

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2020 and September 30, 2019



The purpose of this Management's Discussion and Analysis ("MD&A"), dated November 24, 2020, is to provide readers with additional and complementary information regarding Asian Television Network International Limited ("ATN" or the "Company") financial condition and results of operations and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019 and related notes in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months period ended September 30, 2020. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Copies of these documents as well as additional information concerning the Company can be found on the SEDAR Web site at www.sedar.com and may also be obtained upon request, without charge, to the Secretary of the Company at its executive office, 330 Cochrane Drive, Markham, Ontario L3R 8E4, telephone: 905-948-8199. The above-mentioned documents, as well as the Company's news releases, are also available on the Company's Web site at www.asiantelevision.com.

All amounts herein are expressed in Canadian dollars.

All of our operations are in Canada.

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FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements concerning the future performance of the Company's business, its operations and its financial results and condition, and more particularly as they relate to management's belief in respect of the sufficiency of cash from operations to cover cash requirements as they arise.

When used in this document, the words "believe", "anticipate", "intend", "estimate", "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on management's current expectations. These forward-looking statements relating to the Company's future cash requirements are based on an assumption that cash flow from the future operations in future periods will not be significantly less than for prior periods. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the forward-looking information due to assumptions, estimates or expectations reflected or contained in the forward-looking information. Actual future performance, including cash flow from operations, will be affected by a number of factors, which may result in a decrease in cash flow from operations. These factors include technology changes, economic conditions, regulatory and taxation changes, competitive factors and changes in accounting rules or standards, many of which are beyond the Company's control (see "Risks and Uncertainties Affecting our Business"). Therefore, future events and results may vary substantially from what we currently foresee. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PROFILE

We are a Canadian media company focused on Canada's fast expanding South Asian population with all of our operations in Canada. ATN pioneered South Asian programming on television in Canada through its first venture on cable in Toronto. Today ATN serves Canada's diverse cultural communities with over 50 premium pay specialty television channels, in 9 languages, ATN offers its flagship general interest service "ATN - HD", several Bollywood movies channels with over several hundred movies a month, and a variety of channels that include sports, news, music, lifestyle, spiritual and several regional language channels. ATN is Canada's pioneer of World Class Cricket. ATN's television channels are distributed to subscribers by various Canadian Broadcast Distribution Undertakings (BDUs), including cable, satellite and telephone companies. ATN operates a South Asian Radio Service on Satellite Radio across Canada and the United States. We are publicly traded on the TSX Venture Exchange (TSXV: SAT).

ATN derives its revenue principally from subscription revenue and advertising revenue on its speciality pay television channels. Subscription revenue consists of a portion of monthly fees paid by viewers to their Broadcast Distribution Undertakings (BDUs) while advertising revenue consists of revenue earned from the sale of on-air advertisement by ATN. The Company develops some of its programming in-house and also acquires the rights to programs from local and international television and film producers. All of ATN's television channels are speciality pay channels which are available on BDUs (including Canada's cable television networks and satellite and fibre optic television networks) for a monthly fee. The fee payable for a subscription to ATN's channels is in addition to the fee paid by subscribers to the BDUs for "basic" packages. Not all channels are carried by all BDUs. Advertisers on ATN's channels consist of national, regional and local businesses who commit to advertising over varying periods of time, principally short term. The Company also earns revenue from the licensing of programming to other broadcasters and from the production of advertising for advertisers. The Company's programming is targeted to Canada's South Asian population which is concentrated in Canada's major urban centres. The Company's operations are based in Markham, Ontario in suburban Toronto.

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FINANCIAL HIGHLIGHTS FOR THE QUARTER

