30, 2021, as compared to the comparative period mainly due to the timing of delivery of episodes in Q1 2022 versus Q1 2021 as described above in the revenue section.

Amortization

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Amortization of intangible assets	68	67
Amortization of property and equipment	1,011	324
Amortization of right-of-use assets	1,478	1,923
Total amortization	**2,557**	**2,314**

Amortization of property and equipment increased 212% ($0.7 million) for the three months ended September 30, 2021 over the comparative period. This is due to an increase in computer hardware and equipment purchases that have not been offset by capital leases as well as an increase in leasehold improvements due to the renovation buildout of the new Vancouver head office.

Amortization of right-of-use assets decreased 23% ($0.4 million) for the three months ended September 30, 2021 over the comparative period. This is due to a decrease in computer hardware, servers and equipment under capital lease.

General and administrative

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Salaries, employee benefits and contractors	2,772	2,544
Office and administrative	1,060	665
Legal and professional fees	247	373
Total general and administrative	**4,079**	**3,582**

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 14% ($0.5 million) for the three months ended September 30, 2021 over the comparative period. Salaries and contractor fees increased 9% ($0.2 million) for the three months ended September 30, 2021 due to continued growth. Office and administrative expenses increased 59% ($0.4 million) over the comparative period due mainly to increased computer maintenance and software licenses. Legal and professional fees decreased by 34% ($0.1 million) over the respective three-month comparative period due mainly to an arbitration case in the previous period regarding a past production that has now been settled.

Distribution and marketing

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Total distribution and marketing	**218**	**179**

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 22% for the three months ended September 30, 2021 over the comparative period. The increase was mainly due to increases in advertising, promotion, donations and on-line conventions in the current period.

Finance

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Dividends on redeemable preferred shares	11	18
Interest on loans	118	49
Interest on lease obligations[1]	326	495
Interest income	(11)	(67)
Interest income on lease receivable	(20)	-
Unrealized foreign exchange (gain) loss on loans	158	(286)
Total finance	**582**	**209**

[1]Included in interest on lease obligations for the three months ended September 30, 2021 is interest related to non-finance leases of $307 (three months ended September 30, 2020 - $464).

Finance expenses include interest expense, dividends and foreign exchange gains and losses on loans, net of interest income. Finance expenses increased by 178% for the three months ended September 30, 2021 over the comparative period. The increase in finance costs for the quarter was mainly due to an increase of interest on loans, as the outstanding interim production financing balances during the quarter were higher than the comparative quarter loan balances, and unrealized foreign exchange losses on financing loans denominated in $US dollars. This was offset by a decrease of interest on lease obligations due to fewer assets under capital lease.

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 Sept 30, 2021 $	Sept 30, 2020 $
Realized foreign exchange (gain) loss	3	(97)
Unrealized foreign exchange gain	(249)	(44)
Total foreign exchange gain	**(246)**	**(141)**

Foreign exchange gain/loss includes both realized and unrealized gains and losses from foreign currency transactions. Foreign exchange gain increased by 74% for the three months ended September 30, 2021 over the comparative period. The increase in realized foreign exchange loss is mainly related to the receipts of $US dollar receivables from production service agreements with budget rates higher than the current spot rate, which has increased from the comparative quarter. 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 $0.3 million for the three months ended September 30, 2021, compared to $0.1 million in the comparative period. This increase is primarily due to an increase in the number of stock options granted over the comparative period.

QUARTERLY FINANCIAL INFORMATION

($000's, except per share data)	Q1 2022 $	Q4 2021 $	Q3 2021 $	Q2 2021 $	Q1 2021 $	Q4 2020 $	Q3 2020 $	Q2 2020 $
Revenue	35,072	26,097	37,683	27,950	19,789	21,090	29,564	14,093
Net income (loss) from continuing operations	1,886	(887)	3,580	1,528	1,469	(265)	3,365	(307)
Basic earnings (loss) per share from continuing operations	0.039	(0.018)	0.074	0.032	0.031	(0.006)	0.072	(0.007)
Diluted earnings (loss) per share from continuing operations	0.037	(0.018)	0.070	0.030	0.030	(0.006)	0.068	(0.007)

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. Also, while seasonality may relate to IP projects, production service revenue is recognized as the work is completed and does not depend on third party premiere dates.

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

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.

FINANCIAL CONDITION

($000's)		**Sept 30, 2021**		**June 30, 2021**
Cash and cash equivalents	$	24,754	$	22.420
Accounts receivable		78,243		67,104
Investment in content		17,848		21,933
Property and equipment		26,929		25,957
Goodwill and intangible assets		13,280		13,348
Other assets		9,279		9,382
Total assets	$	170,333	$	160,144
Accounts payable and accrued liabilities	$	10,329	$	8,400
Interim production financing		38,431		32,845
Lease obligations		25,908		25,021
Deferred revenue		20,779		21,198
Other liabilities		8,576		8,750
Total liabilities	$	104,023	$	96,214
Shareholders' equity	$	66,310	$	63,930

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

Total assets were $170.3 million as at September 30, 2021, an increase of $10.2 million compared to $160.1 million as at June 30, 2021. The increase is primarily due to an increase in cash and accounts receivable, offset by a decrease in investment in content. These increases are due to a higher EBITDA, consistent with an increase in revenue, provided from larger and a greater number of contracts. The decrease of investment in content is mainly due to the timing of delivery of IP projects, and the amortization thereon.

