

Asian Television Network International Limited
Management's Discussion and Analysis
For the years-ended December 31, 2020 and December 31, 2019



The purpose of this Management's Discussion and Analysis ("MD&A"), dated April 27, 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. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

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

All amounts herein are expressed in Canadian dollars.

All of our operations are in Canada.

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FORWARD-LOOKING STATEMENTS

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

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

PROFILE

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

ATN derives its revenue principally from subscription revenue and advertising revenue on its speciality pay television channels. Subscription revenue consists of a portion of monthly fees paid by viewers to their Broadcast Distribution Undertakings (BDUs) while advertising revenue consists of revenue earned from the sale of on-air advertisement by ATN. The Company develops some of its programming in-house and also acquires the rights to programs from local and international television and film producers. All of ATN's television channels are speciality pay channels which are available on BDUs (including Canada's cable television networks and satellite and fibre optic television networks) for a monthly fee. The fee payable for a subscription to ATN's channels is in addition to the fee paid by subscribers to the BDUs for "basic" packages. Not all channels are carried by all BDUs. Advertisers on ATN's channels consist of national, regional and local businesses who commit to advertising over varying periods of time, 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 FISCAL YEAR

- Consolidated operating revenue for the year ended December 31, 2020 decreased 16% of which subscription revenues decreased 5% and advertising revenue decreased by 41% this year over previous year ended December 31, 2019 having a negative impact on our consolidated income.
- The decline of advertising revenues further accelerated primarily due to several temporary closures for businesses impacted by COVID-19 although a steady decline is noticeable from before as well due to declining number of subscribers who continue to migrate to illegal IPTV set-top boxes.
- Decrease in net loss this year is primarily as a result of cost cutting measures, government tax credits, and government subsidies received by the Company due to impact of COVID-19.
- The Company posted a EBITDA of \$1,593,329 for the period ended December 31, 2020 as compared to negative EBITDA of \$585,345 for the same period ending December 31, 2019 resulting in a positive change of \$2,178,674 year-over-year.
- As a result of declining revenues and continued losses, the board of directors of the Company issued no annual dividend. The decision is made to preserve cash in order to support its fight against internet piracy and fund its operations.

OPERATIONAL HIGHLIGHTS FOR THE FISCAL YEAR

- As part of the impact on the Canadian economy due to COVID-19 virus, the Company has also seen an impact on its own operations subsequent to World Health Organization's declaration of COVID-19 as a pandemic on March 11, 2020. Many of its customers have been forced to shut down their businesses due to the restrictions imposed by province of Ontario effective March 25, 2020 while the Company continues to remain open and in operations as an essential service classified by the government. As a result of these restrictions, the Company continues to see a negative impact on its advertising sales compared to prior year. The Company also applied and obtained approval for a government program which will allow the Company to reduce its staffing requirements during this downturn in the economy.
- In response to the COVID-19 coronavirus pandemic, the government of Canada introduced the Canada Emergency Wage Subsidy ("CEWS") programme in March for companies who have seen a drop in revenue due to COVID-19 to subsidize a part of employee wages and help prevent further job losses. The CEWS provided eligible businesses with a reimbursement of a portion of their employee expense for the period from March 15 onwards subject to certain eligibility criteria. The Company applied for the CEWS for the period from March 15 to the extent it met the requirements to receive the subsidy. During the year, the Company recognized \$658,180 as a reimbursement of employee expense under CEWS program. The Company presents the subsidy as a reduction in its Employee costs on the consolidated statements of loss and comprehensive loss.
- During the year, the Company was approved for tax credits to subsidize part of its qualified labour expenditure it incurred on creation of its Canadian content in the past years. The tax credit for the Company's 2015 qualified labour expenditure, received during the year, amounted to \$100,126 and is presented as a reduction in its Employee costs on the consolidated statements of loss and comprehensive loss. The tax credit for the Company's 2016 qualified labour expenditure, accrued during the year in accounts receivable, amounted to \$504,300 and is presented as a reduction in its Employee costs on the consolidated statements of loss and comprehensive loss.
- The Company also received a government grant as part of COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations (the "Fund"). The Fund complements other Government of Canada initiatives and is issued to help Canadian workers and employers subsidize a portion of their operating costs. The amount of grant received up to the period ending December 31, 2020 is \$216,306 and is presented as a reduction in the Company's Administrative expenses on the statements of loss.
- ATN has the largest collection of original South Asian Canadian content in its television broadcast library. The majority of these programs are exclusively produced by ATN over the last four decades. The archives are invaluable and reflect the community's contribution to art, culture, education, music, dance, cinema, sports, politics, business and public service. ATN's past and present productions also include original Canadian content with international celebrities from overseas. The Company continues to further monetize its library of South Asian Canadian content through its channels and is in discussion regarding the possibility of syndications outside of Canada on other international services.