- Consolidated operating revenue decreased 8% of which subscription revenues increased 7% and advertising revenue decreased by 41% this quarter over the same three months ended September 30, 2019 having a negative impact on our consolidated income.
- Declining subscription revenues continue to predominantly be as a result of increased internet piracy and consumers shifting towards illegal digital IPTV set-top boxes. The Company is actively involved in fighting this negative trend. FAIR PLAY CANADA, a coalition with more than 25 organizations combating the impact illegal piracy is having on our subscription and advertising revenue, had been lobbying the Canadian Radio-television and Telecommunications Commission (CRTC) to establish an independent anti-piracy, website-blocking agency, which would curtail digital media theft. The CRTC considered the matter and felt that it was out of its jurisdiction and that the matter fell under copyright legislation. The Company pursued the matter on the Copyright issues through an external Broadcasting and Telecommunications Legislative Review (BTLR) panel appointed by the Government of Canada ("Panel") to review Canada's communication legislative framework. The Panel examined issues such as telecommunications and content creation in the digital age, net neutrality and cultural diversity, and how to strengthen the future of Canadian media and Canadian content creation. The Company provided a submission to the Chair of the Panel and focused specifically on tackling the piracy issue by requesting granting of appropriate rights to the CRTC to allow it to intervene and aid in the appropriate manner or alternatively creating a separate agency to combat such illegal pirate IPTV Set Top Boxes and Pirate Services and Pirate websites. The Company also emphasized the fact that more than 20 of Canada's international peers have established similar regimes, including the UK, Australia, France, Belgium, Portugal, Spain, Italy, Ireland, Sweden, Norway, Finland, and Denmark. Some are administered by courts and others by administrative agencies like the CRTC. The Panel has since made public the Company's submission to the panel.
- The decline of advertising revenues further accelerated primarily due to several temporary closures for businesses impacted by COVID-19 although a steady decline is noticeable from before as well due to declining number of subscribers who continue to migrate to illegal IPTV set-top boxes.
- Net income this quarter is primarily as a result of cost cutting measures and government subsidies received by the Company due to impact of COVID-19. The Company posted a positive EBITDA of \$604,663 for the three months ended September 30, 2020 as compared to negative EBITDA of -\$275,971 for the same period of three months ending September 30, 2019 resulting in a positive change of \$880,634 year-over-year.
- As a result of declining revenues and continued losses, the board of directors of the Company issued no quarterly dividend. The decision is made to preserve cash in order to support its fight against internet piracy and fund its operations.

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- As part of the impact on the Canadian economy due to COVID-19 virus, the Company has also seen an impact on its own operations subsequent to World Health Organization's declaration of COVID-19 as a pandemic on March 11, 2020. Many of its customers have been forced to shut down their businesses due to the restrictions imposed by province of Ontario effective March 25, 2020 while the Company continues to remain open and in operations as an essential service classified by the government. As a result of these restrictions, the Company continues to see a negative impact on its advertising sales compared to prior quarters but has seen an improvement in its Ad sales since the previous quarter. The Company also applied and obtained approval for a government program which will allow the Company to reduce its staffing requirements during this downturn in the economy.
- ATN has the largest collection of original South Asian Canadian content in its television broadcast library. The majority of these programs are exclusively produced by ATN over the last four decades. The archives are invaluable and reflect the community's contribution to art, culture, education, music, dance, cinema, sports, politics, business and public service. ATN's past and present productions also include original Canadian content with international celebrities from overseas. The Company continues to further monetize its library of South Asian Canadian content through its channels and is in discussion regarding the possibility of syndications outside of Canada on other international services.
- In response to the COVID-19 coronavirus pandemic, the government of Canada introduced the Canada Emergency Wage Subsidy ("CEWS") programme in March for companies who have seen a drop in revenue due to COVID-19 to subsidize a part of employee wages and help prevent further job losses. The CEWS currently provides eligible businesses with a reimbursement of employee expense for the period from March 15 to December 19, 2020 of eligible employees' employment remuneration, subject to certain criteria. The Company applied for the CEWS for the period from March 15 to September 26, 2020 to the extent it met the requirements to receive the subsidy. During the third quarter the Company recognized \$174,326 as a reimbursement of employee expense. During the nine months ended September 30, 2020, the Company recognized \$592,234 as a reimbursement of employee expense. The Company presents the subsidy as a reduction in its Employee expense line on the statements of profit & loss.

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- The Company has also been awarded a government grant to subsidize part of its qualified labour expenditure it incurred on creation of its Canadian content over the past years. The grant, received in September 2020, amounted to \$127,496 and is presented as a reduction in its Employee expense line on the statements of profit & loss

NON-IFRS MEASURES

In addition to discussing earnings measures in accordance with IFRS, this MD&A provides the following non-IFRS measures which are also factors used by the Company's management and Board of Directors in monitoring and evaluating the performance of the Company. The Company's management also believe certain investors use it as a measure of the Company's financial performance and for valuation purposes.