Total liabilities were $104.0 million as at September 30, 2021, an increase of $7.8 million compared to $96.2 million as at June 30, 2021. The increase is mainly due to increases in accounts payable and interim production financing. The increase in accounts payable and accrued liabilities is consistent with the increased number of productions in progress. The increase in interim production financing is primarily related to an increase in the number of productions requiring interim financing, with minimal repayments during the quarter.

Shareholders' equity was $66.3 million as at September 30, 2021, an increase of $2.4 million compared to $63.9 million as at June 30, 2021. The deficit decreased $2.0 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 September 30, 2021 the Company has a cash balance of $24.8 million, as compared to cash of $22.4 million at June 30, 2021.

Net cash inflows (outflows)

($000's)	Three months ended Sept 30 2021 $	2020 $
Cash inflows (outflows) by activity:		
Operating activities	(936)	1,869
Financing activities	4,138	(122)
Investing activities	(1,043)	(268)
Effect of exchange rate changes on cash	175	(105)
Net cash inflows	**2,334**	**1,374**

Cash flows from operating activities in the three months ended September 30, 2021 used cash of $1.0 million, compared to providing $1.9 million in the comparative period. During Q1 2022 cash used by operating activities included a working capital outflow of $10.9 million, compared to an inflow of $0.6 million in Q1 2021, due mainly to the increase of amounts receivable, timing of payments and other receipts. Cash outflows relating to investment in content included cash outflows of $0.4 million, compared to $3.6 million in Q1 2021, due to decreased additions of content in production over Q1 2021.

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 provided $4.1 million in the three months ended September 30, 2021 as compared to using $0.1 million in the comparative period. The increase in cash inflows is due predominantly to the proceeds of loans offset by loan repayments.

Cash flows from investing activities pertains to property and equipment purchases. During the three months ended September 30, 2021, the Company purchased property and equipment, primarily computer equipment, totalling approximately $1.0 million as compared to $0.3 million in the comparative period.

Cash and cash equivalents

($000's)		Sept 30, 2021		June 30, 2021
Cash available for use	$	7,184	$	7,256
Cash required for use in productions	$	17,570	$	15,164
Total cash and cash equivalents	$	**24,754**	$	**22,420**

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, 2021 to September 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 September 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 September 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 September 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 September 30, 2021, the Company had drawn down $16.1 million.
- A $4.2 million revolving lease facility. This facility may be used to finance equipment purchases. As at September 30, 2021, the Company had drawn $1.5 million.
- Two non-revolving reducing single lease facilities totaling $1.0 million. These facilities may be used to finance equipment purchases and leasehold improvements. As at September 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 September 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, 2021.

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.

For further details see "RISKS AND UNCERTAINTY", contained in Thunderbird Entertainment Group Inc. Management's Discussion and Analysis, for the years ended June 30, 2021 and 2020, filed October 19, 2021, on www.sedar.com.

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 September 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	10,329	-	-	10,329
Income taxes payable	1,427	-	-	1,427
Interim production financing	38,431	-	-	38,431
Deferred revenue	20,779	-	-	20,779
Obligations under leases	5,316	10,006	10,586	25,908
Redeemable preferred shares	700	229	-	929
	76,982	**10,235**	**10,586**	**97,803**

The Company now has the option to retract the redeemable preferred shares at a value of $1.00 per share. In addition, the shareholders may now convert their preferred shares into common shares at a ratio of 3:1 or may redeem their shares at a price of $1.00 per share. The Company also pays an annual dividend of $0.07 per preferred share.

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

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

TRANSACTIONS AND ACCOUNTS WITH RELATED PARTIES

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Consulting fees[1]	33	98
Other	-	86
	33	**184**

[1]Paid to companies owned by directors.

In the three-month period ended September 30, 2021 and the comparative period, consulting fees were paid to companies owned by a director (Brian Paes-Braga: Valola Holdings Corp. and Quiet Cove Capital (UK) Corp Ltd.). In the comparative period, consulting fees were also paid to a company owned by the former Vice Chair (Tim Gamble: Plantation Capital Corp.). Other fees for storage, composing and narration were paid in the comparative period to a company owned by the former President (Mark Miller: Mark Miller Media Link).

At September 30, 2021, $nil (2020 - $602) was due from a company owned by the former President (Mark Miller: Kah-kitowak Films (II) Inc.); $11 (2020 - $18) was payable to companies owned by a director (Brian Paes-Braga: Valola Holdings Corp. and Quiet Cove Capital (UK) Corp Ltd.); $646 (2020 - $360) was payable to the CEO (Jennifer Twiner McCarron) and $nil (2020 - $364) was payable to the former President (Mark Miller).

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), Chief Creative Officer (Matthew Berkowitz), former Vice Chair (Tim Gamble) and former President (Mark Miller). The remuneration of directors and officers is as follows:

($000's)	For the three months ended Sept 30, 2021 $	Sept 30, 2020 $
Short-term benefits	529	474
Share-based payments	90	63
Total key management personnel compensation	**619**	**537**

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 November 24, 2021 the Company had the following common and preferred shares and stock options outstanding.

Common Shares	48,999,597
Preferred Shares – redeemable[1]	654,000
Stock Options	3,897,750

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

Directors and Officers as at September 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
Matthew Berkowitz	CCO