

# **THUNDERBIRD ENTERTAINMENT**

**Thunderbird Entertainment Group Inc.**

Unaudited Interim Condensed Consolidated  
Financial Statements

For the Three and Nine Months Ended March 31, 2025 and 2024

## **Notice of No Auditor Review of Interim Financial Statements**

In accordance with National Instrument 51–102, *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The Company's external auditors, PricewaterhouseCoopers LLP, have not performed a review of these interim financial statements.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Unaudited Interim Condensed Consolidated Statements of Financial Position

<i>(in thousands of Canadian dollars)</i>	<i>Notes</i>	<b>As at March 31, 2025</b>	<b>As at June 30, 2024</b>
<b>ASSETS</b>			
Current			
Cash and cash equivalents	16	\$ 33,889	\$ 25,216
Trade receivables and other	4	65,979	74,234
Lease receivable	10	-	78
Income taxes recoverable		4,232	2,742
		104,100	102,270
Non-current			
Long-term trade receivables and other	4	4,411	2,106
Investment in content	5	25,027	26,486
Deferred tax assets		8,592	8,516
Property and equipment	6	17,948	20,681
Goodwill and intangible assets	7	12,402	12,538
<b>Total Assets</b>		<b>\$ 172,480</b>	<b>\$ 172,597</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Accounts payable and accrued liabilities		\$ 49,746	\$ 38,700
Income taxes payable		1,655	1,553
Interim production financing	8	7,039	19,818
Deferred revenue	14	16,472	17,682
Current portion of lease obligations	10	3,687	4,592
Redeemable preferred shares	11	367	367
		78,966	82,712
Non-current			
Long-term lease obligations	10	13,890	15,422
Deferred tax liabilities		4,984	5,170
<b>Total Liabilities</b>		<b>97,840</b>	<b>103,304</b>
<b>Shareholders' Equity</b>			
Preferred shares	11	52	52
Common shares	12	71,684	71,260
Accumulated other comprehensive income		434	258
Contributed surplus		5,631	5,425
Deficit		(3,161)	(7,702)
<b>Total Shareholders' Equity</b>		<b>74,640</b>	<b>69,293</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 172,480</b>	<b>\$ 172,597</b>

Commitments and contingencies - Note 18

Approved on behalf of the Board:

**"Jennifer Twiner McCarron"**  
Jennifer Twiner McCarron, Chair

**"Lisa Coulman"**  
Lisa Coulman, CPA, CA; CPA (Illinois), Audit Chair

*See accompanying notes to the interim condensed consolidated financial statements.*

**THUNDERBIRD ENTERTAINMENT GROUP INC.**
**Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**

<i>(in thousands of Canadian dollars except for share data)</i>	<i>Notes</i>	<b>Three months ended March 31,</b>		<b>Nine months ended March 31,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>	<b>14</b>	\$ 45,459	\$ 35,371	\$ 138,303	\$ 113,510
<b>Expenses</b>					
Direct operating	20	34,455	27,134	108,286	87,492
Distribution and marketing		227	235	748	723
General and administrative	20	5,435	5,199	15,843	16,257
Share-based compensation	12	289	193	648	622
Amortization of property and equipment and intangible assets	20	2,157	2,188	6,105	6,997
Finance costs, net	21	254	378	483	1,057
Foreign exchange loss (gain)		(292)	(33)	167	(16)
Loss on termination of leases		-	65	-	40
Loss (gain) on disposal of property and equipment		-	1	(356)	7
		42,525	35,360	131,924	113,179
<b>Income before income taxes</b>		2,934	11	6,379	331
Income tax expense		723	6	1,838	435
<b>Net income (loss) for the period</b>		<b>2,211</b>	<b>5</b>	<b>4,541</b>	<b>(104)</b>
<b>Other comprehensive income (loss)</b>					
Items that may be subsequently reclassified to net income (loss)					
Foreign currency translation adjustment		(8)	64	176	75
		(8)	64	176	75
<b>Comprehensive income (loss) for the period</b>		<b>\$ 2,203</b>	<b>\$ 69</b>	<b>\$ 4,717</b>	<b>\$ (29)</b>
<b>Basic and diluted income per share</b>	<b>12</b>	\$ 0.04	\$ -	\$ 0.09	\$ -

*See accompanying notes to the interim condensed consolidated financial statements.*

**THUNDERBIRD ENTERTAINMENT GROUP INC.**
**Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**

				Accumulated other comprehensive income	Contributed surplus	Deficit	Total
<i>(in thousands of Canadian dollars)</i>	<i>Notes</i>	<b>Preferred shares</b>	<b>Common shares</b>				
Balance at June 30, 2023		\$ 52	\$ 71,147	\$ 149	\$ 5,016	\$ (9,694)	\$ 66,670
Comprehensive income (loss)		-	-	75	-	(104)	(29)
Share-based compensation	12	-	-	-	601	-	601
Purchase of common shares under Normal Course Issuer Bid	12	-	(844)	-	-	(385)	(1,229)
Exercise of options	12	-	957	-	(303)	-	654
<b>Balance at March 31, 2024</b>		<b>52</b>	<b>71,260</b>	<b>224</b>	<b>5,314</b>	<b>(10,183)</b>	<b>66,667</b>
<b>Balance at June 30, 2024</b>		<b>52</b>	<b>71,260</b>	<b>258</b>	<b>5,425</b>	<b>(7,702)</b>	<b>69,293</b>
Comprehensive income		-	-	176	-	4,541	4,717
Share-based compensation	12	-	-	-	630	-	630
Settlement of restricted share units ("RSUs")	12	-	424	-	(424)	-	-
<b>Balance at March 31, 2025</b>		<b>\$ 52</b>	<b>\$ 71,684</b>	<b>\$ 434</b>	<b>\$ 5,631</b>	<b>\$ (3,161)</b>	<b>\$ 74,640</b>