EBITDA (earnings before interest, taxes, depreciation and amortization) is provided to assist investors in determining the ability of the Company to generate cash flow from operating activities and to cover financial charges. EBITDA is also an indicator widely used for business valuation purposes. The following table reconciles IFRS measures disclosed in the unaudited interim condensed consolidated income statements for the three and nine months ended September 30, 2020 and September 30, 2019 to EBITDA:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net (loss) income for the period	297,076	(634,027)	(\$687,276)	(\$1,999,099)
Income tax (recovery) expense	-	-	\$0	(\$328,234)
Finance costs	15,817	21,499	\$52,492	\$73,581
Depreciation and amortization	291,770	336,557	\$1,290,952	\$1,357,961
EBITDA	\$604,663	(\$275,971)	\$656,168	(\$895,791)

EBITDA is not defined by IFRS and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises.

PERFORMANCE REVIEW

Summarized Consolidated Financial Results

Three and nine months ended September 30, 2020 and September 30, 2019 and % Change. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	%Change	2020	2019	%Change
Operating revenue	2,766,649	2,994,964	-8%	\$7,435,767	\$9,094,326	-18%
Administrative expenses	231,429	372,167	-38%	\$794,956	\$1,008,901	-21%
Marketing and distribution costs	1,680,818	2,228,624	-25%	\$5,209,601	\$7,194,133	-28%
Employee costs	337,043	788,015	-57%	\$1,410,480	\$2,481,001	-43%
Depreciation and amortization	209,694	218,451	-4%	\$643,467	\$664,909	-3%
Finance costs	15,817	21,499	-26%	\$52,492	\$73,581	-29%
Loss (gain) on foreign exchange differences	(5,228)	235	-2325%	\$12,047	(\$866)	-1491%
Total operating expenses	\$2,469,573	\$3,628,991	-32%	\$8,123,043	\$11,421,659	-29%
(Loss) income before taxes	\$297,076	(\$634,027)	-147%	(\$687,276)	(\$2,327,333)	-70%
Income tax (recovery) expense	-	-		\$0	(\$328,234)	-100%
Net (loss) income for the period	\$297,076	(\$634,027)	-147%	(\$687,276)	(\$1,999,099)	-66%
Basic and Diluted (Loss) Earnings per share	\$0.01	(\$0.03)	-147%	(\$0.03)	(\$0.08)	-66%
EBITDA	\$604,663	(\$275,971)		\$656,168	(\$895,791)	

The most significant variances in the consolidated results between the three months period ended September 30, 2020 and September 30, 2019 is an 8% decline in operating revenue and a 147% decrease in net loss resulting in net income for the period. The Company continues to experience declining revenue from consumers shifting towards illegal Internet piracy boxes in addition to accelerated declining advertising revenue due to impact of COVID on its customers' businesses. The Company has determined that the impact of competition from other online over-the-top services that are legal is negligible compared to the impact due to a shift towards illegal IPTV boxes.

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Overall Analysis

Operating Revenues

Operating revenues are derived from subscription fees, advertising sales and programming and finance income. Subscriptions fees are charged to the consumer by the Broadcast Distribution Undertakings ("BDUs" or singular, "BDU") such as cable, satellite and telephone companies. The portion of the fees received for each subscriber is negotiated between ATN and the BDUs and varies for each channel. Subscribers are generally permitted to change their viewing package at any time and therefore may terminate their subscription with the BDUs at any time. Advertising revenues are derived from national, regional and local advertising customers and are aired on the Company's broadcasting channels and they vary according to market and general economic conditions, the quality of programming and the effectiveness of the sales organization. Advertising is sold directly by ATN or through an agency on short and long-term contracts, ranging from one day, a week or several months, however contracts seldom extend beyond one year.

Operating revenues are detailed as follows:

Three and nine months ended September 30, 2020 and September 30, 2019 and % Change. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Subscription	\$2,278,671	\$2,127,625	7%	\$6,044,203	\$6,413,904	-6%
Advertising	\$452,899	\$766,022	-41%	\$1,245,797	\$2,391,799	-48%
Programming	\$33,211	\$86,917	-62%	\$113,899	\$243,749	-53%
Finance income	\$1,868	\$14,400	-87%	\$31,868	\$44,874	-29%
Total	\$2,766,648	\$2,994,964	-8%	\$7,435,767	\$9,094,326	-18%

Total revenues amounted to \$2,766,648 for the three months period ended September 30, 2020 compared to \$2,994,964 for the same period last year, for a decrease of \$228,315.

