

Asian Television Network International Limited
Management's Discussion and Analysis
For the years-ended December 31, 2019 and December 31, 2018



The purpose of this Management's Discussion and Analysis ("MD&A"), dated April 27, 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. 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 movie channels with over 800 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.

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR

- Consolidated revenue continues to decline having a negative impact on our consolidated income. Declining revenues are predominantly 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.
- As a result of declining revenues and continued losses, the board of directors of the Company continue to eliminate its quarterly dividend. The decision is made to preserve cash in order to support its fight against internet piracy and fund its growth plans.
- The Company plans to capitalize on its relatively debt-free capital structure and explore alternative business plans in its goal to diversify its revenue base in the upcoming 2020 year. To that extent, the Company has registered itself with Ontario Film Communication to officially offer its studios for rental and generate incremental rental revenue during its downtime and non-business hours. The Company is also planning on increasing its commercial video productions' portfolio in the Canadian marketplace as well by harnessing the skills of its talented employees and offering video production services to businesses. The company's goal is to focus on piracy-proof lines of business while simultaneously continuing its fight against piracy on its broadcasting business.
- 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 is expecting to see a negative impact on its advertising sales in the upcoming months until the imposed restrictions are relaxed. The Company also applied and obtained approval for a government work share program which will allow the Company to reduce its staffing requirements during this downturn in the economy.

OPERATIONAL HIGHLIGHTS FOR THE FISCAL YEAR

- Historic decision by the Federal Court of Canada: As part of the industry's continuing efforts to battle the pervasive problem that piracy and illegal IPTV has posed to the industry, Bell and Rogers successfully obtained a site blocking order against alleged 'pirate' IPTV provider GoldTV on November 15, 2019. The decision mandates blocking of pirate websites by third party ISPs and is the first Canadian site blocking order against sites that predominantly facilitate copyright infringement in history. According to the complaint filed at the Federal Court, GoldTV.biz Service provided illegal access to hundreds (if not thousands) of live television channels and video-on-demand content. The order required various ISPs and resellers including Bell Media, Eastlink, Cogeco Inc., Rogers, Fido, Shaw Communications Inc., TekSavvy Solutions Inc., Telus Corp. and Videotron to block the GoldTV sites. While the sites did reappear under another alias, this is a major step towards Canada's fight against piracy and could have significant positive implications for the entire industry including ATN. ATN hopes and expects to see withering down of piracy and regaining of lost ground by legitimate stake holders in the upcoming months.
- The Company has come to a settlement pertaining to a disagreement with one of its broadcasting distribution undertaking ("BDU") partners that was originally disclosed in its F2018 financial statements. Management accrued an additional \$552,000 for the settlement of the matter from the original accrual made at December 31, 2018. It should be noted that the accrual reflects a one-time expense as part of the settlement of the matter and is not expected to be reflective of a recurring expense for the company.
- 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

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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.

- As part of its ongoing measures to identify cost-saving opportunities, the company has finalized renegotiating of its agreements for its signal delivery contracts which resulted in significant monthly savings which the company realized partially in fourth quarter of the year and will continue to realize throughout 2020 and onwards.

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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 audited consolidated statement of income for the three months and twelve months ended December 31, 2019 and December 31, 2018 to EBITDA:

	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Net (loss) income for the period	\$ (330,078)	\$ (576,762)	\$ (2,329,177)	\$ (1,501,713)
Income tax (recovery) expense	(65,971)	(186,375)	(394,205)	(530,702)
Finance costs	23,025	4,051	96,606	16,163
Depreciation and amortization	1,704,874	403,551	2,041,431	1,527,220
EBITDA	\$ 1,331,849	\$ (355,535)	\$ (585,345)	\$ (489,032)

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.

ADDITIONAL GAAP MEASURES

Profit from operations is included in the Statement of Cash Flow which forms part of the Audited Consolidated Financial Statements and may be considered to be an additional GAAP (general accepted accounting principles) measure presented under IFRS. This measure provides management a useful indicator of the Company's ability to operate profitably as it excludes the impact of certain working capital measures, such as changes in trade and other receivables, changes in prepaid expenses and changes in accounts payable and accrued liabilities. The Company's management also believe certain investors use it as a measure of the Company's financial performance. Profit from Operations 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.

