

Asian Television Network International Limited

Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(expressed in Canadian Dollars)



CHARTERED
PROFESSIONAL
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Asian Television Network International Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Asian Television Network International Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. The matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2023.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2023, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Julia Zhou.

April 30, 2024
Markham, Ontario

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants

Asian Television Network International Limited

Consolidated Statements of Loss & Comprehensive Loss

For the years ended December 31, 2023 and December 31, 2022

	Note	2023	2022
Operating revenue	5	\$ 7,270,635	\$ 7,969,693
Operating expenses			
Administrative expenses, including utilities		1,196,331	1,109,084
Marketing and distribution costs	6 & 7	4,876,354	5,004,662
Employee costs	20	1,791,459	1,856,590
Depreciation and amortization	7	728,083	896,788
Finance costs		108,882	103,080
Loss (gain) on foreign exchange		(1,002)	(5,621)
Total operating expenses		8,700,107	8,964,583
Loss before tax		(1,429,472)	(994,890)
Income tax expense	8	-	-
Net Loss & Comprehensive Loss for the year		\$ (1,429,472)	\$ (994,890)
Loss per share			
Basic	10	\$ (0.06)	\$ (0.04)
Diluted	10	\$ (0.06)	(0.04)

The accompanying notes are an integral part of these consolidated financial statements.

Asian Television Network International Limited

Consolidated Statements of Financial Position
as at December 31, 2023 and December 31, 2022

	Note	2023	2022
Current assets			
Cash	13 \$	127,534	\$ 68,693
Restricted cash	16	500,000	500,000
Trade and other receivables	19	1,986,120	1,562,835
Other receivable	4	521,579	262,692
Total current assets		3,135,233	2,394,220
Non-current assets			
Plant and equipment	11	2,177,155	2,867,068
Intangible assets	12	363,191	191,479
Long-term investments	14	1,110,000	2,000,000
Other long-term assets		-	95,130
Total non-current assets		3,650,346	5,153,677
TOTAL ASSETS		\$ 6,785,579	\$ 7,547,897
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	15 \$	3,637,846	\$ 3,068,592
Bank indebtedness	16	200,000	330,000
Notes payable		625,000	-
Deferred revenue		222,000	87,000
Long-term debt – current portion		7,882	-
Lease liabilities - current portion		585,252	572,858
Total current liabilities		5,277,980	4,058,450
Non-current liabilities			
Long-term debt		33,351	-
Lease liabilities		1,447,516	2,033,243
TOTAL LIABILITIES		6,758,847	6,091,693
SHAREHOLDERS' EQUITY		26,732	1,456,204
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 6,785,579	\$ 7,547,897
Commitments (Note 17)			

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

Signed
Dr. Shan Chandrasekar
Director

Signed
Prakash Naidoo
Director

Asian Television Network International Limited

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2023 and December 31, 2022

	Note	Number of common shares	Common shares amounts	Retained earnings	Total shareholders' equity
Balances, January 1, 2023		24,402,914	\$ 6,025,852	\$ (4,569,648)	\$ 1,456,204
Net loss for the period		-	-	(1,429,472)	(1,429,472)
Balances, December 31, 2023	9	24,402,914	\$ 6,025,852	\$ (5,999,120)	\$ 26,732
Balances, January 1, 2022		24,402,914	\$ 6,025,852	\$ (3,574,758)	\$ 2,451,094
Net loss for the period		-	-	(994,890)	(994,890)
Balances, December 31, 2022	9	24,402,914	\$ 6,025,852	\$ (4,569,648)	\$ 1,456,204

The accompanying notes are an integral part of these consolidated financial statements.