See accompanying notes to the interim condensed consolidated financial statements.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Unaudited Interim Condensed Consolidated Statements of Cash Flows

	Notes	Nine months ended March 31,	
		2025	2024
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the year		\$ 4,541	\$ (104)
Items not involving cash:			
Amortization of investment in content	5	9,136	11,218
Amortization of property and equipment	6	1,380	1,376
Amortization of right-of-use assets	6	4,589	5,418
Amortization of intangible assets	7	136	203
Share-based compensation	12	648	622
Deferred income tax expense (recovery)		(260)	91
Unrealized foreign exchange loss		402	6
Loss (gain) on disposal of property and equipment		(356)	7
Loss on termination of leases		-	10
Impairment of development costs	5	801	131
Changes in non-cash working capital	19	8,285	25,987
Investment in content		(2,984)	(10,526)
Cash flows provided by operating activities		26,318	34,439
<b>FINANCING ACTIVITIES</b>			
Repayment of interim production financing	19	(22,548)	(38,647)
Proceeds from interim production financing	19	9,769	15,873
Repayment of obligations under leases	19	(4,481)	(5,148)
Proceeds from exercise of share options	12	-	654
Purchase of common shares under Normal Course Issuer Bid	12	-	(1,230)
Cash flows used in financing activities		(17,260)	(28,498)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(1,229)	(273)
Proceeds (costs) of disposal of property and equipment		362	(30)
Cash flows used in investing activities		(867)	(303)
Effect of exchange rate changes on cash and cash equivalents		482	169
Net increase in cash and cash equivalents during the period		8,673	5,807
Cash and cash equivalents, beginning of period		25,216	25,364
		\$ 33,889	\$ 31,171

See accompanying notes to the interim condensed consolidated financial statements.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

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### 1. NATURE OF BUSINESS

Thunderbird Entertainment Group Inc. (the “Company”), the ultimate parent, and its primary wholly owned subsidiaries: Thunderbird Entertainment Inc.; Great Pacific Media Inc.; and Atomic Cartoons Inc., are an integrated group of companies that develop, produce, and distribute film and television programming for domestic and international markets. As an independent distribution company, the Company also acquires and licenses distribution rights. Thunderbird Entertainment Group Inc. is incorporated under the laws of British Columbia, Canada. The Company’s head office is located at 123 West 7<sup>th</sup> Avenue, Vancouver, B.C., V5Y 1L8.

### 2. BASIS OF PRESENTATION

#### Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the years ended June 30, 2024 and 2023, which have been prepared in accordance with IFRS and can be found on [www.sedar.com](http://www.sedar.com).

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 9, 2025.

#### Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars (“CAD”) which is also the Company’s functional currency.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as the Company’s consolidated financial statements for the year ended June 30, 2024.

#### Significant accounting estimates and judgments

The preparation of these interim condensed consolidated financial statements requires management to make estimates, judgments and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates.

#### New accounting pronouncements 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. The IASB issued Lack of Exchangeability (amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*) (effective January 1, 2025), amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*) (effective January 1, 2026), IFRS 18, *Presentation and Disclosure in Financial Statements* (effective January 1, 2027) and IFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective January 1, 2027). The Company is currently evaluating the impact these pronouncements will have on its interim condensed consolidated financial statements.

**THUNDERBIRD ENTERTAINMENT GROUP INC.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****For the three and nine months ended March 31, 2025 and 2024***(in thousands of Canadian dollars, except for amounts per share and as noted)***4. TRADE RECEIVABLES AND OTHER**

		<b>March 31, 2025</b>		<b>June 30, 2024</b>
<b>Current</b>				
Trade receivables	\$	5,371	\$	7,517
Deposits, prepaids and other		5,794		8,409
Contract acquisition costs		123		416
Federal and provincial film and television tax credits receivable		54,691		57,892
	\$	<b>65,979</b>	\$	<b>74,234</b>
<b>Non-current</b>				
Trade receivables	\$	1,356	\$	911
Deposits, prepaids and other		3,055		1,195
	\$	<b>4,411</b>	\$	<b>2,106</b>

Federal and provincial film and television tax credits receivable ("tax credits") from government agencies are subject to audit by the applicable government agency. Management believes that the net amounts recorded are fully collectible. The Company adjusts amounts receivable from government agencies quarterly for any known differences arising from internal or external audits of these balances.

The aging of current trade receivables is as follows:

		<b>March 31, 2025</b>		<b>June 30, 2024</b>
Less than 60 days	\$	5,254	\$	7,494
Over 61 days		117		23
	\$	<b>5,371</b>	\$	<b>7,517</b>



# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

### 5. INVESTMENT IN CONTENT

Investment in content represents the unamortized costs of film and television projects in development, content in production, released content and acquired content.

