Trading Symbols (TSX-V: LM; OTC: LMDCF)

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Lingo Media Corporation

Form 51 – 102 F1

Management Discussion & Analysis

For the Year Ended December 31, 2020

April 30, 2021

MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Notice to Reader

The following Management Discussion & Analysis ("MD&A") of Lingo Media Corporation's (the "Company" or "Lingo Media") financial condition and results of operations, prepared as of April 30, 2021, should be read in conjunction with the Company's Consolidated Financial Statements and accompanying Notes for the years ended December 31, 2020 and 2019, which have been prepared in accordance with International Financial Reporting Standards are incorporated by reference herein and form an integral part of this MD&A. All dollar amounts are in Canadian Dollars unless stated otherwise. These documents can be found on the SEDAR website www.sedar.com.

Our MD&A is intended to enable readers to gain an understanding of Lingo Media's current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current year to those of the preceding comparable year. We also provide analysis and commentary that we believe is required to assess the Company's prospects. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on prospects. Readers are cautioned that actual results could vary.

Cautions Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements, which reflect management's expectations regarding the Company's results of operations, performance, growth, and business prospects and opportunities.

Statements about the Company's future and intentions, results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. Wherever possible, words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency exchange rates and technology changes. More detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the "Quantitative and Qualitative Disclosures of Market Risk" section of this MD&A.

Summary Description of Lingo Media

Lingo Media ("Lingo Media," the "Company," "we" or" us") is an EdTech company that is '*Changing the way the world learns languages'* through the combination of education with technology. The Company is focused on online and print-based technologies and solutions through its two subsidiaries: Lingo Learning Inc. (Lingo Learning") and ELL Technologies Ltd. ("ELL Technologies"). Through its two distinct business units, Lingo Media develops, markets and supports a suite of English and other language learning solutions consisting of web-based software licensing subscriptions, online and professional services, audio practice tools and multi-platform applications. In addition, the Company operates its textbook publishing business from which it collects recurring royalty revenues.

Lingo Media's two distinct business units include ELL Technologies and Lingo Learning. ELL Technologies is an online educational technology ("EdTech") language learning training and assessment company that creates innovative software-as-a-service elearning solutions. ELL Technologies market consists of educational institutions (such as schools, high schools, vocation schools, universitites, etc.) and corporations. ELL Technologies sells and markets its online language learning soluitons in Latin America, Asia, Europe, and the U.S. Lingo Learning is a print-based publisher of English language learning textbook programs in China. The Company has formed successful relationships with key government and industry organizations, establishing a strong presence in China's education market.

The Company continues to invest in its underlying technology, including features and scalability, as well as, language content and leverage its industry expertise to expand into more scalable education technology. Recent product initiatives have allowed us to expand the breadth of our language learning product offerings. The Company's web-based EdTech learning segment continues to present a significant opportunity for long-term value creation.

Lingo Media's strategy is to focus on sales channels and relationships while continuously developing its content and technology offerings.

Operational & Corporate Highlights

- Online English Language Learning:
  - ✓ entered into an agreement to sell *English for Success* to Liberty University
  - ✓ entered into an agreement with one of the largest global language learning providers in Colombia to market its *Campus* program as a white label solution to their customers base
  - ✓ added advanced functionality for distributors to manage their clients' relationships through monitoring inventory of licenses and other key metrics
  - ✓ signed new distributor in Costa Rica, Learning 506
  - ✓ signed new distributor in Colombia, CAEÉ S.A.S.
  - ✓ advanced development of its teaching methodology course
  - ✓ enhanced reporting functionality and depth
  - ✓ improved chat functionality
  - ✓ continued development of its new mobile APP
  - ✓ secured two sales contracts with a customer in Japan (first client in Japan)
  - ✓ signed a new distributor in Brazil and two new distributors in Chile
  - ✓ secured sales contracts with two universities in Colombia
  - ✓ conducted a series of webinars in LATAM and Asia for teachers to help them deal with the COVID/remote teaching challenges with over 2,000 attendees

✓ in concert with the Canadian Embassy in Colombia, presented to key organizations on how to best teach online

✓ signed a new distributor in China

- Print-Based English Language Learning:

  ✓ expanded existing market for *PEP Primary English* program into one additional province in China

Online Language Learning

ELL Technologies has developed and is marketing one of the largest libraries of online language learning resources in the world. The library has more than 3,000 hours of interactive learning through a number of product offerings that include *Winnie's World, English Academy, Campus*, *English for Success*, *Master* and *Business* in addition courses to learn French, Mandarin, Spanish, and Portugues languages. ELL Technologies is primarily marketed in Latin America, Asia, Europe, and now the U.S. through a network of distributors and earns its revenues from online and offline licensing fees from its suite of web-based language learning products and applications.

