Blue Ant Media Corporation

Management's Discussion & Analysis
For the three months and year ended August 31, 2025

BLUE ANT MEDIA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS AND YEAR ENDED AUGUST 31, 2025

Introduction

The following management's discussion and analysis (this "**MD&A**") of the financial condition, results of operations and cash flows for Blue Ant Media Corporation (the "**Company**" or "**Blue Ant**") is effective as of November 26, 2025. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements, and notes thereto, as at and for the years ended August 31, 2025 and 2024 (the "**annual financial statements**"), along with its Annual Information Form ("**AIF**"). Additional information about the Company can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

This MD&A provides information that the management of the Company believes is helpful to understand the results of operations and the financial condition of the Company at the dates indicated. The objective is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that have affected the operating results, liquidity and financial position of the Company.

Certain information in this MD&A constitutes forward-looking information, that is based on assumptions and involves various risks and uncertainties. See the *"Forward-Looking Statements"* and *"Risks and Uncertainties"* sections of this MD&A for a discussion of the uncertainties, risks and assumptions associated with those statements. Actual results may differ materially from those discussed in the Forward-Looking Statements section as a result of various factors, including those described in the *"Risks and Uncertainties"* section and elsewhere in this MD&A and the AIF.

Basis of Presentation

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). However, certain financial measures contained in this MD&A are non-IFRS measures and are discussed further in the "*Non-IFRS Measures*" section of this MD&A. All dollar amounts referenced in this MD&A are in Canadian dollars, being the functional currency of the Company, unless otherwise indicated. Certain totals, subtotals and percentages in this MD&A may not reconcile due to rounding from thousands to millions of dollars. The impact of these rounding adjustments does not have a material effect on this MD&A.

On August 1, 2025, Blue Ant Media Inc. ("**BAMI**") completed a reverse takeover transaction of Blue Ant Media Corporation (formerly Boat Rocker Media Inc., or "**BRMI**") which was implemented by way of a statutory plan of arrangement under the Canada Business Corporations Act (the "**RTO**" or the "**Transaction**"). Former shareholders of BAMI exchanged their shares for shares of Blue Ant Media Corporation, which resulted in the reverse takeover of Blue Ant Media Corporation (herein, the "**Company**") by BAMI. On closing of the RTO (the "**Closing**"), the Company's fiscal year end, previously December 31, was changed to August 31.

As BAMI has been identified for accounting purposes as the acquirer, the Company is considered to be a continuation of BAMI. The Company's subordinate voting shares resumed trading on the Toronto Stock Exchange on August 7, 2025 under the trading symbol "BAMI".

In addition to the Transaction resulting in BAMI becoming the subsidiary of a public company, three Canadian production businesses were acquired: Insight Productions, Jam Filled Entertainment and Proper Television (the "**Retained Business**"). The Retained Business is included in the Company's Production and Distribution reporting segment. The consolidated results presented herein for the three months and year ended August 31, 2025 include the operations of the Retained Business for the month of August 2025 only. For additional information with respect to the Transaction, see Note 4 of the annual financial statements.

On February 8, 2024, as part of the Company's broader strategic plan to focus its production business in North America, the Company sold all of its shares in Beach House Pictures Pte. Ltd. ("**Beach House**"), the Company's Singapore-based production business, for gross cash proceeds of $13.3 million (the "**Beach House Sale**"). As Beach House was largely a stand-alone entity and not fully integrated into the Company's other businesses, the Beach House Sale had no material impact on the Company's continuing operations.

MagellanTV Acquisition

On October 2, 2025, the Company announced that it had acquired MagellanTV LLC ("**MagellanTV**"), a digital streaming company that delivers factual content to consumers across the globe, for consideration of US$12.0 million. Of the consideration, US$6.0 million was paid on acquisition with the remaining US$6.0 million payable over a two-year period. A portion of the remaining US$6.0 million will be paid in cash, with the balance payable, at the discretion of the Company's management, in either cash or subordinate voting shares of the Company. The assets and business of MagellanTV will be included with the Company's Global Channels and Streaming reporting segment. The Company is in the process of assessing the fair value of the assets acquired and liabilities assumed and accordingly, has not yet determined an allocation of the consideration paid and payable.

Normal Course Issuer Bid

On October 16, 2025, the Company announced that the Toronto Stock Exchange ("**TSX**") approved the Company's intention to proceed with a Normal Course Issuer Bid (the "**NCIB**") for its subordinate voting shares as appropriate opportunities arise from time to time. The NCIB commenced on October 20, 2025 and will expire October 19, 2026, allowing the Company to purchase up to 1,094,714 of its subordinate voting shares for cancellation.

Acquisition of Thunderbird Entertainment Group Inc.

On November 25, 2025, the Company entered into a definitive agreement to acquire 100% of the issued and outstanding common shares of Thunderbird Entertainment Group Inc. ("Thunderbird"). Under the terms of the definitive agreement, Thunderbird shareholders have the option to elect to receive either subordinate voting shares of the Company, cash or a combination of both, subject to proration based on a maximum aggregate cash consideration of $40.0 million.

For each Thunderbird common share, the holder may receive: (i) 0.2165 subordinate voting shares of the Company, (ii) $1.77 in cash, or (iii) a combination thereof.

Assuming Thunderbird shareholders elect to receive the maximum cash amount, the total consideration to be paid by the Company consists of $40.0 million in cash and the issuance of subordinate voting shares representing approximately 21% of the pro forma subordinate voting shares of the Company following the closing, based on the treasury stock method. If no cash elections are made, existing Thunderbird shareholders would own approximately 33% of the pro forma subordinate voting shares of the Company.

The transaction is subject to customary closing conditions, including the receipt of all necessary shareholder and regulatory approvals.

The Company is in the process of assessing the financial impact of the acquisition, and as such, it is not practicable to provide a quantitative estimate of its financial effect at this time.

Selected Financial Information

The following table provides selected financial information from the Company's consolidated statements of income/(loss):

	Three Months Ended August 31,		Year ended August 31,	
(dollars, in thousands, except per share amounts)	**2025**	**2024**	**2025**	**2024**
Revenues	60,837	54,172	203,955	196,380
Income (loss) from continuing operations	29,179	(13,904)	14,281	12,411
Net income (loss)	29,179	(14,096)	14,281	18,462
Net income (loss) attributable to non-controlling interests	200	(6)	815	352
Net income (loss) attributable to shareholders	28,979	(14,090)	13,466	18,110
Net income (loss) per share attributable to shareholders from continuing operations - basic	1.62	(0.11)	0.81	0.75
Net income (loss) per share attributable to shareholders from continuing operations - diluted	1.51	(0.10)	0.75	0.69
Net income (loss) per share attributable to shareholders - basic	1.62	0.81	0.81	1.13
Net income (loss) per share attributable to shareholders - diluted	1.51	0.75	0.75	1.72
Adjusted EBITDA* from continuing operations	11,988	14,228	37,103	36,995

* This item is a non-IFRS measure. See definition and reconciliation to IFRS in "Non-IFRS Measures" and "Reconciliation table".

The following table provides selected financial information from the Company's consolidated statements of cash flows:

	Year ended August 31,	
(dollars, in thousands)	**2025**	**2024**
Net cash provided by operating activities	19,013	23,720
Cash flows (used in) provided by financing activities	(23,820)	(34,725)
Cash flows (used in) provided by investing activities	47,429	(2,500)

The following table provides selected financial information from the Company's consolidated statements of financial position:

(dollars, in thousands)	**August 31, 2025**	**August 31, 2024**
Total current assets	182,456	110,392
Total non-current assets	288,950	230,091
Total assets	**471,406**	**340,483**
Total current liabilities	178,861	116,383
Total non-current liabilities	40,711	45,999
Total liabilities	**219,572**	**162,382**

Business Overview

Blue Ant is an international streamer, production studio and rights business. The Company's studio creates and distributes a premium slate of programming, in all content genres, for streaming and broadcasting platforms around the world. Blue Ant also operates free streaming and pay TV channels under several media brands internationally, including *Love Nature*, Cottage Life, Smithsonian Channel Canada, BBC Earth Canada, HauntTV, Homeful, Total Crime, Declassified and Love Pets and Magellan's group of channels including History and Warfare, Wild Oceans, and Cosmic Frontiers. Blue Ant is headquartered in Toronto, with a presence in Los Angeles, New York, Singapore, London, Washington, Miami, Sydney, Halifax and Ottawa.