The decrease for the quarter is essentially due to a 41% or \$313,123 decline in advertising revenue along with 7% or \$151,045 increase in subscription revenue. The trend where consumers are dropping their legal television providers for mostly illegal digital boxes continues. As a result, the Company is actively involved in Fair Play Canada, a coalition of more than 25 organizations involved in every aspect of Canada's film, TV, radio, sports entertainment, and music to help prevent international piracy sites and organizations from continuing to have a negative effect on industry revenues. Advertising market is now also impacted due to COVID-19 measures which have forced various businesses to cancel scheduled marketing campaigns resulting in a decline of 41% or \$313,123 compared to the same period last year.

Administrative expenses

Administrative expenses were \$231,429 for the three months period ended September 30, 2020 compared to \$372,167 for the same period last year, for a decrease of \$140,738 or 38%.

Marketing and distribution costs

Marketing and distribution costs were \$1,680,818 for the three months period ended September 30, 2020 compared to \$2,228,624 for the same period last year, for a decrease of \$547,806 or 25%. The decrease is attributable mainly to lower programming costs due to lower subscription revenue and renegotiation of signal delivery contracts resulting in substantial savings on a monthly basis.

Employee costs

Employee costs were \$337,043 for the three months ended September 30, 2020 compared to \$788,015 for the same period last year, for a decrease of \$450,972 or 57%. Employee costs were temporarily reduced through available government subsidies and available programs allowing it to better manage its workforce hours to match the downfall in its business compared to the same period last year. Employee costs represent a material portion of our expenses and management continues to actively monitor employee staffing requirements.

Depreciation and amortization

Depreciation and amortization expenses were \$209,694 for the three months period ended September 30, 2020 compared to \$218,451 for the same period last year, for a decrease of \$8,757 or 4%.

Finance costs

Finance costs were \$15,817 for the three months period ended September 30, 2020 compared to \$21,499 for the same period last year for a decrease of \$5,682 or 26%.

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Income tax recovery

Income taxes recovered were \$0 for the three months period ended September 30, 2020 compared to taxes recovered of \$0 for the same period last year.

Our effective income tax rate for the three months ended September 30, 2020 and 2019 was nil%.

Net income (loss) for the period and Income (Loss) per share ("IPS")

The increase in net income by \$931,103 and \$0.04 in Basic and Diluted IPS for the three months ended September 30, 2020 as compared to the corresponding period of 2019 is due mainly to savings realized from the Company's cost cutting measures and government subsidies.

Quarterly Performance

The following table highlights the quarterly performance of the Company's operations for the past eight quarters, prepared in accordance with IFRS.

	2018	2019				2020		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	\$2,895,405	\$3,214,943	\$2,884,419	\$2,994,964	\$2,886,448	\$2,445,137	\$2,223,981	\$2,766,649
EBITDA (1)	(\$355,535)	(\$510,724)	(\$567,696)	(\$275,972)	\$1,331,849	(\$110,198)	\$161,704	\$604,663
Net income (loss)	(\$576,762)	(\$423,111)	(\$941,961)	(\$634,028)	(\$330,078)	(\$677,545)	(\$306,806)	\$297,076
Basic EPS (LPS)	(\$0.02)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.01)	(\$0.03)	(\$0.01)	\$0.01
Diluted EPS (LPS)	(\$0.02)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.01)	(\$0.03)	(\$0.01)	\$0.01

(1) The above financial data was prepared in accordance with IFRS except EBITDA which is a Non IFRS measure. See Non-IFRS Measures.

The Company's revenue and operations results vary, depending on the quarter. However, the loss of subscription revenue is a steady indicator of the growing impact of consumers' switch to illegal piracy boxes over last several quarters.

SEGMENTED INFORMATION

The Company has only one business segment and therefore does not report financial results on a segmented basis.