	Development costs	Content in production	Released content	Acquired content	Total
<b>Cost</b>					
Balance June 30, 2023	\$ 1,643	\$ 21,354	\$ 194,296	\$ 7,408	\$ 224,701
Additions <sup>1</sup>	783	13,413	-	1,097	15,293
Impairment	(131)	-	-	-	(131)
Transferred	-	(20,827)	20,827	-	-
<b>Balance June 30, 2024</b>	<b>2,295</b>	<b>13,940</b>	<b>215,123</b>	<b>8,505</b>	<b>239,863</b>
Additions <sup>1</sup>	875	7,188	-	415	8,478
Impairment	(801)	-	-	-	(801)
Transferred	(17)	(9,326)	9,343	-	-
<b>Balance March 31, 2025</b>	<b>\$ 2,352</b>	<b>\$ 11,802</b>	<b>\$ 224,466</b>	<b>\$ 8,920</b>	<b>\$ 247,540</b>
<b>Amortization</b>					
Balance June 30, 2023	\$ -	\$ -	\$ 186,451	\$ 6,836	\$ 193,287
Additions	-	-	19,630	460	20,090
<b>Balance June 30, 2024</b>	<b>-</b>	<b>-</b>	<b>206,081</b>	<b>7,296</b>	<b>213,377</b>
Additions	-	-	8,894	242	9,136
<b>Balance March 31, 2025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 214,975</b>	<b>\$ 7,538</b>	<b>\$ 222,513</b>
<b>Net book value</b>					
<b>June 30, 2024</b>	<b>\$ 2,295</b>	<b>\$ 13,940</b>	<b>\$ 9,042</b>	<b>\$ 1,209</b>	<b>\$ 26,486</b>
<b>March 31, 2025</b>	<b>\$ 2,352</b>	<b>\$ 11,802</b>	<b>\$ 9,491</b>	<b>\$ 1,382</b>	<b>\$ 25,027</b>

<sup>1</sup> Net of government and third-party assistance (note 13).

Interest charges capitalized to the cost of film and television productions for the nine months ended March 31, 2025 amounted to \$325 (year ended June 30, 2024 - \$552).

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements

### For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

#### 6. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and equipment	Leasehold improvements	Vehicles	Right-of- use ("ROU") assets	Total
<b>Cost</b>						
Balance June 30, 2023	\$ 6,574	\$ 3,293	\$ 4,453	\$ 707	\$ 51,937	\$ 66,964
Additions	1,204	196	21	78	2,782	4,281
Reclass of assets <sup>1</sup>	(1,041)	-	-	-	1,041	-
Disposals	(29)	-	-	(76)	(2,358)	(2,463)
Modifications	-	-	-	-	(439)	(439)
Impact of foreign exchange	4	-	19	-	108	131
<b>Balance June 30, 2024</b>	<b>6,712</b>	<b>3,489</b>	<b>4,493</b>	<b>709</b>	<b>53,071</b>	<b>68,474</b>
Additions	809	226	96	98	1,854	3,083
Disposals	-	(17)	(769)	(16)	(2,871)	(3,673)
Modifications	-	-	-	-	1	1
Impact of foreign exchange	2	-	24	-	133	159
<b>Balance March 31, 2025</b>	<b>\$ 7,523</b>	<b>\$ 3,698</b>	<b>\$ 3,844</b>	<b>\$ 791</b>	<b>\$ 52,188</b>	<b>\$ 68,044</b>
<b>Amortization</b>						
Balance June 30, 2023	\$ 5,518	\$ 2,853	\$ 1,197	\$ 405	\$ 30,370	\$ 40,343
Additions	929	236	447	122	7,086	8,820
Reclass of assets <sup>1</sup>	(208)	-	-	-	208	-
Disposals	-	-	-	(58)	(1,305)	(1,363)
Impact of foreign exchange	-	-	-	-	(7)	(7)
<b>Balance June 30, 2024</b>	<b>6,239</b>	<b>3,089</b>	<b>1,644</b>	<b>469</b>	<b>36,352</b>	<b>47,793</b>
Additions	577	205	497	101	4,589	5,969
Disposals	-	(10)	(769)	(15)	(2,871)	(3,665)
Impact of foreign exchange	-	-	(1)	-	-	(1)
<b>Balance March 31, 2025</b>	<b>\$ 6,816</b>	<b>\$ 3,284</b>	<b>\$ 1,371</b>	<b>\$ 555</b>	<b>\$ 38,070</b>	<b>\$ 50,096</b>
<b>Net book value</b>						
<b>June 30, 2024</b>	<b>\$ 473</b>	<b>\$ 400</b>	<b>\$ 2,849</b>	<b>\$ 240</b>	<b>\$ 16,719</b>	<b>\$ 20,681</b>
<b>March 31, 2025</b>	<b>\$ 707</b>	<b>\$ 414</b>	<b>\$ 2,473</b>	<b>\$ 236</b>	<b>\$ 14,118</b>	<b>\$ 17,948</b>

<sup>1</sup> Reclass of assets consists of existing computer equipment assets that have been converted to ROU assets under finance leases.