ELL Technologies' high-tech, easy to implement eLearning Software-as-a-Service solutions have positioned the Company to provide learners of all ages and levels of English proficiency with a platform to further their language learning development.

All products have been designed by our proprietary tools enabling ELL Technologies to market and sell to academic institutions and governments. Educators who license the platform are able to easily assign, and arrange lessons and courses as they see fit, hence, personalizing the learning to a particular individual's needs and progress.

Formative assessments and data gathering functionality allows us to adapt and improve content. Based on that data, we are able to program iterations to address specific problem areas and to make learning more accessible, efficient and measurable. Built for learners, by learners, we empower educators and allow them to easily transition from pure classroom paper-based teaching to the online world.

Summary of our 2020 product development achievements as follows:

- advanced development of its teacher methodology course
- completed advanced functionality for distributors to manage the relationship with their clients through inventory of licenses and other key metrics
- completed the development of resource allocation functionality in the LMS for teachers
- enhanced reporting functionality and depth
- improved chat functionality
- added alerts and notifications to distributor and client dashboards
- added content focusing on basic level for *English for Success* product (Pre-A1)
- developed and released a new starter level for *English For Success*
- continued work on a new mobile APP
- initiated development of new assessment and achievement tests
- provide teachers access to its library of 1800 hours of learning to be assigned to students
- Add functionality and speed optimization for the LMS
- continued to develop a new starter level for *Campus* product

Print-Based English Language Learning

The Company has been operating a textbook publishing business through Lingo Learning, a print-based publisher of English language learning programs in China since 2001. Lingo Learning has an established presence in China's education market of over 300 million students. To date, it has co-published more than 784 million units from its library of program titles.

Overall Performance

During 2020, Lingo Media recorded revenues of $2,102,054 as compared to $1,956,222 in 2019, an increase of 7%. Net profit was $1,110,379 as compared to net profit $162,566 in 2019 resulting in a $0.03 earning per share as compared to $0.00 earnings per share in 2019. Total comprehensive income was $1,077,609 as compared to a total comprehensive income of $113,817 in 2019. In 2020, the Company received Ontario Interactive Digital Media Tax Credit ("OIDMTC") of $904,940 which was recorded as reduction of Selling, General and Administrative Expense. In absence of the OIDMTC and corresponding direct cost, the Company's total comprehensive income would be $399,736 as compared to $113,817 in 2019. Share-based payments of $23,144 was recorded in 2020 as compared to $93,865 in 2019. In addition, cash generated in operations in 2020 was $728,124 as compared to $278,455 in 2019.

Online English Language Learning

ELL Technologies earned revenue from its portfolio of products of $340,036 for the year, compared to $282,018 in 2019.

Print-Based English Language Learning

Lingo Media earned royalty revenue of $1,762,018 in 2020 compared to $1,674,204 in 2019 from People's Education Press and People's Education & Audio Visual Press.

Market Trends and Business Uncertainties

Lingo Media believes that the global market trends in English language learning remain strong and will continue to grow. COVID-19 forced many schools in our target markets to close. For the majority of the year schools and universities had difficulty forming decisions regarding the purchase of online solutions due to lower admission rate, financial difficulties, and technological challenges. However, towards the end of 2020, we have noticed a growing acceptance towards purchasing and increase demand for our solutions which we anticipate to grow towards 2021.

The British Council suggests that there are 1.6 Billion people learning English globally. English language learning products and services are currently a US$8.9 Billion global market notes Orbit Research.