As at August 31, 2025, the Company had three reportable segments:

- **Global Channels and Streaming**, which includes various channel brands (excluding the Company's Canadian pay TV channels), delivered on multiple platforms, including free ad supported streaming television ("**FAST**"), subscription video on demand ("**SVOD**"), advertising video on demand ("**AVOD**"), cable TV, YouTube and social media. It also includes the Company's Smart TV advertising sales business, Media Pulse.

- **Production and Distribution** (operated under the name "Blue Ant Studios" and "Blue Ant Rights"), which includes a production business creating video content in multiple genres, including unscripted, animation, reality competition and scripted, and a distribution business that monetizes Blue Ant's content as well as content of third-party producers through licensing to other broadcasters and streamers around the world.

- **Canadian Media**, which includes the Company's seven Canadian pay TV channels, that deliver both advertising and subscription revenue, as well as its 11 live consumer show events in various categories, including home design, renovations, cottage living, and parenting, which are focused on selling exhibit space to businesses and tickets to attendees, and its *Cottage Life* publishing business.

In the year ended August 31, 2025, the Company implemented a change in its reporting segments to better reflect its alignment of business activity, by moving its Smart TV advertising and Canadian FAST businesses into the Global Channels and Streaming segment, and out of the Canadian Media segment, where they were previously included. Comparative segment information for prior periods has been restated to reflect the new segment structure.

Business Combination

On August 1, 2025, BAMI completed an RTO of the Company (formerly BRMI).

The shares of BAMI were exchanged for shares of the Company on the basis of an exchange ratio of 1.25 shares (prior to the share consolidation noted below) of the Company for each share of BAMI. Furthermore, any equity incentive plan ("**EIP**") awards and warrants of BAMI issued and outstanding immediately prior to the Closing were subject to the same exchange ratio.

Immediately prior to the Closing, the Company completed a share capital reorganization (the "**Share Capital Reorganization**"), which included a consolidation of its shares and EIP awards issued and outstanding on the basis of one (1) post-consolidation share for 10 pre-consolidation shares. The Share Capital Reorganization also included the exercise of certain fully vested restricted share units ("**RSUs**"), as well as the assumption of EIP awards issued and outstanding of the Company, which included options, performance-based share units ("**PSUs**"), deferred share units ("**DSUs**") and RSUs. The following table summarizes the Share Capital Reorganization:

	July 31, 2025	Exercise of RSUs	Share exchange premium	Pre-consolidation shares and equity awards	Consolidated shares and equity awards	Shares exchanged to SVS or MVS	Post-Share Capital Reorganization shares and equity awards*	Balance - post-Share Capital Reorganization
Non-voting common shares	125,986,386	4,956,024	32,735,213	163,677,623	16,367,762	(16,367,762)		—
Warrants	4,375,000		1,093,750	5,468,750	546,875			546,875
Options	11,687,000		2,921,750	14,608,750	1,460,875		29,021	1,489,896
RSUs	8,810,906	(6,802,299)	502,152	2,510,759	251,065		138,968	390,033
DSUs	—			—	—		54,843	54,843
PSUs	—			—	—		10,110	10,110
Subordinate voting shares						**16,367,762**	**5,493,626**	**21,861,388**
Special voting shares	100		25	125	12.5	(12.5)		—
Multiple voting shares						**12.5**		**12.5**

*Subordinate voting shares and EIP awards of BRMI that were combined with those of BAMI on a post-Share Capital Reorganization basis.

Further to the above, 75,000,000 restricted voting shares were issued to the Company's CEO for a price of $0.0001 per share at Closing (refer to Note 17 of the annual financial statements).

In addition to the Transaction resulting in BAMI becoming the subsidiary of a public company, three Canadian production businesses were acquired: Insight Productions, Jam Filled Entertainment and Proper Television (the "**Retained Business**"). The Retained Business is included in the Company's Production and Distribution reporting segment.

The fair value of the net assets of the Retained Business acquired was $86.9 million, which exceeded the equity-based consideration provided of $50.1 million and thus resulted in a bargain purchase gain of $36.8 million.

Of total transaction costs and other related costs of $12.1 million recorded in the Company's statement of net income for the year ended August 31, 2025, $11.5 million relates to the Transaction and includes legal fees of $5.3 million, consulting fees of $2.6 million, audit and tax consulting fees of $2.5 million, and other costs of $1.2 million.

As part of the Transaction, one of the Company's significant shareholders committed to provide the Company with the following: (a) a commitment for a cash contribution of up to $34.7 million dependent on meeting certain performance targets of the Retained Business in the year ending December 31, 2025 and to be paid by March 30, 2026; (b) guarantees for a vendor take-back promissory note receivable of $18.0 million or the sale of certain production assets to a group of shareholders immediately prior to the Closing of the RTO (the "VTB Note"), and US$2.7 million of notes receivable from a former BRMI executive in relation to a prior transaction; and (c) commitment for a period of one year from the Closing, to subscribe for up to $20.0 million in any new equity offering of the Company up to a maximum of $60.0 million.

The Transaction was entered into as the continuing shareholders of the Company, including former shareholders of both companies, expect to benefit from the newly combined Company.

Consolidated Results of Operations

As the Company operates across multiple media platforms and content verticals, it has faced a complex operating environment, shaped by shifts in consumer behavior, advertising models, production economics and regulatory landscapes. Its financial and operating results depend on a number of factors, including the strength of the Canadian economy and the local economies in other markets in which the Company operates; competition from other broadcasting channels, platforms and other advertising media, as well as other content distributors; the impact of regulatory requirements, which are subject to change; and the Company's ability to continue to produce, or source from third parties, content that continues to be desired and well received by audiences.

While the Company has continued to grow, the Company's financial and operating results have been affected by challenging market conditions, including reductions in spending by content buyers; increased competition for viewers due to the proliferation of delivery platforms; increased production costs due to inflation, tariff risk and other global supply chain issues; subscriber attrition; and tighter commissioning budgets.

The threatened and actual imposition of US tariffs has increased uncertainty in the industry and the economy in general. While the potential impact of the tariffs on the Company cannot be fully quantified at this time, the Company expects that they may adversely impact advertising spend and may lead to an increase in certain costs of production. The Production and Distribution segment continues to be impacted by a slowdown in production greenlights, driven by cautious buyers that are hesitant to incur and increase spending commitments in the current economic climate. In addition, the growth of Smart TV platforms, which have led to an increasing bifurcation of viewing time and advertising spend between traditional broadcasting platforms, streaming and Smart TV, is expected to continue to accelerate. These headwinds are expected to continue to create challenges for the Company and other industry participants in coming periods.