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OVERVIEW OF LIQUIDITY, FINANCING AND SHARE CAPITAL ACTIVITIES

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's operations are financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management believes its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit Facility and Covenants

The Company has an authorized line of credit of \$500,000. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms. The Company is subject to covenants on its credit facility. The Company's bank covenants include standard terms and conditions and the line is secured by term deposits held by the financial institution. As of September 30, 2020, the Company has utilized \$318,704 of this facility recorded as Bank Indebtedness.

The Company has an authorized revolving line of credit of \$500,000 to assist with financing of broadcasting and similar technology. As of September 30, 2020, the Company has utilized \$38,636 of this facility recorded as Lease liabilities.

The Company was in compliance with the covenants throughout the quarter and at quarter end. Cash flow from operations and funds available from the Company's \$500,000 credit facility have been the primary funding sources of working capital, capital expenditures, debt repayments, and other contractually required payments through the past several years.

Positive Cash Balances & Short-term Investments

The Company maintains an overall positive balance composed of its cash, cash equivalents and short-term investments. The fact that the Company has a positive position with these balances on its statements of financial position reduces its liquidity risk to fund any current obligations. It can also access any unused capacity in its credit facility to fund obligations as needed as well.

Working Capital Requirements

As at September 30, 2020, the Company's working capital balance was approximately \$466,364. In addition, included in accrued liabilities is \$476,500 of non-cash accrual to be settled in return with advertising services increasing the company's working capital balance to approximately \$0.9 million. The cash on hand, its current receivables and short-term investments will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations the Company will be able to meet all other current cash requirements as they arise. In addition, if cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to a \$500,000 operating credit line of which \$181,296 is available.

Future Cash Requirements

Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, and other contractual obligations. Management anticipates that its cash flows from operations will provide less funds to meet its cash requirements. The Company's future cash requirements are summarized in a table under the heading "Contractual Obligations".

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Operating, Financing and Investing Activities

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net cash flows from (used in) operating activities	\$ (15,055)	\$ 369,732	\$ (303,611)	\$ 1,065,474
Net cash flows from (used in) investing activities	126,987	(2,718,883)	296,450	(2,498,681)
Net cash flows from (used in) financing activities	(154,920)	(127,130)	(89,064)	(614,400)
Net cash increase (decrease) in cash and cash equivalents	(42,988)	(2,476,281)	(96,225)	(2,047,607)
Cash and cash equivalents at beginning of period	51,111	3,452,986	104,348	3,024,312
Cash and cash equivalents at end of period	\$ 8,123	\$ 976,705	\$ 8,123	\$ 976,705

Cash used in operating activities

The Company's cash balances decreased from \$104,348 as at December 31, 2019 to \$8,123 as at September 30, 2020. The \$96,225 decrease was primarily driven by a decrease in operating activities which was offset predominantly by proceeds from disposition of short-term investments.

Cash from investing activities

Cash from investing activities was \$126,987 for the three months period ended September 30, 2020 compared to cash used of \$2,718,883 for the same period last year. Cash from investing activities is primarily as a result of proceeds from disposition of short term investments.

Cash used in financing activities

Cash used in financing activities was \$154,920 for the three months period ended September 30, 2020 compared to cash used \$127,130 for the same period last year.

Finance lease obligations

Our finance lease obligations are now recorded on the Statement of Financial Position as lease liabilities and further described in detail in Note 2 of our 2019 Annual Audited Consolidated Financial Statements.

Interest Rate and Foreign Exchange Management

Interest rate risk is the risk that changes in market interest rates will cause fluctuations to the fair values and cash flows of the Company's financial instrument holdings. The exposure to interest rate risk arises from borrowings and investments issued at variable and fixed interest rates.

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values and cash flows of the Company's financial instrument holdings.

The Company has minimal interest and foreign exchange risk.

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Outstanding Common Share data

Set out below is our outstanding common share data as at September 30, 2020 and at September 30, 2019.

Designation of Security	Number or Principal Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common Shares	24,402,914	N/A
Stock Options	Nil	Nil
Warrants	Nil	Nil
Total (maximum number of shares – fully diluted)	24,402,914	

The Company has not declared and paid any dividends since the last declaration on the outstanding Common shares, as follows:

Declaration date	Record date	Payment date	Dividend per share	Dividends paid
July 3, 2018	July 15, 2018	July 31, 2018	\$.005	\$ 122,016

CONTRACTUAL OBLIGATIONS

Our material obligations under firm contractual arrangements are summarized below at September 30, 2020. See also Notes 17 to the 2019 Audited Consolidated Financial Statements.