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PERFORMANCE REVIEW

Selected Financial Highlights

Set out below are selected financial measures for each of the years ended December 31, 2019, 2018 and 2017.

During 2017 to 2019, the Company continued to experience declining revenues from consumers shift towards illegal IPTV set top boxes.

Audited twelve months ended December 31,	2019	2018	2017
Operating revenue	11,980,773	14,829,631	\$20,095,583
Net (loss) income	(2,329,177)	(1,501,713)	(\$164,029)
Weighted average number of outstanding shares			
Basic	24,402,914	24,402,914	24,402,914
Diluted	24,402,914	24,402,914	24,402,914
(Loss) Earnings per share			
Basic	(\$0.10)	(\$0.06)	(\$0.01)
Diluted	(\$0.10)	(\$0.06)	(\$0.01)
Total Assets	8,343,718	9,942,751	\$11,369,051
Long-term debt and finance lease obligations	723,533	68,165	\$114,627
Dividends paid during the year per common share	\$0.008	\$0.025	\$0.04

Summarized Consolidated Financial Results

Unaudited three months and audited twelve months ended December 31, 2019 and December 31, 2018 and % change

Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

	Three months ended December 31,			Twelve months ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Operating revenue	\$ 2,886,448	\$ 2,895,405	0%	\$ 11,980,773	\$ 14,829,631	-19%
Administrative expenses	248,758	474,334	-48%	1,257,660	2,031,704	-38%
Marketing and distribution costs	2,016,273	2,154,287	-6%	9,210,406	10,555,623	-13%
Employee costs	781,358	895,116	-13%	3,262,359	3,754,793	-13%
Depreciation and amortization	218,771	118,744	84%	883,678	485,072	82%
Finance costs	23,025	4,051	468%	96,606	16,163	498%
Loss (gain) on foreign exchange differences	(5,688)	12,009	-147%	(6,554)	18,691	-135%
Total operating expenses	3,282,497	3,658,542	-10%	14,704,155	16,862,047	-13%
(Loss) income before taxes	(396,049)	(763,137)	-48%	(2,723,382)	(2,032,416)	34%
Income tax (recovery) expense	(65,971)	(186,375)	-65%	(394,205)	(530,702)	-26%
Net (loss) income for the period	\$ (330,078)	\$ (576,762)	-43%	\$ (2,329,177)	\$ (1,501,714)	55%
Basic and Diluted (Loss) Earnings per share	\$ (0.01)	\$ (0.02)	-43%	\$ (0.10)	\$ (0.06)	55%

Consolidated operating revenue was \$2,886,448 in the three months ended December 31, 2019, a decrease of \$8,958 over the three months ended December 31, 2018. For the year ended December 31, 2019, consolidated operating revenue was \$11,980,773 compared to the previous year which was \$14,829,631, this represents a 19% decline year over year. The annual decline was primarily attributable to a decline in subscription revenues. Consolidated operating expenses was \$3,282,497 for the three months ended December 31, 2019, a decrease of \$376,045 or 10% than the three months ended December 31, 2018 as a result of lower administrative expenses. For the year ended December 31, 2019, consolidated operating expenses were \$14,704,155, \$2,157,892 lower over last years consolidated operating expenses of \$16,862,047, primarily attributable to a decrease in marketing and distribution costs.

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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 never extend beyond one year.