The following table and proceeding discussion describes the significant changes in the Company's consolidated results of operations for the three months and year ended August 31, 2025, compared to the three months and year ended August 31, 2024:

(dollars, in thousands)	Three Months Ended		Year Ended	
	August 31, 2025	**August 31, 2024**	**August 31, 2025**	**August 31, 2024**
Revenue				
Subscriber	10,849	11,582	44,914	46,527
Promotion and advertising	14,730	12,320	73,912	59,056
Production services	6,029	3,319	8,966	3,362
Proprietary production and distribution	28,651	26,680	61,516	72,805
Consumer shows, publishing and digital	578	271	14,647	14,630
Total revenue	**60,837**	**54,172**	**203,955**	**196,380**
Direct content, production and delivery expenses	37,204	26,232	116,793	106,358
Sales, general and administrative expenses	11,645	13,712	50,059	53,027
	11,988	**14,228**	**37,103**	**36,995**

Revenue

The Company derives revenue from five source categories: (i) subscribers, being revenue derived from monthly subscriptions by consumers of the Company's content across various paywalled platforms; (ii) promotion and advertising, being revenue derived from the promotion and advertising by third parties on the Company's media platforms as well as print related advertising; (iii) production services, being revenue derived from the production services for third parties; (iv) proprietary production and distribution, being revenue earned from licensing the Company's television programs, including programs that it produces, across specific geographic markets and within specified time periods; and (v) live event consumer shows, publishing and digital, which include revenue derived from master control services and the Company's live event consumer show business. Further analysis of revenue is provided in the section entitled *"Results of Operations by Segment"*, below.

Revenue for the three months ended August 31, 2025 increased by $6.7 million to $60.8 million, compared to $54.2 million in the prior year period. This increase was primarily attributable to higher production services revenue which increased from $3.3 million to $6.0 million driven by activities contributed by the Retained Business in the month of August 2025, along with higher promotion and advertising revenues, which increased from $12.3 million to $14.7 million driven by growth in Smart TV advertising.

Revenue for the year ended August 31, 2025 was $204.0 million, an increase of $7.6 million over the year ended August 31, 2024. This increase was primarily attributable to the continued growth in Smart TV advertising, higher production services revenue from the Retained Business and partially offset by lower production revenue due to a lower number of production deliveries in 2025 compared to the prior fiscal year.

Direct content, production and delivery expense

Direct content, production and delivery expense in the three months and year ended August 31, 2025, was $37.2 million and $116.8 million, respectively, compared to $26.2 million and $106.4 million in the prior year periods. The increase in each period was primarily attributable to higher Smart TV Digital platform fees associated with the strong performance of the Smart TV advertising revenue and increase in production service activities. This was partially offset by a decrease in amortization of programming assets driven by the reduced volume of production deliveries, as described above.

Sales, general and administrative expenses

Sales, general and administrative expenses were lower in both the three months and year ended August 31, 2025, being $11.6 million and $50.1 million, respectively, compared to $13.7 million and $53.0 million in the three months and year ended August 31, 2024, respectively. The decrease was primarily due to lower salaries costs from savings relating to completed restructuring activities, offset by increase in software expenses and audit related costs relating to the transaction.

Share-based compensation

Share-based compensation expense in the three months and year ended August 31, 2025 was an expense of $0.9 million and $10.5 million, respectively, compared to a recovery of $0.7 million and an expense of $3.4 million in the three months and year ended August 31, 2024, respectively. The increase was primarily due to certain RSUs for which vesting was accelerated to the time of close of the Transaction in the current year, along with the impact of the recovery in the three months ended August 31, 2024 relating to performance criteria not met on certain awards.

Impairment of assets

Goodwill is tested for impairment annually as at August 31 or more frequently if events or circumstances indicate that the asset might be impaired.

During the three months ended May 31, 2025, management identified the presence of impairment indicators associated with the Canadian Media group of cash generating units ("**CGUs**"), resulting from the reallocation of the Smart TV advertising CGU to the Global Channels and Streaming operating segment. Accordingly, the Company tested goodwill of the Canadian Media group of CGUs for impairment immediately post re-segmentation as at May 31, 2025. Based on the analysis performed of the Canadian Media group of CGUs as at May 31, 2025, it was determined that the carrying value exceeded the recoverable amount and therefore an impairment of $8.3 million was recorded at this date. As at August 31, 2025, the recoverable amount exceeded the carrying value in each group of CGUs.

For the Canadian Media group of CGUs, the discounted cash flow models were most sensitive to the discount rate and the revenue growth rate assumptions, the Company has conducted a sensitivity analysis on the significant assumptions used to determine the recoverable amount for the group of CGUs evaluated during the goodwill test. The sensitivity of the discount rate was assessed by applying a hypothetical increase or decrease of 2% to the determined rate. The sensitivity of the revenue and terminal growth rate was also evaluated by applying a hypothetical increase or decrease of 1% to the established rate. These sensitivity analyses are conducted to assess the potential impact of reasonable changes in significant assumptions on the calculated fair value of the group of CGUs.

As of August 31, 2025, for the Canadian Media group of CGUs, holding all other assumptions constant:

- a 2% increase in the discount rate would result in an impairment of $7,004, and a 2% decrease in the discount rate would result in a headroom of $12,149.
- a 1% decrease in the terminal growth rate would result in an impairment of $2,924, and a 1% increase in terminal growth rate would result in in a headroom of $6,008.
- a 1% decrease in the revenue growth rate would result in an impairment of $2,292, and a 1% increase in revenue growth rate would result in in a headroom of $4,781.
- a 1% decrease in the EBIT margin would result in an impairment of $288, and a 1% increase in gross margin percentage would result in a headroom of $2,681

Based on the analyses performed on each of the Company's groups of CGUs as at August 31, 2025, the recoverable amounts exceeded the respective carrying values and therefore no impairment was recorded.

The annual impairment testing for goodwill and indefinite life intangible assets for the year ended August 31, 2024 was conducted on June 1, 2024 and again on August 31, 2024 after the elected change in date described above.

Based on the analysis performed on the Canadian Media group of CGUs as at June 1, 2024, it was determined that the carrying value exceeded the recoverable amount and therefore an impairment of $20.0 million of goodwill was recorded at this date. For the Company's other groups of CGUs at both the June 1, 2024 and August 31, 2024 testing dates, the recoverable amount exceeded the carrying value and no impairment was recorded.

Restructuring costs

The Company incurred restructuring costs of $1.9 million in the three months ended August 31, 2025, and $2.5 million in the year ended August 31, 2025. These were primarily driven by ongoing costs relating to the 2024 restructuring of the Canadian Media segment. In the three months and year ended

August 31, 2024, the Company incurred restructuring costs of $1.6 million and $2.7 million , respectively, which were driven by ongoing costs relating to the 2023 restructuring of the Production and Distribution segment, and the ongoing integration of Marble Media Inc. ("**Marble**") into the Company.

Transaction and other related costs

Transaction and other related costs in the three months and year ended August 31, 2025 were $5.8 million and $12.1 million, respectively, compared to $0.1 million and $0.7 million in the three months and year ended August 31, 2024, respectively. The increase in the current year periods includes legal, audit, severance and other administrative costs incurred in connection with the Transaction.

Net income (loss) from continuing operations

The Company had a net income of $29.2 million in the three months ended August 31, 2025, compared to net loss of $14.1 million in the three months ended August 31, 2024, and a net income of $14.3 million in the year ended August 31, 2025 compared to net income of $18.5 million in the year ended August 31, 2024. The increase in net income in each period was primarily attributable to a one-time gain on bargain purchase of $36.8 million from the Transaction, recognized in the fourth quarter of 2025 with no comparable amounts in 2024. For the annual period, this positive variance was partially offset by a one-time gain of $22.2 million on the expiry of certain outstanding warrants that the Company recognized in the second quarter of 2024 with no comparable amount in 2025. These warrants were originally granted in July 2016 and were previously classified as liabilities on the consolidated statements of financial position.

Other contributors to the increase in net income for the three months ended August 31, 2025 included a decrease in impairment of assets charge of $27.8 million, offset by an increase in transaction and related costs of $5.8 million and an increase in share-based compensation expense of $1.6 million with respect to the vesting of RSUs upon the Transaction closing.

Net income (loss) from discontinued operations

The Company had net income of $6.1 million from discontinued operations in the year ended August 31, 2024. Beach House, sold in February 2024, comprised the Company's discontinued operations. The net gain of $7.6 million on the Beach House Sale was partially offset by Beach House's net loss in fiscal 2024 to the time of sale.