Obligations	2020	2021	2022	2023	After 2023	Total
Purchase commitments	809,269	1,804,884	324,000	162,000	-	3,100,153

RISKS AND UNCERTAINTIES AFFECTING OUR BUSINESS

Our business is subject to risks and uncertainties that could result in a material adverse effect on our business and financial results.

Identifying the Principal Risks of our Business

Our Board is responsible, in its governance role, for overseeing management in its responsibility for identifying the principal risks of our business and the implementation of appropriate risk assessment processes to manage these risks. The Audit Committee supports the Board through its responsibility to discuss policies with respect to risk assessment and risk management. In addition, it is responsible for assisting the Board in the oversight of compliance with legal and regulatory requirements. The Audit Committee also reviews with senior management the adequacy of the internal controls that we have adopted to safeguard assets from loss and unauthorized use, to prevent, deter and detect fraud, and to verify the accuracy of the financial records.

Market Risks and Uncertainties

The Company has been experiencing rapidly increasing costs for programming. We continue to be active in the purchase of these rights. However, we are aware of and will guard against the risks inherent in purchasing product without significant gains in subscribers and revenue. The Company's channels are distributed nation-wide by a small number of cable and satellite companies. We rely on these companies to distribute our channels to our customers.

To achieve this end, we work diligently with them to maximize the number of channels carried individually by them. The BDUs, such as cable, satellite and telephone companies are our customers. It is their responsibility to report to us the actual number of subscribers and the actual amount of subscription revenue. In addition, management reviews external data for the current and prior periods to assist in the verification of the data obtained from the BDUs. The risk inherent in this relationship is the possibility of an error in reporting to us the number of subscribers or the amount of subscription revenue. Although management reviews internal and external subscriber data, management nonetheless relies on the accuracy and integrity of reports obtained from BDUs to verify the number of subscribers to the Company's channels.

Technology Risks and Uncertainties

The Company is constantly aware of all changes in technology that affects or will affect the distribution of our channels or offer a new method of distribution. Many of these changes affect the way the Company distributes its content. However, equally important, some changes directly affect the capacity of a carrier to be able to distribute more or all of our channels. Although, management remains diligent reviewing these changes for new opportunities for our Company's channels to reach new markets, the cost to the Company of accessing new technologies may negatively impact on the Company's profitability.

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General Economic Conditions and Consumer Audience Confidence Risks and Uncertainties

Our business is affected by general economic conditions, consumer confidence and spending. Recessions or declines in economic activity or economic uncertainty generally cause an erosion of consumer and business confidence and may materially reduce discretionary consumer spending. Any reduction in discretionary spending by consumers and businesses or weak economic conditions may materially negatively affect us through decreased demand for our services including decreased advertising, decreased revenue and profitability, and higher bad debt expense.

The specialty television industry in which the Company operates involves a certain amount of risk. There can be no assurance of the economic success of any specialty television channel as revenues depend on audience acceptance, which cannot be accurately predicted. Audience acceptance is impacted by the specialty television service's content, reviews of critics, marketing and promotions, the quality and acceptance of other competing services, the availability of alternative forms of entertainment, leisure activities, general economic conditions, public tastes and other intangible factors. The lack of audience acceptance for the Company's specialty television channels could have an adverse impact on the Company's business, results of operations, prospects or financial condition.

We may fail to anticipate or satisfy demand for certain new services or may not be able to offer or market these new services successfully to subscribers. The failure to attract subscribers to new services, or failure to keep pace with changing consumer preferences, would slow revenue growth and could have a materially adverse effect on our business, results of operations and financial condition.

Our television specialty services compete principally for viewers and advertisers with other Canadian specialty services that broadcast in their respective markets and increasingly with Internet TV video downloading which also represents competition for share of viewership. In addition, our subscription revenue and advertising revenue are generally negatively impacted by economic cycles. Although the Company continues to develop flexible advertising packages and distribution channels tailored to the needs of advertisers, a general downturn in advertising budgets for television advertisers will have a negative impact on ATN's advertising revenue.