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INDUSTRIAL HIGHLIGHTS

- On November 15, 2019, the court had ordered ISPs to block certain websites which were selling access to content for which they did not have the rights. Subsequent to the court's site blocking order, Tekk Savvy filed an appeal against it.

During the year, several organizations representing copyright holders spanning several continents asked Canada's Federal Court of Appeal to allow them to argue the merits of site blocking to protect their content rights online, suggesting the mechanism may actually be required of Canada under international treaty obligations. These organizations – including book publishers, research and educational journals, music industry groups and sports networks including DAZN and the English Premier League – wish to argue as interveners that TekSavvy's appeal should not be allowed because it would significantly impact the ability of the organizations to protect their copyrights online and claim that the blocking orders are "expeditious" methods to prevent and deter infringement and "is consistent with and is or may be required to enable Canada to fulfill its treaty obligations in respect of copyright."

They argue Canada agreed in international treaties to ensure that right holders can get "effective and expeditious action" against copyright infringement online. In 2012, Canada enacted the Copyright Modernization Act (CMA) and in 2015 introduced the notice-and-notice system, which requires ISPs to automatically send a warning to alleged infringing subscribers at the request of a rightsholder.

ATN applauds the Federal Court's site blocking order and endorses the initiative of the reputable intervenors such as DAZN, English Premier League, the International Publishers Association (IPA), International Association of Scientific, Technical and Medical Publishers (STM), American Association of Publishers (AAP), the UK's Publishers Association (PA), Canadian Publishers' Council (CPC), and the Association of Canadian Publishers (ACP).

The above information is abridged and paraphrased for information purposes only from broadcasting industry journal Cartt.ca from an article published by Ahmad Hathout titled "Premier League, DAZN, among those in favour of site blocking in Canada".

- Both subscription and advertising revenues have seen no organic growth and continued to decline, albeit, at a lower rate. This negative trend is as a result of open and rampant globally organized piracy. The process has been a long one and we have had several set backs as well. Apart from the site blocking mentioned above that marked the first significant breakthrough, there are other positive indicators for the broadcasting industry as a whole.

A significant event that has great potential impact on the fight against piracy is the Canada-United States-Mexico Agreement ("CUSMA") that came into force in July 2020. As a result, Canada, as a party of the agreement, is now committed to revamp its laws which deal with signal theft and tampering of rights management information and further set up effective enforcement measures.

The best yet is the very recent initiative on April 14, 2021 by the Government of Canada which has invited input from the stakeholders and the public on changes to the Copyright Act with a view to ensuring protection of intellectual property rights and eradicate piracy.

The above events indicate that there is an inkling that at long last the laws may soon catch up to dismantle and substantially eradicate piracy.

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 income statements for the three and twelve months ended December 31, 2020 and December 31, 2019 to EBITDA:

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	Three months ended December		Twelve months ended	
	2020	2019	2020	2019
Net (loss) income for the period	152,669	(330,078)	(534,606)	(2,329,177)
Income tax (recovery) expense	478,432	(65,971)	478,432	(394,205)
Finance costs	13,947	23,025	66,439	96,606
Depreciation and amortization	\$292,112	\$683,470	1,583,064	2,041,431
EBITDA	\$937,160	\$310,446	\$1,593,329	(\$585,345)

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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PERFORMAMCE REVIEW

Selected Financial Highlights

Set out below are selected financial measures for each of the years ended December 31, 2020, 2019 and 2018.

During 2018 to 2020, the Company continued to experience declining revenues from consumers shift towards illegal IPTV set top boxes exacerbated by the advent of COVID-19 impact on small businesses within Canada.