Adjusted EBITDA from continuing operations

The Company had Adjusted EBITDA of $12.0 million in the three months ended August 31, 2025, compared to Adjusted EBITDA of $14.2 million in the three months ended August 31, 2024. The variance is primarily attributable to higher direct content, production and delivery expenses of $11.0 million in the current year period over the comparative period. This was partially offset by higher revenues of $6.7 million over the comparative period, driven mainly by sales mix across operating segments in the quarter to date. While the Retained Business contributed $10.5 million of revenue in the three months ended August 31, 2025, the contribution of the Retained Business to Adjusted EBITDA was a loss of $0.2 million due primarily to higher corporate costs.

The Company had Adjusted EBITDA from continuing operations of $37.1 million for the year ended August 31, 2025, compared to Adjusted EBITDA from continuing operations of $37.0 million in the year ended August 31, 2024. The variance was attributable primarily to higher revenue of $7.6 million over the prior period, and $3.0 million in lower sales, general and administrative expenses compared to the prior period. These positive variances were offset by $10.4 million of higher direct content, production and delivery expenses over the prior period. The year-to-date variance in direct content, production and delivery expenses was driven by higher Smart TV publishing costs and producer royalties, offset in part

by lower program amortization. As noted above for the three-month period, the Retained Business impact on Adjusted EBITDA was a loss of $0.2 million in the year ended August 31, 2025.

Adjusted EBITDA from discontinued operations

The Company had *Adjusted EBITDA* loss of $1.1 million from discontinued operations in the year ended August 31, 2024. Beach House, sold in February 2024, comprised the Company's discontinued operations.

Results of Operations by Segment

The Company manages and reports operating results through three segments: Global Channels and Streaming, Production and Distribution, and Canadian Media, which are described in detail below. The Company's primary measure of segment performance is "segment profit", which is calculated as revenue less direct content, production and delivery expenses, and sales, general and administrative expenses as reported in the Company's consolidated statements of net income (loss) and comprehensive income (loss) for each segment, before eliminations and corporate costs.

Global Channels and Streaming

The Global Channels and Streaming segment is comprised of international channel operations, including various Blue Ant channel brands (excluding its Canadian pay channels), delivered on multiple platforms, including free ad supported streaming television ("**FAST**"), subscription video on demand ("**SVOD**"), advertising video on demand ("**AVOD**"), cable TV, YouTube and social media, as well as the Company's Smart TV advertising sales business, Media Pulse.

The following table presents the Global Channels and Streaming segment revenue and segment profit for the three months and years ended August 31, 2025 and 2024:

(dollars, in thousands)	Three Months Ended		Year Ended	
	August 31, 2025	**August 31, 2024**	**August 31, 2025**	**August 31, 2024**
Revenue				
Subscriber	4,537	4,739	18,848	18,373
Promotion and advertising	10,933	8,186	54,579	35,423
Production licensing and distribution	1,384	1,594	3,056	2,216
Total revenue	**16,854**	**14,519**	**76,483**	**56,012**
Direct content, production and delivery expenses	9,671	6,425	43,252	26,734
Sales, general and administrative expenses	2,864	3,006	13,764	11,506
Segment profit	**4,319**	**5,088**	**19,467**	**17,772**

The increase in revenue and segment profit for the year ended August 31, 2025 compared to the prior periods was primarily driven by growth in promotion and advertising revenue in Smart TV advertising sales. Segment profit decreased in the three months ended August 31, 2025 compared to the prior period but increased in the year ended August 31, 2025 due to the timing of advertising sales and product mix.

Production and Distribution (operated under the name “Blue Ant Studios” and “Blue Ant Rights”)

The Production and Distribution segment, operated via Blue Ant Studios, is comprised of international content production and distribution activities. The production business creates video content in multiple genres, including unscripted, animation, reality competition and scripted, and the distribution business focuses on monetizing Blue Ant’s content as well as content of third-party producers through licensing to other broadcasters and streamers around the world.

The following table presents the Production and Distribution segment revenue and segment profit for the three months and years ended August 31, 2025 and 2024:

(dollars, in thousands)	Three Months Ended		Year Ended	
	August 31, 2025	**August 31, 2024**	**August 31, 2025**	**August 31, 2024**
Revenue				
Production services	6,029	3,319	8,966	3,362
Production licensing and distribution revenue	26,918	24,280	57,790	69,602
Total revenue	**32,947**	**27,599**	**66,756**	**72,964**
Direct content, production and delivery expenses	23,064	14,914	49,168	54,262
Sales, general and administrative expenses	3,313	3,978	13,245	14,393
Segment profit	**6,570**	**8,707**	**4,343**	**4,309**

Revenue for the three months ended August 31, 2025 increased over the prior year period, driven by higher production services revenues, due to the acquisition of the Retained Business in the Transaction, which accounted for $10.5 million in revenue in the month of August 2025.

Revenue for the year ended August 31, 2025 declined compared to the prior year, driven by lower production and distribution revenues as a result of fewer production deliveries in 2025 with greenlights taking longer to secure with customers. This was partially offset by an increase in production services revenue due to the acquisition of the Retained Businesses in the Transaction, as noted above.

Segment profit was lower in the three months ended August 31, 2025 compared to the prior year period due to direct content, production and delivery expenses being proportionally higher than the increase in revenue.

Segment profit was higher in the year ended August 31, 2025 compared to the prior year due to lower direct content, production and delivery expenses, consistent with lower revenue, as well as lower sales, general and administrative expenses.

Canadian Media

The Canadian Media segment is comprised of channel operations in Toronto and media placement across multiple platforms, including television, digital, print and live event consumer shows in Canada. This includes Blue Ant's seven Canadian pay TV channels, that deliver both advertising and subscription revenue, as well as its live consumer shows in various categories, including home design, renovations, cottage living and parenting (which derive revenue from selling exhibit space to businesses and tickets to attendees), and its *Cottage Life* publishing business.

The following table presents the Canadian Media segment revenue and segment profit for the three months and years ended August 31, 2025 and 2024:

(Amounts in thousands CAD)	Three Months Ended		Year Ended	
	August 31, 2025	**August 31, 2024**	**August 31, 2025**	**August 31, 2024**
Revenue				
Subscriber	6,310	6,843	26,066	28,154
Promotion and advertising	3,797	4,134	19,333	23,633
Production licensing and distribution	353	806	670	987
Consumer shows, publishing, and service	578	271	14,647	14,630
Total revenue	**11,038**	**12,054**	**60,716**	**67,404**
Direct content, production and delivery expenses	4,495	4,890	24,082	25,283
Sales, general and administrative expenses	3,832	5,051	17,938	21,485
Segment profit	**2,711**	**2,113**	**18,696**	**20,636**

Revenue in the Canadian Media segment decreased in both the three months and year ended August 31, 2025 compared to the prior year periods. Canadian Media was impacted by a challenged linear advertising market in Canada where declines have been experienced as a result of an economic slowdown in conjunction with a gradual shift to Smart TV advertising. These factors were partially offset by ongoing growth in live event consumer show revenue attributable to continued recovery in the sector after the near halting of business during the COVID-19 pandemic. Segment profit increased in the three-month period but declined in in the annual 2025 period relative to prior year periods. The decrease in revenues in each of the current year periods was partially offset by a reduction in expenses, with a more significant decrease in sales, general and administrative expenses in the three months ended August 31, 2025 leading to higher segment profit in the current year period.

Summary of Quarterly Results

Certain of the Company's operating results for each of its reporting segments are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. For example, the Company's advertising revenue is dependent on general advertising and retail cycles associated with consumer spending activity, and its consumer shows only occur at particular times of the year so primarily only recognize revenue during such periods. The Company typically sees higher advertising revenue in the third and fourth quarters, with second quarter revenue typically being the weakest. Similarly, the Company's production and distribution revenue may vary due to the number and timing of programs delivered or licensed, the size of budgets and related production revenue, and license period start dates with buyers and distributors. While the timing of production revenue is generally unpredictable, distribution revenue is often higher in the fourth quarter. As a result, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

The following table sets out certain unaudited information with respect to each of the Company's fiscal quarters commencing with the quarter ending November 30, 2024.