Asian Television Network International Limited

Consolidated Statements of Cash flows

For the years ended December 31, 2023 and December 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$ (1,429,472)	\$ (994,890)
Adjustments for:		
Finance costs	75,772	-
Depreciation and amortization	953,081	1,058,988
Changes in working capital:		
Trade and other receivables	(447,085)	384,283
Other receivable	(258,887)	(127,973)
Other long-term assets	95,130	-
Accounts payable and accrued liabilities	268,702	203,111
Deferred revenue	135,000	87,000
NET CASH FLOWS FROM OPERATIONS	(607,759)	610,519
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire intangible assets	(90,000)	(181,703)
Proceeds from redemption of investments	913,800	-
NET CASH FLOWS (USED IN) FROM INVESTING	823,800	(185,928)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayment of) Proceeds from bank indebtedness	(130,000)	130,000
Proceeds from Notes payable	625,000	-
Repayment of Long-term debt	(4,440)	-
Repayment of lease obligation	(647,760)	(540,798)
NET CASH FLOWS (USED IN) FROM FINANCING	(157,200)	(410,798)
Net decrease in cash and cash equivalents	58,841	13,793
Cash and cash equivalents at beginning of period	68,693	54,900
Cash and cash equivalents at end of period	\$ 127,534	\$ 68,693
Non-cash investing and financing activities:		
Payments to acquire plant and equipment	\$ (38,170)	\$ -
Payments to acquire intangible assets	\$ (306,710)	\$ -
Proceeds from Long term debt for the purchase of vehicle	\$ 44,328	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and December 31, 2022

1 Nature of Business and Going Concern

Asian Television Network International Limited ("ATN" or the "Company") is incorporated under the laws of the province of Ontario and its shares are traded on the TSX Venture Exchange under the symbol SAT.V. The Company's executive offices are located at 330 Cochrane Drive, Markham, Ontario, Canada L3R 8E4. Its activities comprise providing specialty, pay television broadcasting and advertising primarily aimed at the South Asian community in Canada. ATN is the ultimate parent of the group of companies listed in Note 2 below.

During the year ended December 31, 2023, the Company incurred a net loss of \$1,429,472 (2022 - net loss of 994,890) and working capital deficiency of \$2,142,747 (2022 - \$1,664,230). As of December 31, 2023, the Company had accumulated a deficit of \$5,999,120 (2022 - 4,569,648).

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of consolidated financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2 Summary of Material Accounting Policies

a. Basis of Presentation

These consolidated financial statements have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC").

These consolidated financial statements were approved for issue by the Company's Board of Directors on April 30, 2024.

b. Basis of Consolidation

The consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated statements of income present expenses based upon their nature. The presentation currency and the functional currency of the Company is the Canadian dollar.

The consolidated financial statements include the accounts of Asian Television Network International Limited and its wholly-owned subsidiaries. All inter-company transactions and balances are eliminated on consolidation.

Management has determined the Company has one operating segment.

Significant subsidiaries are as follows:

	Percentage	Owned
	2023	2022
Subsidiaries:		
Asian Television Network Inc.	100%	100%
Commonwealth Broadcasting Ltd.	100%	100%
JCTV Productions Ltd.	100%	100%
South Asian Television Network Limited	100%	100%
South Asian Television Canada Limited	100%	100%

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and December 31, 2022

c. Revenue Recognition

The Company derives revenue from the transfer of services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognized when the performance obligation in the contract has been performed.

Subscription revenues are recognized monthly, based on the number of subscribers reported by the Company's major Broadcast Distribution Undertakings (BDUs) at agreed upon rates. As the Company does not have a direct contract with the end user (the subscriber) any adjustments in fees by the BDUs, for whatever reason, are accounted for prospectively as revenue in the period reported. Because BDUs are the only viable system available to the Company to deliver its product to the end user, reliance is placed on subscriber information provided by the BDUs and is considered an industry practice.

Advertising revenues, net of agency commissions, are recognized in the period in which the advertising is aired on the Company's television network and when collection is reasonably assured.

d. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognizes lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

e. Impairment of non-financial and long-lived assets

The Company reviews its long-lived assets for impairment at the end of each reporting period for events and changes in circumstances which indicate that the carrying amount may not be recoverable. Recoverability is assessed based on the carrying amount of a long-lived asset compared to the sum of the future undiscounted cash flows expected to result from its use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be determined, net of depreciation or amortization, if no impairment loss had been recognized. To December 31, 2023, \$nil (2021 - \$nil) impairment losses have been recognized in these consolidated financial statements.