Operating revenues are detailed as follows:

Unaudited three months and audited twelve months ended December 31, 2019 and December 31, 2018 and % Change

Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

	Three months ended December 31,			Year ended December 31		
	2019	2018	% Change	2019	2018	% Change
Subscription	\$ 1,981,288	\$ 1,514,417	31%	\$ 8,395,193	\$ 9,901,782	-15%
Advertising	\$ 807,830	\$ 1,288,654	-37%	\$ 3,199,629	\$ 4,564,702	-30%
Programming	\$ 81,326	\$ 76,935	6%	\$ 325,075	\$ 299,174	9%
Finance income	\$ 16,003	\$ 15,399	4%	\$ 60,876	\$ 63,973	-5%
Total	\$ 2,886,448	\$ 2,895,405	0%	\$ 11,980,773	\$ 14,829,631	-19%

Total revenues reached \$2,886,448 and \$11,980,773 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$2,895,405 and \$14,829,631 for the same periods last year, for a quarterly decrease of \$8,958 and an annual decrease of \$2,848,858 respectively.

The decrease in overall revenue for the quarter and the 12 months ended December 31, 2019 is due to a decline in subscription revenue, caused primarily by the trend where consumers are dropping their legal television providers for mostly illegal IPTV set top box services.

Advertising revenue has decreased by 37% on a quarter over quarter basis and decreased by 30% on a year over year basis. Since advertisements are also seen on the illegal services showcased by the IPTV set top boxes, the change in advertising revenue is not directly correlated to change in subscription revenue and thus, may vary over periods. Advertising revenue has decreased by \$480,824 and decreased by \$1,365,073 respectively for the three and twelve month periods ended December 31, 2019, compared to the same periods last year.

Administrative expenses

Administrative expenses were \$248,758, and \$1,257,660 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$474,334 and \$2,031,704 for the same periods last year, for decreases of \$225,576 and \$774,044 respectively.

The variations are attributed mainly by external factors of running the facility along with cutting costs where possible.

Marketing and distribution costs

Marketing and distribution costs were \$2,016,273 and \$9,210,406 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$2,154,287 and \$10,555,623 for the same periods last year, for a decrease of \$138,014 and a decrease \$1,345,217 respectively.

The decrease for the quarter and on an annual basis in marketing and distribution costs are attributable to mainly lower programming costs due to declining revenues. These costs, however, can fluctuate somewhat, for example our sports and general interest channels may incur additional costs to enhance their programming schedules.

Employee costs

Employee costs were \$781,358 and \$3,262,359 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$895,117 and \$3,754,793 for the same periods last year, for decreases of \$113,758 and \$492,434 respectively.

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Employee costs represent a material portion of our expenses. During the past three and twelve months management reduced its employee staffing requirements and will continue to do so as necessary. The Company anticipates further declines in employee costs in the months ahead as a result of declining revenues.

Depreciation and amortization

Depreciation and amortization expense were \$218,771 and \$883,680 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$118,744 and \$485,072 for the same periods last year, for an increase of \$100,026 and \$398,608 respectively. Depreciation and amortization expense increase is primarily attributable increased amortization expense on right of use assets (building and other) recognized as a requirement of IFRS 16 adoption. Please refer to "Adoption of Accounting Standards" below for further details.

Finance costs

Finance costs were \$23,025 and \$96,606 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$4,051 and \$16,163 for the same periods last year, for increases of \$18,974 and \$80,443 respectively.

The increase is due to the recognition of leased assets under IFRS 16.

Loss on exchange differences

Gain on exchange differences were \$5,688 and \$6,554 respectively, for the three and twelve month periods ended December 31, 2019 compared to loss of \$12,009 and \$18,691 for the same periods last year, for decreases of \$17,697 and \$25,246 respectively.

The differences are due to the Company risk associated with transacting in foreign currency, mainly the United States Dollar. See also section ("Interest Rate and Foreign Exchange Management").

Income tax recovery

Income tax recovery was \$65,971 and \$394,205 respectively, for the three and twelve month periods ended December 31, 2019 compared to \$186,375 and \$530,702 for the same periods last year, for an increase of \$120,404 and \$136,497 respectively.

Our effective income tax rate for the three and twelve month periods ended December 31, 2019 was 16.7% and 14.5% respectively. Due to year-end tax planning, non-deductible amounts for Federal tax purposes and other items, income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to income before tax.