(Amounts in thousands CAD, except EPS)	**Q4 2025**	**Q3 2025 (revised)**	**Q2 2025 (revised)**	**Q1 2025**	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**
Revenue	60,837	56,033	38,377	48,706	54,172	51,841	47,382	42,985
Net income (loss) attributable to shareholders	28,979	(11,790)	(4,822)	1,097	(14,090)	2,113	23,633	539
Adjusted EBITDA* for continuing operations	11,988	14,641	4,122	6,349	14,228	11,125	5,247	6,397
Basic EPS - continuing operations attributable to shareholders	$ 1.61	$ (0.73)	$ (0.30)	$ 0.07	$ (0.88)	$ 0.13	$ 1.48	$ 0.03
Diluted EPS - from continuing operations attributable to shareholders	$ 1.50	$ (0.67)	$ (0.28)	$ 0.06	$ (0.80)	$ 0.12	$ 1.34	$ 0.03
Basic EPS** - discontinued operations attributable to shareholders	$ —	$ —	$ —	$ —	$ —	$ 0.07	$ 0.36	$ (0.05)
Diluted EPS** - from discontinued operations attributable to shareholders	$ —	$ —	$ —	$ —	$ —	$ 0.07	$ 0.33	$ (0.04)
Basic EPS** - attributable to shareholders	$ 1.61	$ (0.73)	$ (0.30)	$ 0.07	$ (0.88)	$ 0.20	$ 1.84	$ (0.02)
Diluted EPS** - attributable to shareholders	$ 1.50	$ (0.67)	$ (0.28)	$ 0.06	$ (0.80)	$ 0.19	$ 1.67	$ (0.01)

* As defined in "Non-IFRS Measures"

** EPS for all periods is presented on a post-Share Capital Reorganization basis, as if share premium and share consolidation had been applied to share base for all historical periods presented

Liquidity and Capital Resources

The Company's largest working capital need is typically related to programming spend, which the Company generally funds via operating cash flows that are augmented, when necessary (and typically only for short-term periods), by the Operating Line (as defined below under "*Bank Indebtedness*"). In addition, the Company funds production spending needs by way of its Interim Production Facility (also defined and described below under "*Production Financing*").

The Company's well-diversified operations help it to navigate cyclical working capital challenges across its business segments. The Company manages liquidity by forecasting and monitoring cash flows and through the use of interim production financing. Results of operations for any period are dependent on the amount and timing of content delivered. Consequently, the Company's results from operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

(Amounts in thousands CAD)	**Year ended August 31,**	
Net cash (used in) provided by:	**2025**	**2024**
Operating activities	19,013	23,720
Financing activities	(23,820)	(34,725)
Investing activities	47,429	(2,500)
Net interest expense on indebtedness	3,868	6,637

(Amounts in thousands CAD)		
Balance:	**August 31, 2025**	**August 31, 2024**
Interim production financing	52,144	26,588
Bank indebtedness	19,342	33,967

As at August 31, 2025, the Company had cash of $54.5 million, an increase of $42.5 million compared to $12.0 million as at August 31, 2024.

Net cash provided by operating activities during the year ended August 31, 2025 was $19.0 million, compared to $23.7 million during the year ended August 31, 2024, with the year-over-year decrease primarily due to increase in transaction related costs surrounding the Transaction, offset by lower overall content spend due to timing of production deliveries.

Cash used by financing activities was $23.8 million during the year ended August 31, 2025, compared to $34.7 million during the year ended August 31, 2024. The decrease was primarily due to a net payment of interim production financing of $14.0 million in the year ended August 31, 2024 compared to a net draw of $11.5 million in the current period. Cash interest paid also declined by $3.0 million related to lower bank debt outstanding in the current period.

Cash provided by investing activities was $47.4 million during the year ended August 31, 2025, compared to $2.5 million during the year ended August 31, 2024, with the difference between the periods being primarily attributable to the Company acquiring cash of $53.4 million from the Transaction on August 1, 2025.

Bank Indebtedness

On December 6, 2022, after undergoing a comprehensive financial and market review, the Company signed an amended and restated credit agreement (as amended from time to time, the "**Credit Agreement**"), in connection with which it added two new syndicate lenders. The Credit Agreement, which has a maturity date of December 6, 2027, consists of four components, being (i) a general purpose revolving credit facility of $30.0 million, with a $10.0 million accordion, to be used for working capital and general corporate purposes (the "**Operating Line**"), (ii) a revolving credit facility of $50.0 million, to be used for interim production financing for eligible productions (the "**Interim Production Facility**"), (iii) a revolving acquisition credit facility of $35.0 million, with an accordion of $10.0 million, to be used for funding acquisitions, and (iv) a term credit facility of $6.0 million (the "**Term Credit Facility**"). The Term Credit Facility was repaid in full during the year ended August 31, 2024 from the proceeds of the Beach House sale. On August 1, 2025, the Company entered into the second amended and restated credit agreement (the "**2025 Credit Agreement**") with its existing syndicated lenders.

The 2025 Credit Facility is summarized below.

- General purpose credit facility ("**Facility A**")

  The Company's revolving credit facility previously established under the 2022 Credit Agreement is amended to be $30,000 (2024 - $30,000, with additional $10,000 subject to lender approval). Advances under this facility are for working capital and general corporate purposes.

- Acquisition credit facility ("**Facility C**")

  The Company's acquisition revolving credit facility previously established under the 2022 Credit Agreement amended to be $35,000 (2024 - $35,000, with additional $10,000, subject to lender approval).

Advances under Facilities A and C may be drawn in Canadian dollars as a either prime rate loan or Canadian Overnight Repo Rate Average ("CORRA") loan, or in U.S. dollars as either a base rate loan or Secured Overnight Financing Rate ("SOFR") loan.

Amounts drawn under each respective facility will bear interest at the applicable reference rate plus an applicable margin ranging from 1.00% to 2.25% per annum for prime rate or base rate loans, and 2.00% to 3.25% per annum for CORRA or SOFR rate loans dependent on the Company's leverage ratio. A standby fee will also be payable on the unutilized amount of this facility.

Principal repayments on Facilities C are as follows: 3.55% of the principal amount of each advance, payable in quarterly installments and the remainder payable on the Maturity Date. The facility permits voluntary repayments without payment of any penalty or fee.

Under the terms of the 2025 Credit Agreement, the Company is required to maintain the following ratios at all times:

- Funded debt to EBITDA shall not be greater than 3.00 to 1.00
- Fixed charge coverage ratio shall not be less than 1.15 to 1.00
- Liquidity ratio shall not be less than 1.10 to 1.00

The Company was in compliance with all financial covenants as described above during both periods presented.

The indebtedness is secured by a guarantee executed by the Company and each of its subsidiaries.

As at August 31, 2025, $19.3 million was outstanding under the 2025 Credit Agreement, excluding amounts owing under the Interim Production Facility, but including accrued interest and unamortized financing costs (August 31, 2024 - $34.0 million outstanding under the Credit Facility). In the year ended August 31, 2025, the Company incurred net interest expense on its bank indebtedness and interim financing loans of $3.9 million, compared to $6.6 million for the year ended August 31, 2024.

Production Financing

The Company typically incorporates a new single purpose entity for each of its material productions, including for each new season of an existing series, in order to manage the budget and cash flow of its productions. This structure is designed to enable the Company to limit liability, monitor production costs, and manage financing and future revenue streams associated with each production. The single purpose entity is generally amalgamated as the receivables that fund a production, including tax credits, are received and the interim production financing is repaid, as further described below.