GlobalEnglish forecasts the global eLearning market to grow to 17% year over year. Markets and Markets forecasts the global EdTech market to grow from US$43.27 Billion in 2015 to US$93.76 Billion to 2020, or at a CAGR or 16.72%.

Latin American Region

The Inter-American Dialogue recently noted that while English language training programs exist in various forms throughout Latin American region, there are three key factors that these programs must address to be successful: ensuring continuity, developing a strong monitoring and evaluation framework, and addressing the lack of sufficient qualified teachers. Students attending English language training ("ELT") classes in Latin America accounted for approximately 14 per cent of worldwide revenues, or US$321-million in 2017. Growth has been very rapid in the Latin American region and represents a particularly strong opportunity moving forward relative to other geographic regions.

Asia-Pacific Region

Technavio forecasts the English language training ("ELT") market in China to be worth US$75 Billion by 2022, growing at a CAGR of 22%. The growth of the ELT market in China is driven by more people desiring to learn English, the adaptation of smartphones, increasing levels of disposable income, and the inherent advantages of online education. Technavio also notes that 49% of the growth in the global digital English language learning market will come from the Asia-Pacific region.

Lingo Media is positioned to take advantage of the market opportunity for English language training in Latin America and Asia, with its scalable digital language learning technology and solutions. Although the market outlook remains positive, there can be no assurance that this trend will continue or that the Company will benefit from this trend.

General Financial Condition

As at December 31, 2020 Lingo Media had working capital balance of $1,896,556 compared to $716,526 as at December 31, 2019. Net profit for the year ended December 31, 2020 was $1,110,379 compared to net profit of $162,566 for the year ended December 31, 2019.

Financial Highlights

For the Year Ended December 31	2020	2019	2018
Revenue			
Print-Based English Language Learning	$1,762,018	$1,674,204	$1,686,514
Online English Language Learning	340,036	282,018	253,668
	2,102,054	1,956,222	1,940,182
Net Profit (Loss) for the Year	1,110,379	162,566	(104,156)
Earnings per Share			
Basic	0.03	$0.00	$(0.00)
Fully Diluted	0.03	$0.00	$(0.00)
Total Assets	2,396,035	1,951,990	1,302,004
Working Capital	1,896,556	716,526	505,430
Cash Provided – Operations	728,124	278,455	214,248

The Company had cash on hand as at December 31, 2020 of $1,212,778 (2019 - $442,489) and accounts receivable of $973,852 (2019 - $838,502) to settle its current liabilities of $459,009 (2019 - $686,068) leaving a working capital balance of $1,896,556 (2019 - $716,526).

Results of Operations

During the year, Lingo Media earned $340,036 in online licensing sales revenue as compared to $282,018 in 2019.

Revenues from Print-Based English language learning for the period were $1,762,018 compared to $1,674,204 in 2019 as a result of increasing in Print-based sales in China. Direct costs associated with publishing revenue are relatively modest and have been consistent throughout the years. The Company continues to maintain its relationship with PEP and is investing in new updated editions of its programs and marketing activities to maintain and increase its royalty revenues.

During 2020, Lingo Media recorded revenues of $2,102,054 as compared to $1,956,222 in 2019. Net profit was $1,110,379 as compared to net profit $162,566 in 2019 resulting in a $0.03 earnings per share as compared to $0.00 earnings per share in 2019. In 2020, the Company received Ontario Interactive Digital Media Tax Credit (“OIDMTC”) of $904,940 which was recorded as reduction of Selling, General and Administrative Expense.

Selling, General and Administrative

Selling, general and administrative expenses were $74,108 compared to $997,159 in 2019. Selling, general and administrative expenses for the three segments are segregated below.

(i) Print-Based English Language Learning

Selling, general and administrative cost for print-based publishing decreased from $247,673 in 2019 to $71,477 in 2020 is primarily due to receiving government subsidies. The following is a breakdown of selling, general and administrative costs directly related to print-based English language learning:

For the Year Ended December 31	2020	2019
Sales, marketing & administration	**$ 62,634**	$ 53,056
General admin expense recovery	**(30,221)**	(83,771)
Consulting fees & salaries	**402,588**	399,044
Travel	**16,613**	40,402
Premises	**61,796**	59,665
Professional fees	**12,041**	14,664
Less: Grants	**(279,017)**	(235,387)
Government subsidies	**(174,957)**	-
	$ 71,477	$ 247,673

(ii) Online English Language Learning

Selling, general and administrative recovery related to online English language learning was ($566,064) for the year compared to an expense of $224,320 in 2019. The recovery is primarily due to the Company received Ontario Interactive Digital Media Tax Credit ("OIDMTC") and government COVID-19 subsidies.