There were no impairment write-downs or any reversals of previous write-downs during the periods presented.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

### 7. GOODWILL AND INTANGIBLE ASSETS

The continuity of goodwill and intangible assets is as follows:

	Goodwill		Distribution libraries		Customer relationships		Total
<b>Cost</b>							
<b>Balance March 31, 2025 and June 30, 2024 and 2023</b>	\$	12,402	\$	2,700	\$	1,470	\$ 16,572
<b>Amortization</b>							
Balance June 30, 2023	\$	-	\$	2,294	\$	1,470	\$ 3,764
Additions		-		270		-	270
<b>Balance June 30, 2024</b>		-		<b>2,564</b>		<b>1,470</b>	<b>4,034</b>
Additions		-		136		-	136
<b>Balance March 31, 2025</b>	\$	-	\$	<b>2,700</b>	\$	<b>1,470</b>	\$ <b>4,170</b>
<b>Net book value</b>							
<b>June 30, 2024</b>	\$	<b>12,402</b>	\$	<b>136</b>	\$	<b>-</b>	\$ <b>12,538</b>
<b>March 31, 2025</b>	\$	<b>12,402</b>	\$	<b>-</b>	\$	<b>-</b>	\$ <b>12,402</b>

### 8. INTERIM PRODUCTION FINANCING

Interim production financing represents individual loans for film and television programs that the Company produces. All facilities are repayable on demand and secured by General Security Agreements.

	March 31, 2025		June 30, 2024	
Interim production credit facilities with Royal Bank of Canada ("RBC"), bearing interest at RBC's prime rate plus 0.50% (June 30, 2024 - 0.50%). Secured by assignment and direction of trade receivables and tax credit receivables of approximately \$7,541 (June 30, 2024 - \$10,047).	\$	6,642	\$	6,610
Revolving term loan with RBC, bearing interest at RBC's prime rate plus 1.25% (June 30, 2024 - 1.25%). Maximum funds available of \$5,000. Repayable on the earlier of 15 days after the closing of the applicable single purpose production company ("SPPC") production facility or 180 days after the first draw has been made.		-		4,500
Revolving production operating line of credit with RBC, bearing interest at RBC's prime rate plus 0.50% (June 30, 2024 - 0.50%). Maximum funds available of \$40,000 and secured by assignment of federal and provincial tax credit receivables of approximately \$483 (June 30, 2024 - \$12,574). Interest only is payable monthly in arrears with the principal repayment to be made upon the receipt of the tax credits for each SPPC.		397		8,708
	\$	<b>7,039</b>	\$	<b>19,818</b>

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

### 9. LONG-TERM DEBT

As at March 31, 2025, the Company also has the following credit facilities with RBC which have not been drawn on. All facilities are secured by General Security Agreements.

- A \$5,000 revolving term loan to finance distribution advances being made to greenlit Canadian content eligible productions owned by an SPPC of the Company, providing the financing of the distribution advance for each production does not exceed 20% of the production budget. The facility is repayable on demand.
- An \$8,000 revolving unmarginated line of credit bearing interest at RBC's prime rate plus 1.25%. The facility is repayable on demand.
- A \$4,200 revolving facility by way of leases to finance regular ongoing capital asset purchases.
- A \$750 foreign exchange line of credit available to hedge against fluctuating exchange rates.

Under the terms of the RBC credit facilities disclosed above and in note 8, the Company is required to meet certain covenants. As at March 31, 2025, the Company was in compliance with all of the covenants.

### 10. LEASES

#### ROU assets

The continuity of ROU assets is as follows:

	Premises	Equipment	Vehicles	Total
Balance June 30, 2023	\$ 15,881	\$ 5,678	\$ 8	\$ 21,567
Additions	415	3,408	-	3,823
Lease modifications	(459)	20	-	(439)
Lease terminations	(1,962)	(396)	-	(2,358)
Amortization <sup>1</sup>	(685)	(5,289)	(8)	(5,982)
Impact of foreign exchange	95	13	-	108
<b>Balance June 30, 2024</b>	<b>13,285</b>	<b>3,434</b>	<b>-</b>	<b>16,719</b>
Additions	122	1,732	-	1,854
Lease modifications	-	1	-	1
Amortization <sup>1</sup>	(1,271)	(3,318)	-	(4,589)
Impact of foreign exchange	125	8	-	133
<b>Balance March 31, 2025</b>	<b>\$ 12,261</b>	<b>\$ 1,857</b>	<b>\$ -</b>	<b>\$ 14,118</b>

<sup>1</sup>Refer to note 6, ROU assets for details.

#### Lease obligations

The continuity of lease obligations is as follows:

	Premises	Equipment	Vehicles	Total
Balance June 30, 2023	\$ 18,486	\$ 5,607	\$ 9	\$ 24,102
Additions	415	3,408	-	3,823
Lease modifications	(459)	20	-	(439)
Lease terminations	(799)	(157)	-	(956)
Amortization	(1,575)	(5,074)	(9)	(6,658)
Impact of foreign exchange	124	18	-	142
<b>Balance June 30, 2024</b>	<b>16,192</b>	<b>3,822</b>	<b>-</b>	<b>20,014</b>
Additions	122	1,732	-	1,854
Lease modifications	-	1	-	1
Amortization	(1,316)	(3,166)	-	(4,482)
Impact of foreign exchange	176	14	-	190
<b>Balance March 31, 2025</b>	<b>\$ 15,174</b>	<b>\$ 2,403</b>	<b>\$ -</b>	<b>\$ 17,577</b>

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

The Company has applied the practical expedient to designate leases with terms of less than 12 months as short-term and leases under a certain threshold as low-value. As a result, for the nine months ended March 31, 2025, \$93 was expensed to general and administrative under the low-value exemption (year ended June 30, 2024 - \$94).