Audited twelve months ended December 31,	2020	2019	2018
Operating revenue	10,075,256	11,980,773	\$14,829,631
Net (loss) income	(534,606)	(2,329,177)	(\$1,501,713)
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	(\$0.02)	(\$0.10)	(\$0.06)
Diluted	(\$0.02)	(\$0.10)	(\$0.06)
Total Assets	6,841,675	8,343,718	\$9,942,751
Long-term debt and finance lease obligations	210,651	723,533	\$68,165
Dividends paid during the year			
per common share	\$0.000	\$0.000	\$0.03

Summarized Consolidated Financial Results

Unaudited three months and audited twelve months ended December 31, 2020 and December 31, 2019 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,		
	2020	2019	% Change	2020	2019	% Change
Operating revenue	2,639,490	2,886,448	-9%	\$10,075,256	\$11,980,773	-16%
Administrative expenses	37,680	248,758	-85%	\$832,635	\$1,257,660	-34%
Marketing and distribution costs	1,746,037	2,016,273	-13%	\$6,955,639	\$9,210,406	-24%
Employee costs	10,700	781,358	-99%	\$1,421,180	\$3,262,359	-56%
Depreciation and amortization	209,634	218,771	-4%	\$853,101	\$883,678	-3%
Finance costs	13,947	23,025	-39%	\$66,439	\$96,606	-31%
Loss (gain) on foreign exchange differences	(9,611)	(5,688)	69%	\$2,436	(\$6,554)	-137%
Total operating expenses	2,008,388	\$3,282,497	-39%	\$10,131,430	\$14,704,155	-31%
(Loss) income before taxes	631,102	(\$396,049)	-259%	(\$56,174)	(\$2,723,382)	-98%
Income tax (recovery) expense	478,434	(65,971)		\$478,432	(\$394,205)	-221%
Net (loss) income for the period	152,669	(\$330,078)	-146%	(\$534,606)	(\$2,329,177)	-77%
Basic and Diluted (Loss) Earnings per share	\$0.01	(\$0.01)	-146%	(\$0.02)	(\$0.10)	-77%
EBITDA	\$937,160	\$310,446		\$1,593,329	(\$585,345)	

Consolidated operating revenue was \$2,639,490 in the three months ended December 31, 2020, a decrease of \$246,958 over the three months ended December 31, 2019. For the year ended December 31, 2020, consolidated operating revenue was \$10,075,256 compared to the previous year which was \$11,980,773, representing a 16% decline year-over-year. The annual decline was primarily attributable to a decline in subscription and advertising revenues. Consolidated operating expenses were \$2,008,388 for the three months ended December 31, 2020, a decrease of \$1,274,109 or 39% than the three months ended December 31, 2019 as a result of lower employee and marketing & distribution costs. For the year ended December 31, 2020, consolidated operating expenses were \$10,131,430, \$4,572,725 lower over last years consolidated operating expenses of \$14,704,155 primarily driven by subsidies and government grants received from the government. The Company continues to experience declining revenue from consumers shifting towards illegal Internet piracy boxes in addition to accelerated declining advertising revenue due to impact of COVID on its customers' businesses. The Company has determined that the impact of competition from other online over-the-top services that are legal is negligible compared to the impact due to a shift towards illegal IPTV boxes.

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Overall Analysis

Operating Revenues

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

Operating revenues are detailed as follows:

Unaudited three months and audited twelve months ended December 31, 2020 and December 31, 2019 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		
	2020	2019	% Change	2020	2019	% Change
Subscription	\$1,955,227	\$1,981,288	-1%	\$7,999,431	\$8,395,193	-5%
Advertising	\$626,999	\$807,830	-22%	\$1,872,796	\$3,199,629	-41%
Programming	\$51,176	\$81,326	-37%	\$165,074	\$325,075	-49%
Finance income	\$6,087	\$16,003	-62%	\$37,955	\$60,876	-38%
Total	\$2,639,489	\$2,886,447	-9%	\$10,075,256	\$11,980,773	-16%

Total revenues reached \$2,639,490 and \$10,075,256 respectively, for the three- and twelve-month periods ended December 31, 2020 compared to \$2,886,448 and \$11,980,773 for the same periods last year, for a quarterly decrease of \$246,958 and an annual decrease of \$1,905,517 respectively.