The Company's production funding model is unique to each show and includes various sources of third-party funding. These funding sources include the Interim Production Facility, contracted license fees (i.e. pre-sales of initial broadcast rights to linear channels or streaming platforms), advances from international buyers (i.e. foreign streamers, linear channels or third-party distributors who acquire certain geographic or global rights), and federal, provincial or state tax credits, grants and other funding.

Due to timing differences between the inflow of third-party financing and the required outflows to fund a production's budget, the Company typically requires interim production financing. When third-party funding for a project is confirmed, such funding is pledged to a bank or other industry lender to secure an interim production financing loan. The pledges, which generally include financing commitments from large streamers and linear channels, as well as government funding, are used to repay the interim production financing as the third-party funding is collected by the Company. As such, the Company's financing facilities typically self-liquidate when applicable tax credits and other funding are collected by the Company.

Because the timing of the collection of third party financing can sometimes occur well after a production is completed (as is particularly the case for government tax credits, which may only be received 12 to 24 months after physical production has ended), the timing of repayment of interim production financing can result in a misalignment in financial reporting whereby production inflows do not necessarily match capital outflows by the Company.

On the closing of the Transaction on August 1, 2025, the Company assumed a revolving credit agreement secured by certain production service tax credits receivable (the "**Borrowing Base Facility**"). The Borrowing Base Facility is repayable on demand but it is expected that it will be repayable on collection of the specified borrowing base amounts.

Additionally on the Closing, the Company assumed a number of single-purpose production-specific interim production financing loans and a general security agreement in respect to Proper Television and Insight Productions. These loans are secured by production tax credits receivable.

The Company's interim production financing balance as at August 31, 2025 (including amounts owing under the Interim Production Facility) was $52.1 million, compared to $26.6 million as at August 31, 2024. This increase was driven by the Company assuming the interim production financing loans of $24.9 million as part of the Transaction.

OUTSTANDING EQUITY INSTRUMENTS

As of November 26, 2025, the following equity instruments are outstanding:

Type of Equity Instrument	#
Multiple Voting Shares	12.5
Subordinate Voting Shares	21,900,166
Restricted Voting Shares	75,000,000
Stock Options	1,492,396
Restricted Share Units	369,655
Deferred Share Units	36,443
Performance Share Units	10,110

The weighted average exercise price of the stock options outstanding is $12.68.

Non-IFRS Measures

The MD&A contains references to certain measures that do not have a standardized meaning under IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS Accounting Standards.

The Company believes these non-IFRS and supplementary financial measures are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide supplemental measures of operating performance and can assist in highlighting trends that may not otherwise be apparent when relying solely on IFRS financial measures. A reconciliation of the Company's non-IFRS measures is included in the *"Reconciliation Table"* section of this report.

EBITDA

EBITDA is defined as net income or loss before interest, taxes, depreciation and intangible amortization.

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA before certain expenses, costs, charges or benefits incurred in the period which in management's view are not indicative of continuing operations, including: share-based compensation, gain or loss on warrants, gain or loss on contingent consideration, gain or loss on put options, professional and consulting fees relating to non-core operating activities, impairment of goodwill and acquired program rights and owned content, restructuring costs, amortization of deferred financing costs, gain or loss on sale of assets, realized and unrealized gains or losses on foreign exchange, and other costs not indicative of the Company's core operating results.

The Company believes this measure is important as it allows the Company to evaluate the operating performance of its business segments and its ability to service or incur debt, and is one of the measures used by the investing community to value the Company.

Related Party Transactions

Related party transactions are reviewed by the Audit Committee of the Board, with interested directors excluded. The terms of these transactions are equivalent to those that would apply to arm's length transactions.

The Company, in the ordinary course of business, sells advertising inventory from time to time to GroupM Canada Inc. and certain of its affiliates (collectively, "**GroupM**"), a company of which Kevin Johnson, a director of the Company, is the CEO. These transactions are conducted on arm's length terms. During the three months and year ended August 31, 2025, the Company sold GroupM advertising inventory having a value of $0.1 million and $3.8 million, respectively ($1.1 million and $5.3 million in the three months and year ended August 31, 2024, respectively).

The Company pays Southhill Inc., a company controlled by Michael MacMillan, rent in the amount of ten thousand dollars each month in the ordinary course for use of an office space and administration service in the year ended August 31, 2025 and August 31, 2024.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies, Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenue and expenses during the reporting periods. 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 under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

For a summary of the Company's accounting policies, see Note 3 to the Company's annual financial statements.

The most significant estimates and judgments made by management in the preparation of the Company's consolidated financial statements are included in the following accounting policies, as described in further detail along with the accompanying policies below:

- Revenue recognition
- Investment in content rights
- Intangible assets
- Impairment of goodwill and long-lived assets
- Business combinations
- Government funding and assistance / recoverability of tax credits

Although management believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation, which could also impact net income as expenses and impairments could change. Unanticipated events and circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates, or actual results.

Revenue recognition

Revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. identify the contract with the customer;
2. identify the performance obligation in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenue when (or as) the entity satisfies the performance obligation.

The Company applies the following specific revenue recognition policies:

Production and Distribution

Production revenue includes revenue from the license of proprietary content as well as revenue from production services for third parties. Licensing is tied to episodic delivery of programs, which are each considered separate performance obligations, and is recognized when the production is complete and the underlying content has been delivered to the customer. Production services revenue is recognized based on an input method, using the proportion of costs incurred in the period relative to total expected costs.

Distribution revenue is license fees for the right to exhibit film and television programs in specified geographic markets and within specified time periods. Revenue is recognized at the start of the license period when the customer has access to the licensed content.

Global Channels and Streaming

Subscriber revenue is recognized monthly based on fixed fee arrangements or estimated subscribers, as deliveries are complete and payments are contractually enforceable.

Promotion and advertising revenue, net of agency commissions if applicable, is recognized upon fulfillment of contractual campaigns based on the number of advertising units utilized.

Distribution license fees are recognized in accordance with the above policy.

Other revenue relates to contracts to perform advertising or talent related services and is recognized over time on a monthly basis as the performance obligations related to services are satisfied.

Canadian Media

Subscriber revenue is recognized in accordance with the above policy.

Publishing revenue includes both a subscriber component, which is recognized in accordance with the above policy, as well as print advertising revenue.

Promotion and advertising revenue, which includes revenue from consumer shows and digital properties, is recognized in accordance with the above policy. Print advertising revenue is recognized upon publication of the magazine issue in which the advertisement is placed.

Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer for which consideration has already been received. Contract liabilities are presented as deferred revenue in the consolidated statement of financial position and recognized as revenue when the performance obligation has been satisfied.

Multiple performance obligations

Certain services are offered as part of contracts with multiple performance obligations. The Company identifies which performance obligations are distinct on a standalone basis and in the context of the contract and allocates consideration to each of these performance obligations on the basis of their relative standalone selling price.

Gross versus net revenue

Third party arrangements are evaluated to determine whether the Company acts as the principal or agent under the specific terms of each arrangement. To the extent that the Company acts as the principal in an arrangement, revenues are reported on a gross basis; revenues and expenses are recognized in their respective financial statement line items. Conversely, if the Company acts as the agent, revenues are reported on a net basis; revenues are presented net of any related expenses.

Determination of principal or agent classification is based on an evaluation of whether the nature of the Company's promise is a performance obligation to provide specific goods or services to the customer (principal), or simply arrange for those goods and services to be provided to the customer by a third party (agent). The most significant factors to consider include whether the Company controls the good or service immediately before it is transferred to the customer, is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before transferring the specified good or service, and has discretion in establishing prices for the specified good or service.

Investment in content rights

Investment in content rights represent license rights acquired for a finite time period to broadcast television programs and feature films on the Company's television channels.

- Recognition

  The Company records an acquired program asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. The acquired program right is measured initially at cost and any advance payments prior to the program being available and licensed to air are recorded as deposits within program rights.

- Amortization

  Acquired program rights airing on premium subscription channels are amortized on a straight-line basis over the license term. In the case where the license agreement contains a limited number of plays, the program is amortized over the allowed number of plays.