The following table presents a reconciliation of the Company's undiscounted cash flows as at March 31, 2025 and June 30, 2024, to their present value for the Company's lease obligations:

	March 31, 2025	June 30, 2024
Within one year	\$ 4,520	\$ 5,542
Between one and five years	9,517	9,987
Beyond five years	8,592	10,271
Total undiscounted lease obligations	22,629	25,800
Less future interest charges	(5,052)	(5,786)
Total discounted lease obligations	17,577	20,014
<b>Less current portion of lease obligations</b>	<b>\$ (3,687)</b>	<b>\$ (4,592)</b>
<b>Non-current portion of lease obligations</b>	<b>\$ 13,890</b>	<b>\$ 15,422</b>

As at March 31, 2025, the total discounted lease obligations related to contracts with RBC amounted to \$951, with \$649 classified as current and \$302 as non-current (June 30, 2024 - \$1,408, with \$616 classified as current and \$792 as non-current).

### Lease receivable

In January 2024, the Company entered into an assignment agreement for one of its leases for office space. As the Company had not been fully discharged from the original lease, the assignment was accounted for as a sublease. The assignment was effective from February 1, 2024 to the end of the lease term on March 30, 2025.

As the sublease was assessed as a finance sublease, the ROU asset previously recognized was derecognized and the Company recognized a lease receivable. The lease receivable was measured at the present value of the future lease payments to be made by the assignee using an incremental borrowing rate of 5.64%.

The continuity of the lease receivable is as follows:

	March 31, 2025	June 30, 2024
Opening balance	\$ 78	\$ -
Additions	-	121
Interest accrual (note 21)	1	2
Lease recoveries	(79)	(45)
<b>Ending balance</b>	<b>\$ -</b>	<b>\$ 78</b>

### 11. REDEEMABLE PREFERRED SHARES

*Issued and outstanding:*

	Number of shares	Amount Liability component	Equity component
<b>Balance March 31, 2025 and June 30, 2024 and 2023</b>	<b>415,000</b>	<b>\$ 367</b>	<b>\$ 52</b>

The Company pays a quarterly dividend of \$0.0175 per redeemable preferred share which is disclosed in note 21.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

### 12. SHARE CAPITAL

#### Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

#### Common shares

Issued:

	Number of shares		Amount
Balance June 30, 2023	49,996,487	\$	71,147
Exercise of options	412,500		957
Purchase of common shares under Normal Course Issuer Bid	(591,400)		(844)
<b>Balance June 30, 2024</b>	<b>49,817,587</b>	<b>\$</b>	<b>71,260</b>
Settlement of RSUs	236,617		424
<b>Balance March 31, 2025</b>	<b>50,054,204</b>	<b>\$</b>	<b>71,684</b>

#### Normal Course Issuer Bid

On December 4, 2024, the Company announced its application was approved for a Normal Course Issuer Bid (the "2025 NCIB") to purchase, through the facilities of the TSX-V, up to 3,190,236 common shares, over a twelve-month period commencing on December 9, 2024 and ending December 8, 2025. This represents approximately 10% of the public float of the Company's common shares. The purchases will be effected on the open market through the facilities of the TSX-V exchange only.

The Company previously received approval for and maintained a Normal Course Issuer Bid (the "2024 NCIB") to purchase, through the facilities of the TSX-V, up to 3,418,509 common shares, over a twelve-month period which commenced on December 7, 2023 and ended on December 6, 2024.

During the year ended June 30, 2024, the Company repurchased for cancellation, 591,400 common shares under the 2024 NCIB then in effect for a total consideration of \$1,230, representing an average price of \$2.08 per common share. The Company's capital stock was reduced by \$844 and the remaining \$386 was accounted for as a decrease in retained earnings.

#### Earnings per share

The following table calculates basic and diluted net earnings per share:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 2,211	\$ 5	\$ 4,541	\$ (104)
Dividend expense	7	7	22	22
Diluted net income (loss)	\$ 2,218	\$ 12	\$ 4,563	\$ (82)
Basic weighted average number of common shares	50,054,204	49,893,130	49,898,143	50,039,637
Diluted weighted average number of common shares	52,275,368	50,031,463	52,119,307	50,177,970
<b>Basic and diluted income per share</b>	<b>\$ 0.04</b>	<b>\$ -</b>	<b>\$ 0.09</b>	<b>\$ -</b>

#### Legacy share option plan

In 2022, the Company established a share option plan (the "Option Plan") which provided for options to purchase common shares to be granted by the Company to directors, officers, employees and consultants of the Company. Options will generally vest over a period of 36 months.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

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### Legacy equity incentive compensation plan

In 2022, the Company established an equity incentive compensation plan (the “Equity Incentive Plan”) which provided for restricted share units (“RSUs”) or performance share units (“PSUs”) to be issued to certain directors, officers, employees, and consultants of the Company. Subject to the specific provisions of the Equity Incentive Plan, eligibility, vesting period, terms of the RSUs and PSUs and the number of RSUs or PSUs granted are to be determined by the Board of Directors at the time of the grant. On the vesting date, the Company will be obligated to redeem the RSUs and PSUs in cash or by issuing one common share for each RSU or PSU.