Net loss for the period and Loss per share ("LPS")

Net loss and LPS was \$330,078 (LPS - \$0.01) and \$2,329,177 (LPS - \$0.10) respectively, for the three and twelve month periods ended December 31, 2019 compared to \$576,762 (LPS - \$0.02) and \$1,501,714 (LPS - \$0.06) for the same periods last year.

The 19% decrease in year over year operating revenue contributed to the current year's net loss of \$2,329,177.

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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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	\$4,209,064	\$3,959,427	\$3,765,733	\$2,895,405	\$3,214,943	\$2,884,419	\$2,994,964	\$2,886,448
EBITDA (1)	(\$97,520)	(\$56,153)	\$20,175	(\$355,535)	(\$510,724)	(\$567,696)	(\$275,972)	\$1,331,849
Net income (loss)	(\$256,024)	(\$426,270)	(\$242,657)	(\$576,762)	(\$423,111)	(\$941,961)	(\$634,028)	(\$330,078)
Basic EPS (LPS)	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.01)
Diluted EPS (LPS)	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.01)

The Company's revenue and operations results vary, depending on the quarter.

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

SEGMENTED INFORMATION

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

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 growth is 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 deems 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 December 31, 2019, the Company has utilized \$nil 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 December 31, 2019, the Company has utilized \$68,166 of this facility recorded as Lease Liabilities.

The Company was in compliance with the covenants throughout the year and at year-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, dividend payments, debt repayments, and other contractually required payments through the past several years.

Positive Cash Balances

The Company maintains positive cash balances. The fact that the Company has positive cash positions on its Statement 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.

Working Capital Requirements

As at December 31, 2019, the Company's working capital balance was approximately \$0.3 million. In addition, included in accrued liabilities is \$676,500 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 and the cash from current receivables 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 \$500,000

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is available as at December 31, 2019.

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. The Company's future cash requirements are summarized in a table under the heading "Contractual Obligations"

Operating, Financing and Investing Activities

	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Net cash flows from (used in) operating activities	\$ (586,443)	\$ 27,975	\$ 479,031	\$ 461,616
Net cash flows from (used in) investing activities	(135,221)	(430,541)	(2,633,902)	(2,326,043)
Net cash flows from (used in) financing activities	(150,693)	107,983	(765,093)	(427,411)
Net cash increase (decrease) in cash and cash equivalents	(872,357)	(294,583)	(2,919,964)	(2,291,838)
Cash and cash equivalents at beginning of period	976,705	3,318,895	3,024,312	5,316,150
Cash and cash equivalents at end of period	\$ 104,348	\$ 3,024,312	\$ 104,348	\$ 3,024,312

Cash provided by operating activities

The Company's cash balances decreased from \$3,024,312 as at December 31, 2018 to \$104,348 as at December 31, 2019. The \$2,919,964 decrease was caused by declining cash from operating activities not able to cover the cash required to cover investing and financing activities. The payments to acquire short term investments accounted for \$1,750,000 of the \$2,919,964 decrease.

Cash from investing activities

Cash used in investing activities was \$135,221 and \$2,633,902 respectively, for the three and twelve month periods ended December 31, 2019 compared to cash used of \$430,541 and \$2,326,043 for the same periods last year. Cash used in investing activities is primarily as a result of payments to acquire short-term investments.

Cash used in financing activities

Cash (used in) provided by financing activities was \$(150,693) and \$(765,093) respectively, for the three and twelve month periods ended December 31, 2019 compared to \$107,983 and \$(427,411) for the same periods last year. Cash used in financing activities is primarily as a result of \$535,093 for repayment of finance lease obligations for the twelve month periods ended December 31, 2019, compared to \$610,073 cash used in payments of dividends for the same period last year.

Finance lease obligations

Our finance lease obligations are now recorded on the balance sheet 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 December 31, 2019 and at December 31, 2018.