  The consumption pattern of acquired program rights airing on commercial channels is such that earlier runs drive higher viewership and stronger commercial performance. Program scheduling reflects this with fresher programming run more often in earlier years. Accordingly, the Company applies an accelerated basis of amortization to acquired program rights airing on commercial channels with such content amortized over four years at rates of 35% / 30% / 25% / 10%

respectively. If the license period is less than four years, the content is amortized on a straight-line basis over the actual term.

Owned content

Owned content represents programs that are produced in-house or through a production services arrangement, where the rights of ownership are held outright by the Company. It includes costs of productions in development, productions in process and completed productions.

- Recognition

  In the case of owned content rights, an asset is recorded once the production has been completed and the following conditions have been met: (i) the cost to produce the program is known or reasonably determinable and (ii) the material is available to the Company for distribution or telecast. Prior to the completion of the production, the costs incurred are carried as productions-in-progress. Owned content programs are measured at the cost to produce, net of relevant tax credits or similar subsidy funding obtained by the Company.

- Amortization

  For owned content rights, the premise underlying control of production and retention of ownership rights is that the content will be utilized on multiple platforms over an extended period of time with the intention of creating a growing library of content available for use by the Company into the future and for sale in distribution into other international markets. Accordingly, the Company amortizes owned content rights over the estimated consumption pattern of the owned content. Productions are amortized upfront upon completion and delivery, any retained rights to participate in certain future cash flows are amortized on a straight-line basis over a four-year period.

Distribution rights

Distribution rights represent rights acquired by the Company to distribute content where the Company does not own the underlying intellectual properties.

- Recognition

  An intangible asset is recorded once the Company obtains control of the content and once it is available for use. Distribution rights are measured at the purchase price, plus any directly attributable cost of preparing the assets for their intended use.

- Amortization

  Distribution rights have a contractual license period that often is four to ten years; however, the rights are amortized over an accelerated four-year period, not to exceed the contractual term, as substantially all of the benefits from the use of these assets are realized within the first four years of the license period. As such, these assets are amortized over four years at rates of 50% / 20% / 20% / 10%.

Change in estimated useful life

Acquired program rights, owned content and development assets are periodically reviewed and assessed by management to ensure each asset has a continuing value to the Company. Any remaining carrying value of programs that are considered to be no longer suitable for distribution or broadcast is written off in the period.

Intangible assets

Broadcast licenses

Canadian broadcast licenses represent assets acquired in a business combination and recognized separately from goodwill. Broadcast licenses are initially recognized at fair value at the acquisition date. Broadcast licenses represent identifiable assets with indefinite useful lives and are therefore not subject to amortization. Subsequent to initial recognition, broadcast licenses acquired in a business combination are reported at cost less accumulated impairment losses.

Canadian broadcast licenses are granted to the Company by the Canadian Radio-television and Telecommunications Commission ("CRTC") for a period of time. A renewal option is embedded in the license, at the discretion of the CRTC, provided that all conditions of license are met. Renewals are approved at little or no cost to the Company. As a result, the Company believes that broadcast licenses have an indefinite useful life as the Company has always adhered to its conditions of licence.

Trademarks

Trademarks are recognized at fair value on the date they are acquired. Trademarks represent identifiable assets with indefinite useful lives and therefore are not subject to amortization. They are carried at cost less accumulated impairment losses.

Customer relationships

Customer relationships represent assets acquired in a business combination and recognized separately from goodwill. Customer relationships are initially recognized at fair value at the acquisition date and subsequently carried at that value less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over estimated useful life of up to 3 years.

Library

Library represents assets acquired in a business combination and recognized separately from goodwill. Library is initially recognized at fair value at the acquisition date and subsequently carried at that value less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over estimated useful life between 2 to 5 years.

Impairment of goodwill and long-lived assets

The carrying amounts of the Company's long-lived assets with finite lives, including investment in content rights, intangible assets, and property and equipment, are reviewed whenever there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Goodwill and broadcast licenses, the Company's only indefinite-lived intangible assets, are reviewed for impairment annually or when circumstances indicate that the carrying amount may be impaired.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the net amortized carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss in respect of goodwill is not reversed.

Business combinations

The purchase price allocation process requires management to use significant estimates and assumptions, including fair value estimates including, but not limited to:

- estimated fair values of investment in content rights;
- estimated fair values of intangible assets;
- probability of required payment under contingent consideration provisions, if any; and
- estimated income tax assets and liabilities.

While management uses its best estimates and assumptions as a part of the purchase price allocation process to accurately value the assets acquired and liabilities assumed at the business combination date, estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the measurement period, which is the earlier of the date management receives the information it is looking for or one year from the business combination date, adjustments are recorded to the assets acquired and liabilities assumed, with the corresponding offset to goodwill, if any. Subsequent to acquisition, the Company estimates the fair value of future purchase consideration payable, if any, based on estimates of the future financial performance of the relevant entity.

Although management believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies which are inherently uncertain. Examples of critical estimates in valuing certain of the assets and liabilities acquired include but are not limited to:

- future expected cash flows from customer contracts;
- the acquired company's trademarks and customer relationships as well as assumptions about the period of time these acquired intangible assets will continue to benefit the combined company; and
- discount rates applied to future expected cash flows.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill, if any, in the purchase price allocation, which could also impact net income as expenses and impairments could change. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Government funding and assistance / recoverability of tax credits

The Company has access to government programs that are designed to assist film and television production. Amounts receivable with respect to production assistance are recorded as a reduction of the cost of the program or production when there is reasonable assurance that eligible expenditures are incurred and there is reasonable expectation of collection of the funding.

Government assistance with respect to digital and magazine activities is recorded as a reduction in the related expenses when management has reasonable assurance that the conditions of the government programs are met.

All such funding is recognized in the consolidated statement of net income (loss) as an offset to the costs to which they relate.

The amount of production tax credits the Company files for as costs are incurred and the amounts ultimately recovered may differ. The expected timing of the receipt of production tax credits is subject to uncertainty and amounts have been classified as current or long-term based on the expected date of receipt.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

As permitted under National Instrument 52-109 ("**NI 52-109**"), management is not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**") for their first financial period. The Company's certifying officers (CEO and CFO) will have filed the Form 52-109F1 IPO/RTO Certification of Annual Filings following the RTO for the period ended August 31, 2025.

As previously disclosed in its MD&A for the third quarter of fiscal 2025, management identified material weaknesses in ICFR in BAMI related to revenue controls within its production and distribution segment; specifically:

- The controls over the accounting for certain distribution revenue contracts that have a license commencement date that is not clearly specified in the contract, were not properly designed to ensure the appropriate timing of revenue recognition.
- The controls over the accounting for production deliveries were not properly designed to capture episodic or partial recognition that spanned more than one quarter within the same fiscal year.

A material weakness, as defined in NI 52-109, is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

For the material weaknesses identified, management has begun to implement a remediation plan to strengthen the revenue recognition controls within the production and distribution segment. The plan focuses on enhancing revenue recognition policies, providing relevant team members training to ensure consistent application, increasing management oversight and review of non-standard and significant agreements, and implementing workflow improvements to ensure appropriate documentation and evidence of management review.

Although management expects that the remediation of deficiencies in key controls related to its revenue processes which resulted in the occurrence of a material weakness will be completed during the year ending August 31, 2026, there is no assurance as to when such remediation will be completed. A material weakness is not considered remediated until the newly designed or enhanced control activity has been implemented and has operated effectively for a sufficient period of time to allow management to evaluate its design and operating effectiveness. Management must conclude, through testing performed as part of the Company's regular quarterly close and annual review processes, that the control is functioning as intended and effectively addresses the previously identified weakness.

While the Company is not providing representations on the effectiveness of DC&P and ICFR at this time, management remains committed to strengthening its internal control environment and continues to monitor remediation efforts.