The decrease for overall revenue for the quarter and the 12 months ended December 31, 2020 is essentially due to a decline in subscription revenue along with decline in advertising revenue. The trend where consumers are dropping their legal television providers for mostly illegal digital boxes continues. As a result, the Company is actively involved in Fair Play Canada, a coalition of more than 25 organizations involved in every aspect of Canada's film, TV, radio, sports entertainment, and music to help prevent international piracy sites and organizations from continuing to have a negative effect on industry revenues. Advertising market is now also impacted due to COVID-19 measures which have forced various businesses to cancel scheduled marketing campaigns resulting in a decline of \$180,831 and a decline of \$1,326,833 respectively for the three- and twelve-months periods ended December 31, 2020, compared to the same periods last year.

Administrative expenses

Administrative expense was \$37,680 and \$832,635 for the three and twelve months ended December 31, 2020 compared to an expense of \$248,758 and \$1,257,660 for the same period last year, for a decrease of \$211,078 and \$425,025 respectively. The decrease was primarily driven by grant received as part of COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations which helped subsidize operational expenses for the Company.

Marketing and distribution costs

Marketing and distribution costs were \$1,746,037 and \$6,955,639 respectively, for the three- and twelve-month periods ended December 31, 2020 compared to \$2,016,273 and \$9,210,406 for the same periods last year, for a decrease of \$270,236 and a decrease \$2,254,767 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 \$10,700 and \$1,421,180 respectively, for the three- and twelve-month periods ended December 31, 2020 compared to \$781,358 and \$3,262,359 for the same periods last year, for decreases of \$770,658 and \$1,841,179 respectively.

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Employee costs were temporarily reduced through available government subsidies and available programs allowing us to better manage its workforce hours to match the downfall in its business compared to the same period last year. Employee costs were also significantly affected due to the \$604,426 of tax credits received during the year for qualified labour expenditures the Company incurred in 2015 and 2016.

Employee costs represent a material portion of our expenses and management continues to actively monitor employee staffing requirements.

Depreciation and amortization

Depreciation and amortization expense were \$209,634 & \$853,101 respectively, for the three- and twelve-month periods ended December 31, 2020 compared to 218,771 and \$883,678 for the same periods last year, for a decrease of \$9,137 and \$30,577 respectively.

Finance costs

Finance costs were \$13,947 and \$66,439 for the three- and twelve-month periods ended December 31, 2020 compared to \$23,025 & \$96,606 for the same period last year for a decrease of \$9,078 and \$30,167 respectively.

Gain/(Loss) on exchange differences

Gain on exchange differences were \$9,611 and loss of \$2,436 respectively, for the three- and twelve-month periods ended December 31, 2020 compared to gain of 5,688 and \$6,554 for the same periods last year, for increase of \$3,923 and decrease of \$8,992 respectively.

Income tax expense (recovery)

Income tax expense was \$478,434, for the three- and twelve-month periods ended December 31, 2020 compared to income tax recovery of \$65,971 and \$394,205 for the same periods last year, for an increase of \$544,405 and \$872,637 respectively.

Due to year-end tax planning, non-deductible amounts for Federal tax purposes, and deferred tax assets not recognized, income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to income before tax.

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

Net income was \$152,669 (EPS - \$0.01) and net loss was \$534,606 (LPS - \$0.02) respectively, for the three- and twelve-month periods ended December 31, 2020 compared to net loss of \$330,078 (LPS - \$0.01) and \$2,329,177 (LPS - \$0.10) for the same periods last year. This is due mainly to government subsidies and tax credits received during the year along with savings realized from the Company's cost cutting measures.

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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	\$3,214,942	\$2,884,419	\$2,994,964	\$2,886,448	\$2,445,136	\$2,223,981	\$2,766,649	\$2,639,490
EBITDA (1)	(\$52,123)	(\$567,696)	(\$275,972)	\$310,446	(\$110,198)	\$161,704	\$604,663	\$937,160
Net income (loss)	(\$423,110)	(\$941,961)	(\$634,028)	(\$330,078)	(\$677,545)	(\$306,806)	\$297,076	\$152,669
Basic EPS (LPS)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.01)	(\$0.03)	(\$0.01)	\$0.01	\$0.01
Diluted EPS (LPS)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.01)	(\$0.03)	(\$0.01)	\$0.01	\$0.01

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

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

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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 operations are financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management believes its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit Facility and Covenants

The Company has an authorized line of credit of \$500,000. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms. The Company is subject to covenants on its credit facility. The Company's bank covenants include standard terms and conditions and the line is secured by term deposits held by the financial institution. As of December 31, 2020, the Company has utilized \$60,000 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, 2020, the Company has utilized \$28,649 of this facility recorded as Lease liabilities.