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	

We declared and paid dividends on each of our outstanding Common shares, as follows:

Declaration date	Record date	Payment date	Dividend per share	Dividends paid
July 4, 2016	July 15, 2016	July 29, 2016	\$.02	\$ 488,058
October 3, 2016	October 15, 2016	October 31, 2016	\$.02	\$ 488,058
January 3, 2017	January 15, 2017	January 31, 2017	\$.02	\$ 488,058
April 3, 2017	April 13, 2017	April 28, 2017	\$.02	\$ 488,058
July 4, 2017	July 14, 2017	July 31, 2017	\$.01	\$ 244,029
October 3, 2017	October 15, 2017	October 31, 2017	\$.01	\$ 244,029
January 3, 2018	January 15, 2018	January 31, 2018	\$.01	\$ 244,029
April 3, 2018	April 15, 2018	April 30, 2018	\$.01	\$ 244,029
July 3, 2018	July 15, 2018	July 31, 2018	\$.005	\$ 122,016

CONTRACTUAL OBLIGATIONS

Contractual Obligations

Our material obligations under firm contractual arrangements are summarized below at December 31, 2019. See also Note 17 to the 2019 Audited Consolidated Financial Statements.

Obligations	2020	2021	2022	After 2022	Total
Lease	\$600,786	\$538,204	\$217,238	\$-	\$1,356,228
Purchase commitments	2,787,774	1,802,964	324,000	162,000	5,076,738
	\$3,388,560	\$2,341,168	\$541,238	\$162,000	\$6,432,966

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.

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.

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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.

ACCOUNTING

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A has been prepared with reference to our 2018 Audited Consolidated Financial Statements and Notes thereto, which have been prepared in accordance with IFRS. The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Estimates and assumptions are generally based on historical experience and other factors management believes to be relevant at the time financial statements are prepared. Although these estimates and assumptions are made with diligence, actual results could differ from the reported amounts disclosed in the Company's consolidated financial statements and future revisions of estimates and assumptions could impact results of future periods.

Allowance for doubtful accounts

A portion of the Company's revenue is earned from selling on credit to individual consumers and business customers. The allowance for doubtful accounts is calculated by specifically identifying individual accounts which management determines to be potentially uncollectible. Factors that are taken into consideration include the Company's historical collections experience with the customer and the status of the customer's account with respect to whether the customer is continuing to receive service.

Revenue recognition

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue at the date of the consolidated financial statements. Actual results could differ from those estimates.

Accrued liabilities

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of accrued liabilities at the date of the financial statements and the reported amounts expensed during the year. Actual results could differ from those estimates.

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Provisions

The Company is required to estimate future cash payments related to present obligations resulting from known events. Such estimates include the likelihood that the settlement of the obligation will require cash payments, the amounts that could be paid and the timing of the potential payments. The Company believes that the assumptions used are reasonable based on information currently available, but final payments could differ materially from provisions recognized on the consolidated statement of financial position.

Income taxes

Income tax liabilities must be estimated for the Company, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Management's judgment is required for the calculation of current and deferred taxes.

Useful lives of property, plant and equipment

Measurement of Property, Plant and Equipment ("PP&E") involves the use of estimates for determining the expected useful lives of depreciable assets. Management's judgment is also required to determine depreciation methods and an asset's residual value, and whether an asset is a qualifying asset for the purposes of capitalizing borrowing costs.

ACCOUNTING POLICIES

This MD&A has been prepared with reference to our 2018 Audited Consolidated Financial Statements and Notes thereto, which have been prepared in accordance with IFRS. The Audit Committee of the Board reviews our accounting policies, reviews all quarterly and annual filings, and recommends approval of our annual financial statements to the Board. For a detailed discussion of our accounting policies, see Note 2 to the 2018 Audited Consolidated Financial Statements. In addition, a discussion of new accounting standards adopted by us and critical accounting estimates are discussed in the sections "Critical Accounting Estimates" and "Recent Accounting Pronouncements" respectively.

Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligation under the contract exceed the expected benefits to be derived by the Company. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, we recognize any impairment loss on the assets associated with the contract.