For the Year Ended December 31	2020	2019
Sales, marketing & administration	**$ 104,407**	$ 152,803
General admin expense recovery	**(10,000)**	(1,737)
Consulting fees & salaries	**31,243**	560
Travel	**4,066**	11,331
Premises	**48,000**	48,000
Professional fees	**4,035**	13,362
Less: Government subsidies	**(69,942)**	-
OIDMTC	**(904,940)**	-
Direct Cost – media tax credit	**227,067**	-
	(566,064)	$ 224,320

(iii) Head Office

Selling, general and administrative costs related to head office was $568,695 for the year compared to $525,166 in 2019. Selling, general and administrative costs for this reporting unit increased in 2020 as compared to 2019, which is the result of decrease on expenditures related to professional fees and sharesholder services.

For the Year Ended December 31	2020	2019
Sales, marketing & administration	$ 54,678	$ 67,862
Consulting fees & salaries	370,255	315,810
Travel	-	1,249
Shareholder services	70,603	62,465
Professional fees	73,159	77,781
	$ 568,695	525,166
Total Selling and Administrative Expenses	**$ 74,108**	**$ 997,159**

Net Income

Total comprehensive income for the Company was $1,077,609 for the year ended December 31, 2020 as compared to total comprehensive income $113,817 in 2019. Total comprehensive income can be attributed to the two operating segments and head office as a reporting segement as shown below:

Online ELL	2020	2019
Revenue	$ 340,036	$ 282,018
Expenses:		
Direct costs	109,498	124,471
General & administrative	(566,064)	224,320
Bad debt expense	32,386	(85,491)
Amortization of property & equipment	1,030	1,280
Development costs	266,462	196,609
Income taxes and other taxes	907	3,814
	(155,781)	465,003
Segmented Profit (Loss) - Online ELL	**495,817**	**(182,985)**
Print-Based ELL		
Revenue	1,762,018	1,674,204
Expenses:		
Direct costs	219,911	87,836
General & administrative	71,477	247,673
Amortization of property & equipment	12,235	16,201
Amortization of office lease	17,346	83,381
Income taxes and other taxes	192,537	179,475
	513,506	614,565
Segmented Profit – Print-Based ELL	**1,248,512**	**1,059,639**
Head Office		
Expenses:		
General & administrative	568,695	525,166
Amortization of property & equipment	581	723
	569,276	525,889
Total Segmented Profit	**$ 1,175,053**	**$ 350,765**
Other		
Foreign exchange gain (loss)	(34,200)	38,351
Interest and other financial expenses	(7,331)	(51,898)
Share-based payment	(23,144)	(162,489)
Other comprehensive income (loss)	(32,770)	32,202
	(97,445)	(143,834)
Total Comprehensive Income (Loss)	**$ 1,077,609**	**$ (113,817)**

Foreign Exchange

The Company recorded foreign exchange loss of $34,200 as compared to foreign exchange loss of $10,584 in 2019, relating to the Company's currency risk through its activities denominated in foreign currencies as it is exposed to foreign exchange risk as a significant portion of its revenue and expenses are denominated in Chinese Renminbi and US Dollars.

Share-Based Payments

The Company amortizes share-based payments with a corresponding increase to the contributed surplus account. During the year, the Company recorded an expense of $23,144 compared to $93,865 in 2019.

Net Profit for the Year

The Company reported a net profit of $1,110,379 for the year as compared to net profit of $162,566 in 2019.

Total Comprehensive Income

The total comprehensive income is calculated after the application of exchange differences on translating foreign operations gain/(loss). The Company reported a total comprehensive income of $1,077,609 for the year ended December 31, 2020, as compared to a comprehensive income of $113,817 in 2019.