### Omnibus share compensation plan

During the nine months ended March 31, 2025, the Company approved a new omnibus share compensation plan (the “Omnibus Plan”) which provided for future grants of options, RSUs and PSUs to be issued to certain directors, officers, employees, and consultants of the Company and deferred share units (“DSUs”) to be issued to certain directors of the Company. Subject to the specific provisions of the Omnibus Plan, eligibility, vesting period, terms of the options, RSUs, PSUs and DSUs and the number of options, RSUs, PSUs and DSUs granted are to be determined by the Board of Directors at the time of the grant. On the vesting date, the Company will be obligated to redeem the RSUs, PSUs and DSUs in cash or by issuing one common share for each item. The maximum number of common shares issuable under the Omnibus Plan together with the number of shares issuable under the Equity Incentive Plan and Option Plan is 10% of the total number of issued and outstanding shares at the grant date of an option, RSU, PSU or DSU.

As at March 31, 2025, 280,437 RSUs were under the legacy Equity Incentive Plan and 179,476 RSUs were under the Omnibus Plan. All outstanding options were under the legacy Option Plan and all outstanding PSUs were under the legacy Equity Incentive Plan.

### Share option, RSU and PSU continuity

The following table summarizes the changes in options outstanding:

	Number of options	Weighted average exercise price
Balance June 30, 2023	3,343,500	\$ 2.61
Issued	40,000	1.91
Exercised	(412,500)	1.59
Expired	(90,000)	2.00
Forfeited	(16,500)	4.90
Cancelled	(22,500)	4.90
<b>Balance June 30, 2024</b>	<b>2,842,000</b>	<b>2.73</b>
Forfeited	(25,000)	3.50
Cancelled	(728,000)	2.92
<b>Balance March 31, 2025</b>	<b>2,089,000</b>	<b>\$ 2.65</b>

During the nine months ended March 31, 2025, nil options were exercised (nine months ended March 31, 2024 – 412,500 options exercised for proceeds of \$654, and \$303 transferred from contributed surplus to common shares).

During the nine months ended March 31, 2025, nil options were issued (nine months ended March 31, 2024 – granted options to acquire 40,000 shares of its common stock to a director at an exercise price of \$1.91 per share. The options have a seven-year term and vest 25% immediately with the remaining 75% vesting one-third over each anniversary date).

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

The following table summarizes the options outstanding as at March 31, 2025:

Exercise price	Number of options	Expiry date	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$ 0.50	10,000	Mar 2026	0.94	\$ 0.50	10,000	\$ 0.50
\$ 1.91	40,000	Feb 2031	5.85	1.91	20,000	1.91
\$ 2.00	1,096,000	Jul 2025 - Mar 2026	0.44	2.00	1,096,000	2.00
\$ 3.00	30,000	Dec 2027	2.69	3.00	30,000	3.00
\$ 3.07	525,000	Jan 2028	2.78	3.07	525,000	3.07
\$ 3.20	30,000	Mar 2028	2.96	3.20	30,000	3.20
\$ 3.40	40,000	Mar 2030	4.93	3.40	30,000	3.40
\$ 3.50	140,000	May 2029 - Mar 2030	4.38	3.49	105,000	3.49
\$ 4.27	40,000	Jan 2029	3.79	4.27	40,000	4.27
\$ 4.90	138,000	May 2028	3.16	4.90	138,000	4.90
	<b>2,089,000</b>		<b>1.78</b>	<b>\$ 2.65</b>	<b>2,024,000</b>	<b>\$ 2.62</b>

The following table summarizes the changes in RSUs outstanding:

	Equity Settled	Cash Settled	Total
Balance June 30, 2023	111,960	121,000	232,960
Issued	108,831	-	108,831
Settled	-	(40,333)	(40,333)
<b>Balance June 30, 2024</b>	<b>220,791</b>	<b>80,667</b>	<b>301,458</b>
Issued	494,399	-	494,399
Settled	(236,617)	(40,333)	(276,950)
Forfeited	-	(3,333)	(3,333)
Cancelled	(18,660)	-	(18,660)
<b>Balance March 31, 2025</b>	<b>459,913</b>	<b>37,001</b>	<b>496,914</b>

During the nine months ended March 31, 2025, the Company granted 494,399 equity settled RSUs. 179,476 of the RSUs vest on the first anniversary of the grant date, 171,606 of the RSUs vest over a period of 36 months, with one-third vesting over each anniversary date, and 143,317 of the RSUs vested within the nine months ended March 31, 2025 (nine months ended March 31, 2024 – granted 108,831 equity settled RSUs. 33,831 vest on the first anniversary of the grant date, while 75,000 vest over a period of 36 months with one-third vesting over each anniversary date). The RSUs will be settled in common shares of the Company.

The outstanding accrued liability related to cash settled RSUs at March 31, 2025 was \$46 (June 30, 2024 - \$96).

The following table summarizes the changes in PSUs outstanding:

	Equity Settled
<b>Balance June 30, 2024 and 2023</b>	<b>-</b>
Issued	400,412
<b>Balance March 31, 2025</b>	<b>400,412</b>

During the nine months ended March 31, 2025, the Company granted 400,412 equity settled PSUs which vest on the first anniversary of the grant date, provided that the performance conditions attached to the PSUs are met (nine months ended March 31, 2024 – nil). The PSUs will be settled in common shares of the Company.



# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

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### Share-based compensation

Share-based compensation expense recognized in the consolidated statements of operations and comprehensive income (loss) is comprised of the following:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Options	\$ 19	\$ 61	\$ 64	\$ 264
RSUs – equity settled grants	152	127	442	337
PSUs – equity settled grants	117	-	124	-
Total equity settled share-based compensation expense	288	188	630	601
RSUs – cash settled grants	1	5	18	21
<b>Total share-based compensation</b>	<b>\$ 289</b>	<b>\$ 193</b>	<b>\$ 648</b>	<b>\$ 622</b>

### 13. GOVERNMENT FINANCING AND ASSISTANCE

Investment in content and direct operating expenses have been reduced by the following:

	Nine months ended March 31,	
	2025	2024
Non-repayable contributions from license fee programs	\$ 2,853	\$ 4,774
Tax credits relating to production activities	18,215	20,688
Equity investment from third parties	1	2
	<b>\$ 21,069</b>	<b>\$ 25,464</b>

During the nine months ended March 31, 2025, investment in content was reduced by \$11,339 and direct operating expenses were reduced by \$9,730 (nine months ended March 31, 2024 - \$18,430 and \$7,034, respectively).

The Company is subject to routine inquiries and review by regulatory authorities of its various incentive claims which have been received or are receivable. Adjustments of claims, if any, as a result of such inquiries or reviews will be recorded at the time of such determination. There have been no material adjustments to date.

### 14. REVENUE

The following table presents components of revenue:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Production services	\$ 34,629	\$ 32,678	\$ 123,379	\$ 94,287
Licensing and distribution	10,830	2,632	14,865	19,097
Other	-	61	59	126
	<b>\$ 45,459</b>	<b>\$ 35,371</b>	<b>\$ 138,303</b>	<b>\$ 113,510</b>

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

Revenues are derived from the following geographical sources, by location of customer:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Canada	\$ 5,753	\$ 7,316	\$ 18,134	\$ 20,784
U.S.	35,642	24,998	110,964	83,281
Denmark	3,034	2,900	7,838	7,759
France	905	146	1,134	1,674
United Kingdom	120	-	121	1
China	-	-	44	-
Other countries	5	11	68	11
	<b>\$ 45,459</b>	<b>\$ 35,371</b>	<b>\$ 138,303</b>	<b>\$ 113,510</b>

The Company's only contract related liability is deferred revenue, which reflects the timing difference between the receipt of cash and the recognition of revenue. The following table reflects the movement in deferred revenue:

	March 31, 2025	June 30, 2024
Opening balance	\$ 17,682	\$ 30,381
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(13,597)	(27,814)
Increases due to cash received, excluding amounts recognized as revenue during the period	12,387	15,115
<b>Ending balance</b>	<b>\$ 16,472</b>	<b>\$ 17,682</b>

### 15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial assets and liabilities are classified and measured as follows:

Financial instrument	Category	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Trade receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Interim production financing	Amortized cost	Amortized cost
Redeemable preferred shares	Amortized cost	Amortized cost

The Company's cash and cash equivalents are transacted in active markets. The carrying amounts reported on the interim condensed consolidated financial statements for cash and cash equivalents, trade receivables and accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term nature and are classified as Level 2. The carrying value of interim production financing approximates their fair value as the interim production financing and debt bear interest at rates that fluctuate with market rates and are classified as Level 2.

The Company's Class A redeemable preferred shares are classified as Level 3. The redeemable preferred shares have a liability and equity component. The fair value of the liability component was determined by discounting cash flows from expected future dividend payments using a rate of 8%.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

The Company is exposed to credit risk, liquidity risk and market risk in the normal course of operations. The Company does not use derivative instruments to reduce its exposure.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

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.

### 16. 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 and/or synergistic acquisitions, and to maximize the return to shareholders through the optimization of reasonable debt and equity balances commensurate with current operating requirements.

As at March 31, 2025, cash includes \$19,704 (June 30, 2024 - \$13,717) that is required for the funding of ongoing productions and is not accessible for other purposes. Interim production financing is not considered within the scope of the Company's capital management programs as these loans are specific to individual productions and are repaid by funds earmarked to the individual productions such as license fees, production services agreements, film and television tax credits and other forms of support. The remaining cash balance of \$14,185 (June 30, 2024 - \$11,499) is strategically allocated for general working capital needs and to support the Company's continuous development and growth initiatives.

		March 31, 2025		June 30, 2024
Net capital, being cash and cash equivalents	\$	33,889	\$	25,216
Total shareholders' equity	\$	74,640	\$	69,293

To facilitate the management of its capital structure, the Company prepares an annual budget that is updated quarterly. The annual budget is reviewed and approved by the Board of Directors and the quarterly reforecasts are reviewed by the Board of Directors.

The Company expects that its current capital resources will be sufficient to carry out operations beyond its current reporting period. The overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2024.

### 17. RELATED PARTY TRANSACTIONS

#### Key management personnel compensation

Key management includes directors and former directors, as well as the Chief Executive Officer, Chief Financial Officer, President of Global Distribution and Consumer Products, and General Counsel.

