

**Asian Television Network International Limited**  
**Management's Discussion and Analysis**  
**For the three and nine months ended September 30, 2021, and September 30, 2020**



The purpose of this Management's Discussion and Analysis ("MD&A"), dated Aug 26, 2021, 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, 2020 and related notes in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine month period ended September 30, 2021. 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](http://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](http://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, primarily 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 for the three-month period ending September 30, 2021, decreased by 14% of which subscription revenues declined 30% and advertising revenue increased by 59% in this period over the same three months ended September 30, 2020.
- Advertising revenue showed a significant improvement compared to the same three months ended September 30, 2020, primarily due to businesses re-opening in the post-pandemic era and cities easing on their restrictions overall.
- Increase in net loss for the period is primarily because the decrease in operating revenue along with higher employee costs due to lower government subsidies received by the Company during the quarter.
- As a result of continued losses, the board of directors of the Company continue to eliminate its quarterly dividend. The decision is made to preserve cash to support its fight against internet piracy and fund its growth plans.

**OPERATIONAL HIGHLIGHTS FOR THE QUARTER**

- ATN has the largest collection of original South Asian Canadian content in its television broadcast library. Most 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.
- The Company continued to recognize government assistance from various programs including the Wage Subsidy and Rent Subsidy program that it was eligible for. During the three-month period ending on September 30, 2021, the Company recognized \$44,000 as a reimbursement of employee expense under CEWS program and \$19,000 as a reimbursement under the rent subsidy program.

**INDUSTRIAL HIGHLIGHTS**

- We are delighted to note that as stated in Bell's press release on August 12, 2021, the Federal Court of Canada has ordered a group of set-top box retailers to shut down their operations. They further ordered them to pay approximately \$30 million in damages and costs to and other Canadian media companies for making content available without authorization and inducing Canadians to access that content illegally. This marks a significant positive step in the Canadian broadcasting and production industry's fight against illegal set-top boxes.

**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, 2021, and September 30, 2020, to EBITDA:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Net (loss) income for the period</b>	<b>(95,461)</b>	297,076	<b>(600,540)</b>	(687,275)
<b>Income tax (recovery) expense</b>	-	-	-	-
<b>Finance costs</b>	<b>8,871</b>	15,817	<b>31,566</b>	52,492
<b>Depreciation and amortization</b>	<b>518,683</b>	291,770	<b>859,529</b>	1,290,952
<b>EBITDA</b>	<b>\$432,093</b>	\$604,663	<b>\$290,555</b>	\$656,169

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.

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PERFORMAMCE REVIEW

**Summarized Consolidated Financial Results**

Three and nine months ended September 30, 2021, and September 30, 2020, 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,		
	2021	2020	% Change	2021	2020	% Change
Operating revenue	<b>2,378,476</b>	2,766,649	-14%	<b>\$7,258,790</b>	\$7,435,767	-2%
Administrative expenses	<b>156,985</b>	\$231,429	-32%	<b>\$619,376</b>	\$794,956	-22%
Marketing and distribution costs	<b>1,630,416</b>	\$1,680,818	-3%	<b>\$5,068,299</b>	\$5,209,601	-3%
Employee costs	<b>473,701</b>	\$337,043	41%	<b>\$1,532,047</b>	\$1,410,480	9%
Depreciation and amortization	<b>205,336</b>	\$209,694	-2%	<b>\$610,895</b>	\$643,467	-5%
Finance costs	<b>8,871</b>	\$15,817	-44%	<b>\$31,566</b>	\$52,492	-40%
Loss (gain) on foreign exchange differences	<b>(1,372)</b>	(\$5,228)	-74%	<b>(\$2,853)</b>	\$12,046	-124%
Total operating expenses	<b>2,473,937</b>	\$2,469,573	0%	<b>\$7,859,330</b>	\$8,123,042	-3%
(Loss) income before taxes	<b>(\$95,461)</b>	\$297,076	-132%	<b>(\$600,540)</b>	(\$687,275)	-13%
Income tax (recovery) expense	-	-		-	-	
Net (loss) income for the period	<b>(\$95,461)</b>	\$297,076	-132%	<b>(\$600,540)</b>	(\$687,275)	-13%
Basic and Diluted (Loss) Earnings per share	<b>(\$0.00)</b>	\$0.01	0%	<b>(\$0.02)</b>	(\$0.03)	-13%
EBITDA	<b>\$432,093</b>	\$604,663		<b>\$290,555</b>	\$656,169	

The most significant variances in the consolidated results between the three and nine months ended September 30, 2021, and September 30, 2020, is a 14% decrease in operating revenue and a 132% decrease in net income for the period. The Company continues to experience declining subscription revenue from consumers shifting towards illegal Internet piracy boxes while advertising revenue seem to be improving as COVID-19 restrictions are relaxed. 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.