f. Plant and Equipment

i. Costs capitalized

Costs are included in the plant and equipment's carrying value or recognized as a separate asset when it is probable that future economic benefits associated with the item will be realized and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the consolidated statement of loss.

ii. Derecognition

Plant and equipment is derecognized and removed from the consolidated statements of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured

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For the years ended December 31, 2023 and December 31, 2022

as the difference between the disposal proceeds, if any, and the carrying amount and are recognized in the consolidated statement of loss.

iii Depreciation

Plant and equipment are recorded at cost and are depreciated on a straight-line or declining balance basis over their estimated useful life which is as follows:

Furniture and fixtures	20% declining balance
IT equipment	4 to 10 years straight line
Broadcast equipment	2 to 10 years straight line
Right of use asset – building	5 years straight line
Right of use asset – other	1 to 2 years straight line

Leasehold improvements are depreciated on a straight-line basis over the remaining term of the related lease(s).

g. Intangible Assets

i Costs capitalized

Intangible assets (broadcast licenses and broadcast rights) are carried at cost less accumulated amortization and accumulated impairment losses.

ii Derecognition

Intangible assets are derecognized and removed from the consolidated statements of financial position up on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the disposal proceeds, if any, and the carrying amount and are recognized in the consolidated statement of loss.

iii Amortization

The Company amortizes intangible assets on a straight-line basis over their estimated useful lives. The amortization amount is included in Marketing and Distribution costs in the statements of loss. The Company monitors and reviews the useful lives, residual values, and amortization methods at least once a year and changes them if they are different from previous estimates. The Company recognizes the effects of changes in estimates in the consolidated statements of loss prospectively. The estimated useful lives for intangibles with finite lives are as follows:

Broadcast license	estimated life of the contract from 1 to 2 years
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h. Film rights

Amounts paid to acquire the rights to broadcast full length feature films or other media (media) are recorded at cost. For media under production the cost is not amortized until the media is delivered to the Company by the producers for broadcast. Prior to delivery the carrying value is assessed for impairment on an annual basis. The assessment includes the stage of completion of the media, its anticipated delivery and entertainment value. After delivery the media is amortized on a straight-line basis over the period the Company has a right to broadcast.

i. Leases

The Company accounts for its right of uses assets per IFRS 16. On the lease commencement date, a right-of-use asset and a corresponding lease liability are recognized. The right-of-use asset is initially measured at cost, which corresponds to the value of the lease liability adjusted for any lease payments made at or before the commencement date, lease incentives, initial direct costs incurred and estimated dismantling or restoration cost payable at the end of the lease. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise (where applicable):

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Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and December 31, 2022

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

This policy is in place for all leases except for short-term leases (less than 12 months) and leases of low value where the Company recognizes lease payments made as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of the benefit obtained from the lease.

j. Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

k. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are stated at cost, which approximates fair value due to the short term nature of these liabilities.

l. Other Comprehensive Income/Loss

Other comprehensive income/loss represents the change in net equity for the period that arises from unrealized gains and losses on financial instruments accounted for through OCI. Amounts included in other comprehensive income are shown net of tax.

The Company does not have any other comprehensive income or loss items.

m. Cash and Cash Equivalents

Cash comprises deposits held in financial institutions, and cash equivalents, which are short term investments with an original maturity of three months or less. All are stated at their fair value.

n. Income Taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in the consolidated statement of loss except to the extent that they relate to a business combination, or items recognized directly in equity or other comprehensive income.

The calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences will reverse. Deferred tax assets are recognized for unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable income will be available in the future.

o. Employee Benefits

i. Short-term employee benefits

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For the years ended December 31, 2023 and December 31, 2022

Short term employee benefit obligations are measured on an undiscounted basis and are recognized as a liability and expense as employees render service.

ii. Termination benefits

Termination benefits are recognized as a liability and an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a detailed formal plan to either terminate employment of an employee before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary departure. Where termination benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

p. Marketing and Distribution Costs

Management considers program, broadcast costs, satellite, fiber and advertising costs to be marketing and distribution costs. Program and broadcast costs represent contractual rights acquired from third parties to broadcast television programs. Satellite and fiber costs represent the cost to receive and deliver broadcast signals from third party suppliers and to deliver the signals to BDUs. Advertising represents the cost to market and promote the various television programs and multi-year sports programming arrangements.