The company will begin making the required representations regarding the design of DC&P and ICFR for the quarter ending November 30, 2025.

Risks and Uncertainties

The Company is exposed to a number of specific and general risks that could affect its results and ongoing operations, including but not limited to the following risk factors: shifts in consumer behaviour and content demand, including with respect to content buyer commissioning preferences, may reduce the Company's revenue or lead to outdated content and other business offerings; the imposition of tariffs by the United States on the film and television sectors could materially and adversely affect the Company's business, operating and financial results; the industries and markets in which the Company operates are highly competitive and rapidly evolving; the Company's operating and financial results may be affected by external factors beyond its control, including tariffs imposed by the United States; the Company's business is significantly dependent on Michael MacMillan, the Company's CEO and controlling shareholder, as well as other members of the senior management team; the loss of buyers or other strategic partners or key relationships, or changes to partner terms of service, may adversely affect the Company's revenue and growth prospects; changes in the methodologies, policies, or contractual terms applicable to streaming platforms such as Amazon, Facebook or YouTube, changes in laws or regulations applicable to such platforms, or any governmental or third-party claim against any such platform could have a material adverse effect on the Company's financial results; the Company's operating and financial results may be affected by external factors beyond its control, including tariffs imposed by the United States; the imposition of tariffs by the United States could materially and adversely affect the Company's business, operating and financial results; a decrease in brand recognition may reduce the Company's buyer and consumer retention and related monetization potential; many of the Company's productions are funded in part by tax credits or other subsidies, which may be inaccurately estimated or subject to audit. In addition, any change in the regulations related to tax credits or other subsidies could negatively affect the Company's business; loss of Canadian Person status may result in loss of government tax credits and incentives or default by the Company under its broadcast licenses; the Company's revenues, spending and results of operations may fluctuate significantly period to period; the Company is subject to risks, such as unforeseen costs and potential liability, in connection with content it produces, acquires, licenses or distributes; protecting and defending against intellectual property claims may adversely affect the Company's business; the implementation and use of artificial intelligence technologies exposes the Company's business to new and evolving risks; the Company may not be able to secure necessary studio space to produce its content, and even if it can secure such space, the cost of the space may be in excess of the Company's estimated amounts; the Company may face labour shortages that could slow its growth, and strikes or unionization could delay its projects and increase production costs; changes in the Company's business strategy or plans for growth, as well as costs related to becoming a public company, may increase costs or otherwise affect the profitability of its business; the Company faces risks inherent in doing business internationally, many of which are beyond the Company's control; the Company's cash and cash equivalents could be adversely affected if any financial institution in which it holds its cash and cash equivalents fails; the Company may be adversely affected by credit risk; the Company may require additional capital to fund ongoing operations or capital expenditures and may have difficulty obtaining such capital; a significant portion of the Company's revenues and expenses are denominated in Canadian dollars. However, a growing portion of its sales and operating costs are denominated in foreign currencies, mainly in U.S. dollars, Euros, British Pounds and Australian dollars; the Company is subject to income taxes in a number of jurisdictions, as well as to audits by tax authorities in those jurisdictions; unauthorized disclosure of confidential information could harm the Company's business and reputation; the Company is dependent on its information technology ecosystem. Failures in certain components of the information technology ecosystem, or threats or actions by malicious parties, could adversely affect the Company and its operations; the Company operates through a holding company

structure; pandemics, epidemics and other health risks could have an adverse effect on the Company's business.

The risks and uncertainties described are not the only ones Blue Ant faces. Additional risks and uncertainties not presently known to the Company, or that it currently believes to be immaterial, may also materially adversely affect the Company's business, assets, liabilities, financial condition, results of operations, prospects and cash flows.

Forward-looking Statements

This MD&A contains certain statements that are prospective in nature and constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). Forward-looking statements are provided for the purposes of assisting the reader in understanding Blue Ant's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements generally, but not always, can be identified by the use of forward-looking terminology such as "anticipate", "be achieved", "believes", "budget", "can", "continue", "could", "would", "expect", "estimate", "forecasts", "goal", "has an opportunity", "intend", "indicate", "likely", "may", "might", "objective", "outlook", "plans", "potential", "predict", "project", "prospect", "scheduled", "seek", "should", "strategy", "target", or "will", or variations of such words and phrases or similar expressions suggesting future outcomes or events, and the negative of any of these terms.

These forward-looking statements reflect management's current opinions, beliefs, estimates, expectations and assumptions and are based on information currently available to management, which includes assumptions about continued revenue based on historical past performance, management's historical experience, perception of trends and current business conditions, expected future developments, and other factors which management considers appropriate and reasonable in the circumstances. As they are forward-looking in nature, they are subject to change. With respect to the forward-looking statements included in this MD&A, the Company has made certain assumptions with respect to, among other things, its long-term growth outlook; the performance of its business and operations; its ability to meet its future objectives and strategies; that its future projects and plans are achievable and proceeding as anticipated (including assumptions regarding renewals of existing series and greenlights of new projects), as well as assumptions concerning labour availability at budgeted rates and the length and impact of any labour unrest or strikes; the current geo-political landscape (including vis-à-vis the on-going global conflicts and the associated political and economic repercussions); general economic and market segment conditions, including whether or not the entertainment industry and/or broader market experiences a recession, currency exchange and interest rates, competitive intensity and consumer preferences (including continued demand for discretionary consumer products). There can be no assurance that management's underlying opinions, beliefs, expectations, estimates and assumptions will prove to be correct and that actual results will be consistent with these forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes, or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also materially adversely affect the Company's business, assets, liabilities, financial condition, results of operations, prospects and cash flows.

Reconciliation Table

The following table presents the reconciliation from net income (loss) from continuing operations to Adjusted EBITDA for the three months and years ended August 31, 2025 and 2024:

	Three Months Ended		Year Ended	
	August 31, 2025	**August 31, 2024**	**August 31, 2025**	**August 31, 2024**
	$	**$**	**$**	**$**
Net income / (loss) from continuing operations	29,179	(13,904)	14,281	12,411
Add back:				
Depreciation and intangible amortization	1,962	1,208	6,268	5,097
Interest expense, net of interest income	626	1,032	3,247	4,619
Income taxes	6,143	(3,441)	13,499	375
EBITDA* from continuing operations	37,910	(15,105)	37,295	22,502
Adjustments:				
Share-based compensation[1]	901	(739)	10,484	3,419
Impairment of assets[2]	880	28,661	9,197	28,531
Other finance costs[3]	1,053	53	1,589	646
Net (gains)/ losses on foreign exchange[4]	187	32	423	1,110
(Gain) / loss on warrants[5]	311	(328)	311	(22,568)
Gain on bargain purchase[6]	(36,828)	—	(36,828)	—
(Gain) / loss on sale of assets	4	(82)	4	(82)
(Gain) / loss on contingent consideration	(152)	—	—	—
Transaction and other related costs[7]	5,834	89	12,098	704
Restructuring costs[8]	1,888	1,647	2,530	2,733
Adjusted EBITDA* from continuing operations	**11,988**	**14,228**	**37,103**	**36,995**

*This item is a non-IFRS measure. See "Non-IFRS measures" section for further information.

[1] Non-cash expenses associated with share-based compensation granted to certain officers, directors and employees.
[2] Impairment of certain program rights and owned content titles, and goodwill in the Canadian Media group of CGUs in both the year ended August 31, 2025 and 2024.
[3] Amortization of deferred financing costs, gain on put option, and other finance-related costs outside the normal course of business.
[4] Realized and unrealized net losses on foreign currency exchange.
[5] Change in fair value of warrants, including gain on expiry of unexercised warrants in the year ended August 31, 2024.
[6] Gain realized on closing of the Transaction".
[7] Professional fees associated with the Transaction in the current year periods, and with other non-recurring similar costs in the 2024 periods.
[8] Restructuring charges primarily relating to personnel costs.