**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, 2021, and September 30, 2020, 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,		
	2021	2020	% Change	2021	2020	% Change
Subscription	<b>\$1,604,110</b>	\$2,278,671	-30%	<b>\$5,214,520</b>	\$6,044,203	-14%
Advertising	<b>\$720,939</b>	\$452,899	59%	<b>\$1,926,642</b>	\$1,245,797	55%
Programming	<b>\$33,691</b>	\$33,211	1%	<b>\$86,644</b>	\$113,899	-24%
Finance income	<b>\$19,736</b>	\$1,868	957%	<b>\$30,984</b>	\$31,868	-3%
Total	<b>\$2,378,476</b>	\$2,766,649	-14%	<b>\$7,258,790</b>	\$7,435,767	-2%

Total revenues amounted to \$2,378,476 for the three months period ended September 30, 2021, compared to \$2,766,649 for the same period last year, for a decrease of \$388,173.

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The 14% decrease in operating revenue for the quarter is primarily due to a one-time catch-up revenue that was recognized as part of Subscription revenue in the amount of \$300,000 for the three and nine months ended September 30, 2020. Thus, after adjusting for the adjustment, the normalized operating revenue for three months ended September 30, 2020 is \$2,466,649 representing a 4% decrease in subscription revenue. This continues to highlight 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. The third quarter has shown positive indicators of the overall economy that is re-opening post-pandemic and resulted in a 59% increase in advertising revenue from local and national businesses compared to same period ending in 2020.

**Administrative expenses**

Administrative expenses were \$156,985 for the three months period ended September 30, 2021, compared to \$231,429 for the same period last year, for a decrease of \$74,444. The lower expenses in the current quarter was primarily due to higher accounting fees accrued to an external consulting firm in 2020 which assisted on government grant applications for the Company.

**Marketing and distribution costs**

Marketing and distribution costs were \$1,630,416 for the three months period ended September 30, 2021, compared to \$1,680,818 for the same period last year, for a decrease of \$50,402. The decrease is attributable mainly to a credit received during the quarter for events that did not take place but for which programming rights had been acquired.

**Employee costs**

Employee costs were \$473,701 for the three months period ended September 30, 2021, compared to \$337,043 for the same period last year, for an increase of \$136,658. The higher employee costs are primarily due to approximately \$130,000 less in wage subsidies received in the current quarter compared to the same period last year. As employee costs represent a material portion of our expenses, Management continues to actively monitor employee staffing requirements very closely.

**Depreciation and amortization**

Depreciation and amortization expenses were \$205,336 for the three months period ended September 30, 2021, compared to \$209,694 for the same period last year, for a decrease of \$4,358.

**Income tax recovery**

Income taxes recovered were \$nil for the three months period ended September 30, 2021, same as taxes recovered of \$nil for the same period last year.

Our effective income tax rate both for the three months ended September 30, 2021, and 2020 was nil%.

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

The net loss and loss per share for the three months ended September 30, 2021, is \$95,461 and \$0.01 compared to a net income and earnings per share of \$297,076 and \$0.01 for the three months ended September 30, 2020, respectively. The increase in loss by \$392,537 is due mainly to a decrease in subscription revenues and higher employee costs partially offset by higher advertising revenues and lower administrative expenses during the quarter.