q. Government Grants

Government grants are recognized if there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants received or receivable are applied to reduce the expense to which they relate.

r. Dividends

Dividends are not recognized in the consolidated financial statements until they have been approved and declared by the Board of Directors.

s. Earnings per Share

The Company presents basic and diluted earnings/loss per share data. Basic earnings/loss per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The diluted earnings per share is determined by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding after adjusting for potentially dilutive effects of instruments that are convertible into common shares.

t. Foreign Currency Translation

i. Monetary assets and liabilities

Foreign currency transactions are translated at the rates of exchange in effect at the date of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on foreign exchange are recognized in the consolidated statement of income/loss.

ii. Non-monetary assets and liabilities

Non-monetary assets and liabilities that are measured on a historical cost basis are translated at the rates of exchange in effect at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on foreign exchange are recognized in the consolidated statement of income/loss.

u. Borrowing Costs

The Company expenses borrowing costs in the period the costs are incurred.

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For the years ended December 31, 2023 and December 31, 2022

v. Critical Accounting Estimates, Judgments and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Examples of significant estimates include:

- Estimated useful life of assets;
- Allowance for doubtful accounts;
- Deferred income taxes;
- Determination of lease term of contracts with renewal options
- Incremental borrowing rate of leases.

New and amended IFRS Accounting Standards that are not yet effective

Classification of liabilities as current or non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The Company expects to apply the amendment to the classification of liabilities on June 1, 2023, and adopting this amendment is not expected to have a significant impact on the company's financial statements.

Disclosure of accounting policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The Company expects to apply the amendment to the disclosure of accounting policies on June 1, 2023, and adopting this amendment is not expected to have a significant impact on the company's financial statements.

3 Capital Risk Management

The Company defines capital as the aggregate of shareholders' equity (excluding accumulated other comprehensive income) and long-term liabilities (excluding deferred income taxes).

The components of the Company's capital structure are as follows:

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	2023	2022
Long-term debt	\$ 41,233	\$ -
Notes payable	625,000	
Lease obligations	2,032,768	2,606,101
Shareholders' equity	26,732	1,456,204
Ratio	0.01	0.72

The Company's overall capital management objectives are to create shareholder value through organic growth of its operations and through acquisitions, and to maintain the most optimal capital structure to minimize its cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to generate cash and reduce debt as necessary.

4 Other receivable

The Company has been utilizing the Canadian Film or Video Production Tax Credit (CPTC) for films it produced in previous years. A portion of the CPTC is allocated to the Company's various tax accounts to offset taxes owed, while the remainder is refunded in cash.

As at December 31, 2023, the Company had \$521,579 (December 31, 2022 - \$262,692) of CPTC allocated to various tax accounts which were yet to be utilized.

During the year, the Company continued to be approved for tax credits to subsidize part of its qualified labor expenditure it incurred in prior periods. The tax credit accrued during the year in accounts receivable, amounted to \$410,000 (2022-\$430,000) and is presented as a reduction in its employee costs line on the statements of loss.

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For the years ended December 31, 2023 and December 31, 2022

5 Operating Revenue

	2023	2022
Subscription	\$ 5,602,833	\$ 5,976,592
Advertising	1,509,758	1,789,486
Programming	59,235	142,546
Finance income	98,809	61,069
Total	\$ 7,270,635	\$ 7,969,693

During the year, the Company has brought back into Subscription revenue \$-Nil (2022 - \$-Nil) of unused advertising commitments that expired during the year.