Summary of Quarterly Results

	Q1-20	Q2-20	Q3-20	Q4 – 20
Revenue	97,124	977,389	68,775	$ 958,766
Income / (Loss) Before Taxes and Other Comprehensive Income	237,055	727,949	(356,241)	695,059
Total Comprehensive Income / (Loss)	399,080	567,802	(400,723)	511,450
Income / (Loss) per Share (Basic)	$0.01	$0.02	$(0.01)	$0.01
	Q1 – 19	Q2 – 19	Q3 – 19	Q4 – 19
Revenue	$ 111,964	$ 895,205	$ 117,545	$ 831,508
Income / (Loss) Before Taxes and Other Comprehensive Income	(306,962)	520,553	(300,438)	432,701
Total Comprehensive Income / (Loss)	(328,899)	418,142	(320,519)	345,093
Income / (Loss) per Share (Basic)	$(0.00)	$0.01	$(0.01)	$0.01

Lingo Learning earns royalty revenues from its key customer, People's Education Press and People's Education & Audio Visual Press (collectively "PEP"), who are China's State Ministry of Education's publishing arm, on the following basis:

Lingo Learning earns significantly higher royalties from Licensing Sales compared to Finished Product Sales. People's Education Press provides Lingo Learning with sales reconciliations on a semi-annual basis. People's Education & Audio Visual Press provides Lingo Learning with sales reconciliations on a quarterly. Revenue from royalty and licensing sales is recognized based on confirmation of finished products produced by the Company's co-publishing partners and when collectability is reasonably assured. Royalty revenue from audiovisual products is recognized based on the confirmation of sales by its co-publishing partners, and when collectability is reasonably assured. Royalty revenues are not subject to right of return or product warranties. This revenue recognition policy causes an impact of higher revenues in the second and the fourth quarter of the year and lower revenues in the first and the third quarter.

Fourth Quarter 2020

In the fourth quarter, the Company earned revenue of $958,766 in 2020 as compared to $831,508 same period in 2019, an increase of 15% as a result of an increase of online licensing sales. In Q4, the Company records royalty revenues as discussed above. The Company recorded a total comprehensive income of $511,450 in the fourth quarter as compared to $345,093 in the same period of 2019. The improvement in profitability was primarily due to increase of online licensing sales and decrease of direct costs and development costs.

Liquidity and Capital Resources

As at December 31, 2020, the Company had cash of $1,212,778 compared to $442,489 in 2019. Accounts and grants receivable of $973,852 were outstanding at the end of the year compared to $838,502 in 2019. With 96% of the receivables from PEP and the balance due from ELL Technologies' customers, the Company does not anticipate an effect on its liquidity. Total current assets amounted to $2,355,562 (2019 - $1,402,594) with current liabilities of $459,006 (2019 - $686,068) resulting in working capital balance of $1,896,556 (2019 - $716,526).

Lingo Learning receives government grants based on certain eligibility criteria for publishing industry development in Canada and for international marketing support. These government grants are recorded as a reduction of general and administrative expenses to offset direct expenditure funded by the grant. The Company receives these grants throughout the year. The grant is applied based on Lingo Learning meeting certain eligibility requirements. The Company has relied on obtaining these grants for its operations and has been successful at securing them in the past, but it cannot be assured of obtaining these grants in the future.

Lingo Media has access to working capital through equity financings or debt financings, if and as required to finance its growth plans. The Company has been successful in raising sufficient working capital in the past.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet finance arrangements.

Transactions with Related Parties

The Company's key management includes Michael Kraft, Chairman, Gali Bar-Ziv, President & CEO, Khurram Qureshi, CFO in addition to its Board of Directors.

The Company had the following transactions with related parties, made in the normal course of operations, and accounted for at an amount of consideration established and agreed to by the Company and related parties.

The Company charged $24,000 (2019 - $84,442, 2018 - $165,726) to three corporations with directors in common for rent, administration, office charges and telecommunications of which $13,078 is included in accounts receivable.

Key management compensation was $392,766 (2019 - $335,000, 2018 – $360,672) and is reflected as consulting fees and commissions paid to corporations owned by officers of the Company, of which, $Nil (2019 - $53,000 , 2018 - $17,065) is unpaid and included in accounts payable and accrued liabilities. Options granted to key management was $5,325 ($2019 - $nil, 2018 - $25,988).