Dependence on BDUs Distributors or Programming Suppliers

The Company is dependent on BDUs for its subscription revenue. The termination by any one BDU of its broadcasting of one or more of ATN's channels or changes in how the channels are offered to subscribers may have a significant negative impact on ATN's revenues. The Company address this risk by attempting to ensure that at least one BDU distributes some or all of its channels in each large Canadian metropolitan area, but nonetheless the loss of one BDU could be expected to impact ATN's revenue. Furthermore, the number of pay television households subscribing to traditional Canadian Cable or Satellite TV services continues to decline. Other video offerings available to consumers over the Internet such as, direct-to-consumer subscription or free services, some with pirated content, have contributed to this trend. If this decline continues, it could have a material adverse effect on our results of operations.

The Company has taken an active role in protecting its content rights and is working with many of its BDU partners in combatting the threat of piracy by legal means.

The Company is likewise dependent on its content suppliers for its subscription revenue. The termination by any one of its content suppliers could affect the number or quality of ATN's channels thus having a negative impact on ATN's revenues. The Company address this risk by attempting to ensure that it distributes content from most or all of the major south Asian content suppliers, but nonetheless the loss of any supplier could be expected to impact ATN's revenue.

Regulatory Risks and Uncertainties

The specialty television services industry is regulated by the, Canadian Radio-television and Telecommunications Commission ("CRTC") under the Broadcasting Act (Canada) (the "Broadcasting Act") which grants and renews licenses. The Company's broadcasting licenses must be renewed from time to time, typically every seven years, and cannot be transferred without regulatory approval. The Company's inability to renew its licenses on favorable terms, or at all, would have an adverse impact on its results of operations, prospects and financial condition.

Changes in the regulations governing the specialty television industry, including decisions by regulators affecting the Company's broadcasting operations, such as the granting or renewal of licenses or the granting of additional broadcasting licenses to competitors or the introduction of new regulations by regulators, could adversely impact operating results, prospects and financial condition of the Company. Our television specialty services may compete principally for viewers and advertisers with other similar, if any, Canadian or foreign specialty services that broadcast in their respective markets.

Substantially all of our business activities are subject to regulation by the CRTC, and, accordingly, our results of operations are affected by changes in regulations and by the decisions of these regulators.

Our broadcasting specialty services are licensed (or operated pursuant to an exemption order) and regulated by the CRTC pursuant to the Broadcasting Act. Under the Broadcasting Act, the CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting system with a view to implementing certain broadcasting policy objectives enunciated in that Act.

The Company actively monitors the regulatory environment to ensure it is aware of all risks and opportunities. The licensing process creates a significant barrier to entry which provides a degree of protection for the Company in its existing markets. This also makes it difficult to enter new markets because a company either needs to be awarded a new licence (through the public process) or pay significant funds for existing stations in a market. However, ATN competes with a number of broadcasters who either have existing channels or have resources to acquire new distribution outlets.

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2020 and September 30, 2019

ACCOUNTING

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In our 2019 Annual Audited Consolidated Financial Statements and Notes thereto, as well as in our 2019 Annual MD&A, we have identified the accounting policies and estimates that are critical to the understanding of our business operations and our results of operations. For the nine months ended September 30, 2020, there were no changes to the critical accounting policies and estimates from those found in our 2019 Annual MD&A.

CONTROLS AND PROCEDURES

The management of our company is responsible for establishing and maintaining adequate internal controls over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management maintains a system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. Management also takes steps to see that information and communication flows are effective and to monitor performance, including performance of internal control procedures.

The Chief Executive Officer and Chief Financial Officer of the Company, the "Certifying Officers", evaluated the effectiveness of our internal control over financial reporting ("ICFR") as of November 24, 2020. Based on this evaluation, management has concluded that, as of September 30, 2020, our ICFR reporting is effective. There have been no changes in our ICFR during the three and nine months ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our ICFR.

The Company is not required to certify the design and evaluation of its disclosure control and procedures (DC&P) or ICFR and although the Certifying Officers have evaluated the effectiveness of the Company's ICFR as at September 30, 2020, the Certifying Officers have not evaluated or caused to be evaluated the effectiveness of the Company's DC&P. The inherent limitations on the ability of the Certifying Officers to design and implement on a cost-effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FOR MORE INFORMATION:

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