6 Marketing and Distribution Costs

	2023	2022
Programming and broadcast costs	\$ 4,361,321	\$ 4,312,755
Satellite and fiber costs	426,923	514,990
Advertising	85,042	43,606
Marketing and other distribution costs	3,068	133,311
Total	\$ 4,876,354	\$ 5,004,662

7 Depreciation and amortization

Depreciation and amortization for the period is recognized in the consolidated income statement as follows:

	2023	2022
Broadcast equipment	\$ 141,177	\$ 287,943
IT equipment	9,928	11,511
Furniture and fixtures	4,613	5,766
Right of use assets	537,426	559,566
Vehicles	3,817	
Leasehold improvements	31,121	32,002
Depreciation	728,083	896,788
Amortization - broadcast licenses included in marketing and distribution costs	224,998	162,200
Total depreciation and amortization	\$ 953,081	\$ 1,058,988

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8 Income Taxes

The total income tax recovery varies from the amounts that would be computed by applying the weighted average statutory tax rate to net income before income taxes of the Company and its wholly owned subsidiaries for the following reasons:

	2023	2022
Statutory tax rate	26.50%	26.50%
Loss before tax	\$ 1,429,472	\$ (994,890)
Income tax recovery at the statutory tax rates applied to income before income taxes	(353,601)	(263,646)
Increase (decrease) in income taxes resulting from:		
- Non-deductible permanent differences and other		1,339
- Deferred tax assets not recognized	(353,601)	262,300
Income tax expenses (recovery)	\$ -	\$ -

Significant deferred tax assets and liabilities arising from the effect of temporary differences are as follows:

	2023	2022
Plant and equipment	\$ 518,343	\$ 303,583
Non-capital losses	761,063	628,885
Other items	-	-
Deferred tax assets	\$ 1,279,406	\$ 932,468

The total deferred tax asset on non-capital losses to date not recognized as of December 31, 2023 is \$761,000 (2022 – \$629,000). There is uncertainty that there may not be adequate taxable income in the foreseeable future against which these losses can be utilized. The Company has approximately \$3,223,000 (2022- \$2,870,000) in taxable losses being carried forward.

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9 Authorized & Share Capital

The Company's authorized and issued capital are as follows:

- An unlimited number of Class "A" preference shares, with no par value, with a \$0.12 cumulative dividend, payable on the third anniversary date from issuance. They are non-voting, redeemable and retractable at the amount paid thereon after the third anniversary date from issuance and convertible at the option of the holder at the rate of \$225,000 of preference shares in exchange for 1% issued and outstanding common shares. None of this class of shares are outstanding.

- An unlimited number of Class "B" preference shares, with no par value, which have non-cumulative dividends, are non-voting, and are redeemable and retractable at the amount paid thereon. None of this class of shares are outstanding.

- An unlimited number of common shares with no par value. The following details the issued and outstanding common shares for the years ended December 31, 2023 and December 31, 2022:

Common shares	Number	Dollar amount
Balance, January 1, 2022	24,402,914	\$ 6,025,852
Issued, repurchased or cancelled shares	-	-
Balance, December 31, 2022	24,402,914	6,025,852
Issued, repurchased or cancelled shares	-	-
Balance, December 31, 2023	24,402,914	\$ 6,025,852

10 Loss per Share

The following table sets forth the computation of basic and diluted income (loss) per share for the comparable periods:

	2023	2021
Numerator for basic and diluted income (loss) per share available to common shareholders		
Net income (loss) attributable to common shareholders	\$ (1,429,472)	\$ (994,890)
Denominator for basic income (loss) per share - weighted average number of shares outstanding	24,402,914	24,402,914
Basic and dilutive income (loss) per share	\$ (0.06)	\$ (0.04)

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11 Plant and equipment

	December 31, 2023			December 31, 2022		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Furniture and fixtures	\$ 327,661	\$ 305,920	\$ 21,741	\$ 327,661	\$ 301,307	\$ 26,354
IT equipment	476,671	466,220	10,451	517,377	456,292	61,085
Broadcast equipment	5,921,909	5,662,887	259,022	6,210,926	5,851,434	359,492
Leasehold improvements	466,580	340,389	126,191	466,580	309,267	157,313
Vehicles	85,844	51,491	34,353	-	-	-
Right of use asset – building	2,861,750	1,136,352	1,725,397	6,220,303	3,989,808	2,230,495
Right of use asset – other	-	-	-	211,177	178,848	32,329
	\$ 10,140,415	\$ 7,963,259	\$ 2,177,155	\$ 13,954,024	\$ 11,086,956	\$ 2,867,068

Changes in the net carrying amounts of plant and equipment during 2023 are summarized as follows:

	January 1, 2023				December 31, 2023	
	Net book value	Additions	Disposals	Depreciation	Disposals / Other	Net book value
Furniture and fixtures	\$ 26,354	\$ -	\$ -	\$ (4,613)	-	\$ 21,741
IT equipment	61,085	-	-	(9,928)	(40,706)	10,451
Broadcast equipment	359,492	-	-	(141,176)	40,706	259,022
Leasehold improvements	157,313	-	-	(31,122)	-	126,191
Vehicles	-	38,170	-	(3,817)	-	34,353
Right of use - building	2,230,495	-	-	(505,098)	-	1,725,398
Right of use – other	32,329	-	-	(32,329)	-	-
	\$ 2,867,068	\$ 38,170	\$ -	\$ (728,083)	\$ -	\$ 2,177,155

Changes in the net carrying amounts of plant and equipment during 2022 are summarized as follows:

	Net book	Additions	Disposals	Depreciation	Disposals/Others	Netbook Value
Furniture and fixtures	\$ 32,120	-	-	\$ (5,766)	-	\$ 26,354
IT equipment	72,596	-	-	(11,511)	-	61,085
Broadcast equipment	438,175	211,610	-	(290,293)	-	359,492
Leasehold improvements	189,319	-	-	(32,006)	-	157,313
Right of use - building	2,735,571	-	-	(505,076)	-	2,230,495
Right of use – other	84,465	-	-	(52,136)	-	32,329
	\$ 3,552,246	\$ 211,610	\$ -	\$ (896,788)	\$ -	\$ 2,867,068

The total cash outflow, including interest and principal, for the building lease and other leases presented as right of use for the year ended December 31, 2023 and 2022 was \$573,333 and \$550,465 respectively.

The right of use - building lease represents the Company's head office as described in Note 1 above. The right of use - other assets primarily consist of broadcast equipment and vehicles that are being leased along with other software.

The total amount of interest expense on lease liabilities during the year ended December 31, 2023 was \$74,427 (2022 – \$85,876).

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For the years ended December 31, 2023 and December 31, 2022

12 Intangible assets

	December 31, 2023			December 31, 2022		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated depreciation	Net book value
Broadcast licenses & Broadcast	\$ 5,144,148	\$ 4,955,957	\$ 188,191	\$ 4,837,438	\$ 4,730,959	\$ 106,479
Film rights	175,000	-	175,000	85,000	-	85,000
	\$ 5,319,148	\$ 4,955,957	\$ 363,191	\$ 4,922,438	\$ 4,730,959	\$ 191,479

Changes in the net carrying amounts of intangible assets are summarized as follows:

	January 1, 2023			December 31, 2023		
	Net book value	Additions	Disposals	Amortization	Disposals/Others	Net book value
Broadcast licenses & Broadcast	\$ 106,479	\$ 306,710	\$ -	\$ (224,998)		\$ 188,191
Film rights	85,000	90,000	-	-		175,000.00
	\$ 191,479	\$ 396,710	\$ -	\$ (224,998)	\$ -	\$ 363,191

Changes in the net carrying amounts of intangible assets are summarized as follows:

	January 1, 2022			December 31, 2022		
	Net book value	Additions	Disposals	Amortization	Disposals/Others	Net book value
Broadcast licenses & Broadcast	\$ 4,748	\$ 263,931	\$ -	\$ (162,200)		\$ 106,479
Film rights	-	85,000	-	-		85,000.00
	\$ 4,748	\$ 348,931	\$ -	\$ (162,200)	\$ -	\$ 191,479

13 Restricted Cash

The Company holds a 1-year term deposit of \$500,000 with a simple interest of 4.25% (2022 – 0.7%) per annum and matured on January 10, 2024.

As at December 31, 2023, the term deposit had an accrued interest income receivable of \$20,726 (December 31, 2022 - \$3,500) which was included in trade and other receivables. During the year ended December 31, 2023, the Company recorded an interest income of \$20,726 (2022 - \$3,500) which was included in finance income.

Subsequently, on January 10, 2024, the Company renewed the term deposit for another one year with a simple interest of 4.8% per annum, maturing on January 9, 2025.