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

Positive Cash Balances & Short-term Investments

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

Working Capital Requirements

As at December 31, 2020, the Company's working capital balance was approximately negative of -\$1.9M as the Company redeemed and reinvested its \$2,200,000 GICs as long term investments maturing after 1+ year. The Company has the ability to withdraw any or all of the GICs upon a short notice and thus, considers this as part of its working capital as well. In addition, included in accrued liabilities is \$283,500 of non-cash accrual to be settled in return with advertising services decreasing the company's working capital balance to approximately negative -\$1.6 million. The cash on hand, its current receivables and short-term investments will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations the Company will be able to meet all other current cash requirements as they arise. In addition, if cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to a \$500,000 operating credit line of which \$440,000 is available.

Future Cash Requirements

Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, and other contractual obligations. Management anticipates that its future cash flows from operations will provide funds to meet its upcoming 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 December 31,		Year ended December 31	
	2020	2019	2020	2019
Net cash flows from (used in) operating activities	\$ 539,241	\$ (586,443)	\$ 235,630	\$ 479,031
Net cash flows from (used in) investing activities	(84,246)	(135,221)	212,204	(2,633,902)
Net cash flows from (used in) financing activities	(394,225)	(150,693)	(483,289)	(765,093)
Net cash increase (decrease) in cash and cash equivalents	60,769	(872,357)	(35,456)	(2,919,964)
Cash and cash equivalents at beginning of period	8,123	976,705	104,348	3,024,312
Cash and cash equivalents at end of period	\$ 68,892	\$ 104,348	\$ 68,892	\$ 104,348

Cash used in operating activities

The Company's cash balances decreased from \$104,348 as at December 31, 2019 to \$68,892 as at December 31, 2020. The \$35,456 decrease was primarily driven by an increase in its operating income due to government subsidies and redemption of short term investments offset by payments made on its lease obligations.

Cash from investing activities

Cash used in investing activities was \$84,246 and cash from investing activities was \$212,204 for the three- and twelve-month periods ended December 31, 2020 compared to cash used of \$135,221 and \$2,633,902 for the same periods last year. Cash used in investing activities is primarily as a result of payments to acquire programming rights whereas as cash from investing activities was primarily a result of proceeds from disposition of short-term investments.

Cash used in financing activities

Cash used in financing activities was \$394,224 and \$483,288 respectively, for the three- and twelve-month periods ended December 31, 2020 compared cash used of \$150,693 and \$765,093 for the same periods last year. Cash used in financing activities is primarily as a result of \$543,288 for repayment of finance lease obligations for the twelve-month periods ended December 31, 2020, compared to \$535,093.

Finance lease obligations

Our finance lease obligations are now recorded on the Statement of Financial Position as lease liabilities and further described in detail in Note 2 of our 2020 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, 2020 and at December 31, 2019.

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

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

Declaration date	Record date	Payment date	Dividend per share	Dividends paid
July 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

Our material obligations under firm contractual arrangements are summarized below at December 31, 2020. See also Notes 17 to the 2020 Audited Consolidated Financial Statements.

	2021	2022	After 2022	Total
Lease	\$ 512,882	\$ 210,651	\$ -	\$ 755,442
Purchase commitments	\$ 1,971,385	\$ 324,000	\$ 216,000	\$ 2,511,385
	\$ 2,486,288	\$ 536,673	\$ 216,000	\$ 3,266,827

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

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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.

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

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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 2020 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.

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

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This MD&A has been prepared with reference to our 2020 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 2020 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.

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 27, 2021. Based on this evaluation, management has concluded that, as of December 31, 2020, our ICFR reporting is effective. There have been no changes in our ICFR during the three and nine months ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our ICFR.

The Company is not required to certify the design and evaluation of its disclosure control and procedures (DC&P) or ICFR and although the Certifying Officers have evaluated the effectiveness of the Company's ICFR as at December 31, 2020, the Certifying Officers have not evaluated or caused to be evaluated the effectiveness of the Company's DC&P. The inherent limitations on the ability of the Certifying Officers to design and implement on a cost-effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FOR MORE INFORMATION:

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