**Quarterly Performance**

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

	2019		2020			2021		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	\$2,886,448	\$2,445,136	\$2,223,981	\$2,766,649	\$2,639,490	\$2,333,658	\$2,546,656	\$2,378,476
EBITDA (1)	(\$110,197)	(\$110,198)	\$161,704	\$604,663	(\$645,904)	(\$5,443)	\$359,199	\$432,093
Net income (loss)	(\$330,078)	(\$677,545)	(\$306,806)	\$297,076	\$152,669	(\$337,477)	(\$167,603)	(\$95,461)
Basic EPS (LPS)	(\$0.01)	(\$0.03)	(\$0.01)	\$0.01	\$0.01	(\$0.01)	(\$0.01)	(\$0.00)
Diluted EPS (LPS)	(\$0.01)	(\$0.03)	(\$0.01)	\$0.01	\$0.01	(\$0.01)	(\$0.01)	(\$0.00)

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

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The Company's revenue and operations results vary, depending on the quarter. However, the loss of revenue is a steady indicator of the growing impact of consumers' switch to illegal piracy boxes over last 8 quarters.

**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 September 30, 2021, the Company has utilized \$nil of this facility which is 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, 2021, the Company has utilized \$7,314 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, dividend payments, 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 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 as needed as well.

**Working Capital Requirements**

As of September 30, 2021, the Company's working capital balance was approximately negative \$1,000,000. The cash on hand, its current receivables and its long term investments of \$2,000,000 in GICs that are accessible in the short term will be sufficient to cover the Company's current obligations to its suppliers and employees. The Company also continues to have access to its \$500,000 operating credit line of which the entire balance is available as of September 30, 2021.

**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,	
	2021	2020	2021	2020
Net cash flows from (used in) operating activities	\$ 475,499	\$ (15,055)	\$ 467,938	\$ (303,610)
Net cash flows from (used in) investing activities	(57,753)	126,987	(15,618)	296,450
Net cash flows from (used in) financing activities	(371,255)	(154,919)	(412,858)	(89,064)
Net cash increase (decrease) in cash and cash	46,491	(42,987)	39,462	(96,224)
Cash and cash equivalents at beginning of period	61,863	51,111	68,892	104,348
Cash and cash equivalents at end of period	\$ 108,354	\$ 8,124	\$ 108,354	\$ 8,124

**Cash provided from (used in) operating activities**

The Company's cash balances increased from \$68,892 as of December 31, 2020, to \$108,354 as of September 30, 2021. The cash flow generated from its operations of \$475,499 during the quarter was primarily due to change in its working capital balances.

**Cash provided from (used in) investing activities**

Cash used in investing activities was \$57,753 for the three months period ended September 30, 2021, compared to \$126,987 cash generated during the same period last year. This was primarily due to proceeds from disposition of part of the Company's long-term investments in 2020 and additional payments made to acquire programming rights during the three months ended September 30, 2021.

**Cash provided from (used in) financing activities**

Cash used in financing activities was \$371,255 for the three months period ended September 30, 2021, compared to \$154,919 cash used for the same period last year. This was primarily a result of repayments made to reduce bank indebtedness on the company's line of credit during the current period.

**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 of September 30, 2021, and on September 30, 2020.

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 as of September 30, 2021. See also Notes 17 to the 2020 Audited Consolidated Financial Statements.

Obligations	2021	2022	After 2022	Total
Leases	\$ 137,033	\$ 571,194	\$ 2,526,198	\$ 3,234,425
Purchase commitments	\$ 353,115	\$ 368,594	\$ 216,000	\$ 937,709
	<b>\$ 492,169</b>	<b>\$ 941,809</b>	<b>\$ 2,742,198</b>	<b>\$ 4,172,133</b>

The Company exercised its option during the quarter to renew its building lease for an additional 5 years after the end of its current lease. The renewed lease is set to commence on June 1, 2022 for a total cash outflow of \$2,853,904 over the life of the lease included in the Leases line summarized above.

**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.

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**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.

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.

**Asian Television Network International Limited**  
**Management's Discussion and Analysis**  
**For the three and nine months ended September 30, 2021, and September 30, 2020**

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

In our 2020 Annual Audited Consolidated Financial Statements and Notes thereto, as well as in our 2020 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 three-month period ending on September 30, 2021, there were no changes to the critical accounting policies and estimates from those found in our 2020 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 Aug 26, 2021. Based on this evaluation, management has concluded that, as of September 30, 2021, our ICFR reporting is effective. There have been no changes in our ICFR during the three months ended September 30, 2021, 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 of September 30, 2021, 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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