14 Long-term Investments

Long-term investments are Guaranteed Investment Certificates held at a major Canadian financial institution with maturities greater than one year after year end.

To secure for the Company's line of credit (note 16), the Company invested in a GIC of \$500,000 on August 23, 2022. The GIC is non-redeemable with a compound interest of 4.27% per annum and a mature date of February 23, 2024. As at December 31, 2023, the accrued interest income receivable was \$29,340 (December 31, 2022 - \$7,663) which was included in trade and other receivables. During the year ended December 31, 2023, the Company recorded an interest income of \$21,677 (2022 - \$7,663) which was included in finance income.

On August 23, 2022, the Company invested in another non-redeemable GIC for \$610,000 with a compound interest of 4.37% per annum and a mature date of August 23, 2024. As at December 31, 2023, the accrued interest income receivable was \$36,642 (December 31, 2022 - \$9,567) which was included in trade and other receivables. During the year ended December 31, 2023, the Company recorded an interest income of \$27,075 (2022 - \$9,567) which was included in finance income.

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On August 23, 2022, the Company invested in various non-redeemable GIC for a total of \$500,000 with a interest of 4.06% per annum and a mature date of August 23, 2023. As at December 31, 2023, the accrued interest income receivable was \$Nil (December 31, 2022 - \$7,230) which was included in trade and other receivables. During the year ended December 31, 2023, the Company recorded an interest income of \$13,070 (2022 - \$7,230) which was included in finance income.

On August 23, 2022, the Company invested in a redeemable GIC of \$390,000 with a compound interest of 4.40% per annum and a mature date of August 23, 2024. As at December 31, 2023, the accrued interest income receivable was \$Nil (December 31, 2022 - \$6,117) which was included in trade and other receivables. During the year ended December 31, 2023, the Company withdrew the funds before maturity and recorded a loss on interest income of \$6,117 (2022 – income of \$6,117) which was included in finance income.

15 Accounts Payable and Accrued Liabilities

	December 31, 2023	December 31, 2022
Accounts and other payable	\$ 3,033,749	\$ 2,581,902
Accrued liabilities	604,097	486,690
Total	\$ 3,637,846	\$ 3,068,592

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16 Bank indebtedness

The Company has an authorized line of credit (the "Line") of a maximum of \$500,000 at a Canadian financial institution. The interest rate applicable is the financial institution's prime rate plus 0.5%, per annum. \$200,000 of the \$500,000 line of credit is utilized as of December 31, 2023 (2022 - \$330,000).

The lending is secured by a \$500,000 Guaranteed Investment Certificate held with the same major Canadian financial institution which bears interest at the prevailing GIC rate when it is renewed (note 13).

17 Commitments

In the normal course of its operations, the Company has entered into agreements for the acquisition of program rights to be aired on its television network along with agreements for signal delivery to distribute the acquired rights to Broadcast Distribution Undertakings with terms ranging from one to two years. The acquisition of the rights and related obligations is contingent on the actual delivery of programming by the supplying partners and on other contractual terms. The total commitment for programming rights, signal delivery and other commitments that are measurable, as at December 31, 2023, are estimated as follows:

2024	787,840
2025	719,692
Thereafter	882,112
	\$ 2,389,644

18 Related Party Transactions

Transactions with key management personnel

Key management personnel include the directors and senior management of the Company that are primarily responsible for planning, directing and controlling the Company's business activities.

During the year ended December 31, 2023, compensation expense for key management is included in employee costs at \$786,816 (2022 - \$928,763). During the year ended December 31, 2023, the Company also incurred consulting fees of \$132,500 (2022 - \$10,000) to the new CFO of the Company. These consulting fees were included in administrative expenses.

19 Financial Instruments

a. Risks Arising from Financial Instruments

In the normal course of business, the Company has exposure, consisting primarily of interest rate risk, credit risk, foreign exchange risk and liquidity risk, arising from its financial instruments. The Company manages these risk exposures on an ongoing basis.

i Interest rate risk

Borrowing under the Company's Line of credit is subject to interest rate fluctuations. The Company is not materially exposed to interest rate risk.