The remuneration of directors and officers is as follows:

		Three months ended March 31,		Nine months ended March 31,	
		2025	2024	2025	2024
Short-term benefits	\$	884	\$ 974	\$ 2,604	\$ 2,822
Share-based payments (note 12)		281	166	677	509
	\$	1,165	\$ 1,140	\$ 3,281	\$ 3,331

### 18. COMMITMENTS AND CONTINGENCIES

#### Commitments

The Company has commitments related to lease obligations which are disclosed in note 10.

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

### Litigation

The Company and its subsidiaries may from time to time be a party to certain legal disputes and claims arising from commercial issues in the normal course of business. There are currently no legal disputes or claims, other than those described below, that may have a material adverse effect on the financial position or results of operations of the Company.

A proposed claim has been made against the Company relating to the alleged unauthorized exploitation of a television series. Management believes the claim to be without merit and will be defending the action.

### 19. SUPPLEMENTAL CASH FLOW INFORMATION

The following table reconciles the changes in non-cash working capital as disclosed in the interim condensed consolidated statements of cash flows:

		Nine months ended March 31,	
		2025	2024
<b>Operating activities</b>			
Changes in non-cash working capital			
Accounts receivable	\$	6,073	\$ 24,734
Income taxes recoverable		(1,490)	737
Accounts payable and accrued liabilities		5,446	3,375
Income taxes payable		103	608
Deferred revenue		(1,847)	(3,467)
	\$	<b>8,285</b>	\$ <b>25,987</b>

The following table reconciles the changes in liabilities arising from financing activities as disclosed in the interim condensed consolidated statements of cash flows:

	Balance June 30, 2024	Cash flows from (used in)		Non-cash changes		Balance March 31, 2025
		Proceeds	Repayments	Disposals	Foreign exchange movement	
Interim production financing	\$ 19,818	\$ 9,769	\$ (22,548)	\$ -	\$ -	\$ 7,039
Lease obligations – current <sup>1</sup>	\$ 4,592	\$ 1,785	\$ (2,729)	\$ -	\$ 39	\$ 3,687
Lease obligations – non-current <sup>1</sup>	\$ 15,422	\$ 69	\$ (1,752)	\$ -	\$ 151	\$ 13,890

<sup>1</sup>Included within proceeds of obligations under leases is \$1,854 of non-cash property and equipment additions related to leases.

Additional supplemental cash flow information:

		Nine months ended March 31,	
		2025	2024
Interest and debt service costs paid <sup>1</sup>	\$	654	\$ 2,639
Income taxes paid (recovered)	\$	2,965	\$ (1,139)

<sup>1</sup>Included in interest and debt service costs paid is interest costs capitalized to the cost of film and television productions (note 5).

# THUNDERBIRD ENTERTAINMENT GROUP INC.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements

### For the three and nine months ended March 31, 2025 and 2024

(in thousands of Canadian dollars, except for amounts per share and as noted)

#### 20. EXPENSES BY NATURE

The following sets out the expenses by nature:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Direct operating				
Direct costs	\$ 27,377	\$ 25,657	\$ 97,796	\$ 75,802
Amortization of investment in content	6,693	1,291	9,136	11,218
Development expenses and other	385	186	1,354	472
	34,455	27,134	108,286	87,492
General and administrative				
Salaries, employee benefits and contractors	3,688	3,714	10,813	11,635
Office and administrative	1,102	924	3,470	3,074
Legal and professional	645	561	1,560	1,548
	5,435	5,199	15,843	16,257
Amortization of property and equipment and intangible assets				
Amortization of property and equipment and intangible assets	608	457	1,516	1,579
Amortization of ROU assets <sup>1</sup>	1,549	1,731	4,589	5,418
	2,157	2,188	6,105	6,997
Distribution and marketing	227	235	748	723
Share-based compensation	289	193	648	622
Finance costs, net	254	378	483	1,057
Foreign exchange loss (gain)	(292)	(33)	167	(16)
Loss on termination of leases	-	65	-	40
Loss (gain) on disposal of property and equipment	-	1	(356)	7
	\$ 42,525	\$ 35,360	\$ 131,924	\$ 113,179

<sup>1</sup> Amortization of ROU assets relating to non-finance leases for the three and nine months ended March 31, 2025, was \$1,439 and \$4,129, respectively (three and nine months ended March 31, 2024 – \$1,393 and \$4,501, respectively).

**THUNDERBIRD ENTERTAINMENT GROUP INC.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****For the three and nine months ended March 31, 2025 and 2024***(in thousands of Canadian dollars, except for amounts per share and as noted)***21. FINANCE COSTS, NET**

	<b>Three months ended March 31,</b>		<b>Nine months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Dividends on redeemable preferred shares	\$ 7	\$ 7	\$ 22	\$ 22
Interest on interim production financing	25	437	142	1,131
Interest on lease obligations <sup>1</sup>	264	307	826	944
Interest income	(42)	(385)	(506)	(1,084)
Interest income on lease receivable	-	(1)	(1)	(1)
Unrealized foreign exchange loss on interim production financing	-	13	-	45
	<b>\$ 254</b>	<b>\$ 378</b>	<b>\$ 483</b>	<b>\$ 1,057</b>

<sup>1</sup>Included in interest on lease obligations for the three and nine months ended March 31, 2025, is interest related to non-finance leases of \$246 and \$764, respectively (three and nine months ended March 31, 2024 - \$279 and \$879, respectively).