Recently Adopted Account Policy

The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparative information, as permitted under the specific transitional provisions in the standard in accordance with the modified retrospective approach for adoption. The reclassifications and the adjustments arising from the new leasing standard are therefore recognized in the opening consolidated balance sheet on January 1, 2019.

Under IFRS 16, a lessee recognizes a right-of-use asset and a lease obligation. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period. Upon adoption, the Company has elected to apply the available exemptions for short-term leases and leases of low-value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of the initial application would be accounted for in the same way as short-term leases. The Company has elected to use the practical expedient of excluding initial direct costs from the measurement of the right of use asset cost at the date of initial application.The Company has recognized low-value assets and short-term lease payments as an expense on a straight-line basis over the lease term.

The lease obligation is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. Lease payments do not include variable lease payments other than those that depend on an index or rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset.

The Company has included the estimated extension of their lease in the lease term in assessing the present value of future lease payments. The lease obligation is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability adjusted for lease inducements. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease obligation. Right-of use assets are depreciated in accordance with the Company's accounting policy for property and equipment.

On transition to IFRS 16, the Company recognized a right of use asset and lease obligation of $644,121. The recognition of the right of use asset is considered non-cash items within the statement of cash flows.

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Lingo Media has taken measures to protect its management, employees and contractors and has advised them to work from home and maintain a safe environment to ensure they are healthy and have minimal exposure to the risk of infection.

The Company has contacted all the parties it is working with to ensure they are all working in a safe environment. A number of such parties have had an impact on their operations and ability to collaborate, while, a large number have identified multiple new business opportunities due to COVID-19 and the stay at home order of students in many countries. Lingo Media is offering e-learning solutions which fit the challenges schools and universities are facing by providing an online language learning solutions. In addition, the Company has designed a number of promotions to ensure its clients can easily deploy its suite of products that are well suited for a quarantined environment.

Additional Disclosure

PROPERTY AND EQUIPMENT

	Computer and Office Equipment	Leasehold Improvements	Total
Cost, January 1, 2019	$ 97,875	$ 33,180	$ 131,055
Additions	450	-	450
Write off	(12,126)	-	(12,126)
Effect of foreign exchange	(1,371)	-	(1,371)
Cost, December 31, 2019	$ 84,828	$ 33,180	$ 118,008
Additions	2,319	-	-
Effect of foreign exchange	(1,371)	-	2,124
Cost, December 31, 2020	**$ 86,952**	**$ 33,180**	**$ 120,132**
Accumulated depreciation, January 1, 2019	$ 66,278	$ 11,613	$ 77,891
Charge for the year	6,595	11,613	18,208
Write off	(12,126)	-	(12,126)
Effect of foreign exchange	(1,180)	-	(1,180)
Accumulated depreciation, December 31, 2019	59,567	$ 23,226	$ 82,793
Charge for the year	5,314	8,532	13,846
Effect of foreign exchange	(192)	-	(192)
Accumulated depreciation, December 31, 2020	**$ 64,689**	**$ 31,758**	**$ 96,447**
Net book value, December 31, 2019	**$ 25,261**	**$ 9,954**	**$ 35,215**
Net book value, December 31, 2020	**$ 22,263**	**$ 1,422**	**$ 23,685**

RIGHT-OF-USE ASSET AND LEASE OBLIGATION

The Company has one office facility under lease. The lease term is 5 years from 2016, with an option to renew the lease for another 5 year term after that date.

Non-cancellable lease rentals are payable as follows:

Less than 1 year	**$ 42,523**
Between 1 and 5 years	**-**
	$ 42,523

On adoption of IFRS 16, the Company recognized lease obligations in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, "Leases". These obligations were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The lessee's incremental borrowing rate applied to the lease obligations on January 1, 2019 was 8%.

For the year ended December 31, 2020, variable lease payments of $19,600 were recorded.

The Company has equipment leases and and office lease in Beijing which it has determined are not recognized as right of use assets or lease liabilities as they are short-term and low dollar value.