Furthermore, interest rate fluctuations could have an impact on the Company's interest income that it earns on its cash deposits. The Company has an investment policy designed to safeguard its capital and generate a reasonable return. The policy sets out the types of permissible investment instruments, their concentration and acceptable credit ratings.

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Notes to Consolidated Financial Statements

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19 Financial Instruments - continued

a. Risks Arising from Financial Instruments – continued

i. Interest rate risk - continued

Interest rate fluctuations also have an impact on the Company's consolidated net income and comprehensive income. With all other variables held constant, a 1% interest rate change would have an insignificant impact to the consolidated net income.

ii Foreign currency risk

A portion of the Company's revenue and expenses are in foreign currencies. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations.

Changes in foreign exchange rates may cause translation effects that have a significant impact on operating costs and consolidated net income. A 10% strengthening of the Canadian dollar, which is not hedged, for the year ended December 31, 2023 would have a positive impact of \$17,000 (2021 - \$17,000) on net income. A 10% weakening would have an equal but opposite impact. This sensitivity analysis was prepared by using the average monthly foreign exchange rates over the period adjusted for a 10% variation and applied to those transactions during the period in the relevant foreign currency.

iii. Credit risk

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument for which the Company is entitled to receive payment fails to perform. Trade and other receivables arise mainly from monthly wholesale fees charged to BDUs in connection with specialty and pay television subscriptions and from the sales of advertising aired on the Company's television channels.

Customers distributing the Company's television services are generally large companies with stable financial conditions, thereby mitigating the Company's credit risks related to accounts receivable from such customers. The Company's credit exposure emanating from advertising transactions with advertising agencies and direct clients is influenced by the global economic environment. The Company performs ongoing customer credit evaluations. Allowances, which are estimated on the basis of historical loss rates adjusted for current events, are monitored by management on an ongoing basis. Accounts receivable are written off against the allowance for doubtful accounts only when the Company believes that an outstanding amount will not be recovered. For the year ended December 31, 2023, the Company increased by \$6,860 (2022 – increased \$921) its allowance for doubtful accounts in operating expenses on the consolidated income statements. Historically, the Company has not suffered any material losses related to credit risk. The Company manages its accounts receivable on an ongoing basis and every month management reviews the accounts receivable aging.

The maximum credit risk to which the Company is exposed equals its accounts receivable are aged as follows as at December 31, 2023:

	2023	2022
Current	\$ 1,387,238	\$ 1,111,049
31-60 days	228,942	137,929
61-90 days	32,739	171,772
Over 90 days	403,525	215,269
	2,052,444	1,636,019
Less: allowance for doubtful accounts	(66,324)	(73,184)
Total	\$ 1,986,120	\$ 1,562,835

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iii Credit risk - continued

Given the limited number of clients distributing its television services, the Company faces a high degree of concentration risk. As at year end, three major customers accounted for 50% of total trade receivables.

Credit risk from investing activities is minimized by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

iv. Market risk

The loss of an important relationship would have a significant impact on the Company. To mitigate this risk, the Company enters into long-term contracts with its major clients who are Broadcast Distributions Undertakings. Furthermore, the Company has developed a broad selection of popular pay and specialty services that deliver quality programming. ATN's services have thus become key and highly demanded components of the offerings of those distributors in the markets they serve. For the year ended December 31, 2023, approximately 79% (2022 - 68%) of the Company's revenue was derived from three broadcast distributors 49%, 17% and 13% (2022 - 38%, 19% and 11%).

v. Liquidity risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come to maturity or can only do so at excessive costs. Based on the Company's ability to generate cash flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt service and its current and longer-term commitments. Therefore, management evaluates that the Company's liquidity risk is low. The liquidity risk is also considered to be low due to the fact that the Company has access to the unused portion of its credit facilities which amounted to \$300,000 as at December 31, 2023. Finally, the Company manages its liquidity risk by monitoring its cash resources through ongoing financial and cash flow forecasts.

b. Fair Values

The carrying values of cash, trade and other receivable, accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments. The fair value of the Company's long-term debt and lease obligation is not significantly different from its carrying amount, due to the market rate of interest charged on the balance.