Determining the fair values of assets acquired and liabilities assumed

The determination of the fair values of the tangible and intangible assets acquired and the liabilities assumed in an acquisition involves considerable judgment. Among other things, the determination of these fair values involves the use of discounted cash flow analyses, estimated future subscribers, and the use of information available in the financial markets. Should actual rates, cash flows, costs and other items differ from our estimates, this may necessitate revisions to the carrying value of the related assets and liabilities acquired, including revisions that may impact net income in future periods.

Impairment of non-financial assets

The impairment test on cash generating units ("CGU") is carried out by comparing the carrying amount of the CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value, less costs to sell and its value in use. This complex valuation process used to determine fair value less costs to sell and value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows.

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RECENT ACCOUNTING PRONOUNCEMENTS

New Standards Implemented

The Company has adopted the following new accounting standards and amendments, effective January 1, 2018. The adoption of these standards and amendments did not have an impact on the Company's results of operations, financial position and disclosures.

IFRS 16

Effective January 1, 2019, the Company adopted IFRS 16. IFRS 16 supersedes the current accounting standards for leases, including IAS 17, Leases (IAS 17) and IFRIC 4, Determining whether an arrangement contains a lease (IFRIC 4).

This standard introduces a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As a result of adopting IFRS 16, the Company recognized a significant increase in assets and liabilities as our operating leases have been brought onto the consolidated statements of financial position. There is an increase in depreciation and interest expenses and also an increase in cash flow from operating activities as cash payments for the principal portion of the lease are recorded as financing outflows in the consolidated statements of cash flows. The Company adopted the new standard on the required effective date.

The Company adopted IFRS 16 with the cumulative effect of initial application recognized as an adjustment to retained earnings within shareholders' equity on January 1, 2019. We have not restated comparatives for 2018 under the modified retrospective approach. At transition, we applied the practical expedient available to us as lessee that allows us to apply this standard to contracts that were previously identified as leases under IAS 17 and IFRIC 4. The new IFRS 16 standard has been applied to any contracts entered into and modified subsequent to Jan 1, 2019.

While applying IFRS 16 to leases previously classified as operating leases, the Company has chosen to apply a practical expedient that permits the exclusion of any initial direct costs from measuring the right-of-use asset as at January 1, 2019.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the incremental borrowing rate as at January 1, 2019.

Generally, right-of-use assets at transition are measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent outstanding. For certain leases where we had readily available information, we have elected to measure the right-of-use assets at their carrying amounts as if IFRS 16 was applied since the lease commencement date using the related incremental borrowing rate for the remaining lease period as at January 1, 2019. The asset is depreciated over the remaining lease term, unless we expect to obtain ownership of the leased asset at the end of the lease.

Below represents the effect of the transition to IFRS 16 on our condensed interim consolidated statement of financial position as at January 1, 2019:

	As reported as at: Dec 31, 2018	Effect of IFRS 16 transition	As amended as at: Jan 1, 2019
Assets			
Right of use assets - building	\$ -	1,229,470	\$ 1,229,470
Right of use assets - other	\$ -	106,906	\$ 106,906
Deferred tax asset	\$ -	66,716	\$ 66,716
Total Assets	\$ 10,340,251	1,403,092	\$ 11,743,343
Liabilities			
Accounts payable and accrued liabilities	\$ 4,328,828	(99,161)	\$ 4,229,667
Current portion of lease liabilities	\$ 46,453	488,828	\$ 535,281
Non-current portion of lease liabilities	\$ 68,165	1,198,468	\$ 1,266,633
Total Liabilities	\$ 4,673,446	1,588,135	\$ 6,261,581
Shareholders' equity	\$ 5,666,805	(185,043)	\$ 5,481,762
Total Liabilities & Shareholders' Equity	\$ 10,340,251	1,403,092	\$ 11,743,343

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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 April 22, 2020. Based on this evaluation, management has concluded that, as of December 31, 2019, our ICFR reporting is effective. There have been no changes in our ICFR during the 12 months ended December 31, 2019 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 December 31, 2019, 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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