The Company’s lease obligation and movements therein during the year ended December 31, 2020:

		Lease Obligation
Lease obligation recognized on adoption of IFRS 16 on January 1, 2019	$	**644,121**
Accretion on lease liability		**48,239**
Lease payment		**(117,598)**
Lease obligation recognized on December 31, 2019	$	**574,762**
Accretion on lease liability		**42,482**
Lease payment		**(117,598)**
Adjustment from lease modification		**(480,046)**
Lease obligation at December 31, 2020	$	**19,600**

The Company’s right-of-use assets and movements therein during the year ended December 31, 2020:

		Office Lease
Right-of-use assets recognized on adoption of IFRS 16 on January 1, 2019	$	**644,121**
Lease inducement recognized as a reduction of right-of-use asset on adoption		**(46,559)**
Depreciation on right-of-use assets		**(83,381)**
Right-of-use assets on December 31, 2019	$	**514,181**
Adjustment related to non-current lease obligation		**(480,047)**
Depreciation on right-of-use assets		**(17,346)**
Right-of-use assets at December 31, 2020	$	**16,788**

FINANCIAL INSTRUMENTS

a. Fair values

The carrying value of cash and accounts and grants receivable, approximates their fair value due to the liquidity of these instruments. The carrying values of accounts payables and accrued liabilities and loans payables approximate their fair value due to the requirement to extinguish the liabilities on demand or payable within a year.

b. Financial risk management objectives and policies

The financial risk arising from the Company’s operations are currency risk, liquidity risk and credit risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Group’s ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are as follows:

(i) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company’s exposure to the risk of changesin foreign exchange rates relates primarily to the Company’s monetary assets and liabilities denominated in currencies other than the Canadian Dollar and the Company’s net investments in foreign subsidiaries.

The Company operates internationally and is exposed to foreign exchange risk as certain expenditures are denominated in non-Canadian Dollar currencies.

The Company has been exposed to this fluctuation and has not implemented a program against these foreign exchange fluctuations.

A 10% strengthening of the US Dollars against Canadian Dollars would have increased the net equity by approximately $198,201 (2019 - $79,527) due to reduction in the value of net liability balance. A 10% of weakening of the US Dollar against Canadian Dollar at December 31, 2020 would have had the equal but opposite effect. The significant financial instruments of the Company, their carrying values and the exposure to other denominated monetary assets and liabilities, as of December 31, 2020 are as follows:

	2020	2019
	USD	USD
Cash	**820,597**	61,075
Accounts receivable	**751,586**	613,127
Accounts payable	**15,468**	61,885

(ii) Liquidity Risk

The Company manages its liquidity risk by preparing and monitoring forecasts of cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days. At December 31, 2020, the Company had cash of $1,212,778 (2019 - $442,489), accounts and grants receivable of $973,852 (2019 - $838,502) to settle current liabilities of $459,006 (2019 - $686,068).

(iii) Credit Risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation. The Company is primarily exposed to credit risk through accounts receivable. The maximum credit risk exposure is limited to the reported amounts of these financial assets. Credit risk is managed by ongoing review of the amount and aging of accounts receivable balances. As at December 31, 2020, the Company has outstanding receivables of $973,852 (2019 - $838,502). The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally financially established organizations, which limits the credit risk relating to the customers.

In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors. As at December 31, 2020, approximately 37%, $197,126 (2019 ‐ 68%, $133,740) of accounts receivable balances over 30 days were not impaired. The consolidated entity has a credit risk exposure with a company located in China, which as at December 31, 2020 owed the consolidated entity $924,096 (95% of trade receivables) (2019: $740,494 (89% of trade receivables)).This balance was within its terms of trade and no impairment was made as at December 31, 2020. The Company's payment terms range from 30 days to 60 days from the invoice date. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management believes that the expected credit loss allowance is adequate. The Company deposits its cash with high credit quality financial institutions, with the majority deposited within Canadian Tier 1 Banks.

Disclosure of Outstanding Share Data

As of April 30, 2021, the followings are outstanding:

Common Shares	–	35,529,192
Warrants	–	Nil
Stock Options	–	4,240,000

Approval

The Directors of Lingo Media have approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.