EVERYBODY LOVES LANGUAGES CORP.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

To the Shareholders of Everybody Loves Languages Corp.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the Management Discussion & Analysis is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee include some Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

AGT Partners LLP, an independent firm of Chartered Professional Accountants, is appointed by the Audit Committee of the Board to audit the consolidated financial statements and report directly to them their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 28, 2025

/s/ Gali Bar-Ziv	/s/ Khurram Qureshi
President & CEO	Chief Financial Officer

EVERYBODY LOVES LANGUAGES CORP.
As at December 31, 2024 and December 31, 2023

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EVERYBODY LOVES LANGUAGES CORP.
Consolidated Balance Sheets
(Expressed in Canadian Dollars, unless otherwise stated)
As at December 31, 2024 and December 31, 2023

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash	17	$ 2,466,331	$ 1,906,303
Accounts receivable	5,15,16	788,909	869,838
Prepaid and other receivables	11	246,437	259,691
		3,501,677	3,035,832
Non-Current Assets			
Non-current prepaid and other receivable	11	330,795	376,640
Property and equipment	6	9,817	11,035
TOTAL ASSETS		**$ 3,842,289**	**$ 3,423,507**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	15, 21	$ 107,610	$ 100,231
Accrued liabilities		133,916	130,502
Contract liabilities	7	289,347	158,418
Loans payable	8	-	80,000
TOTAL LIABILITIES		**530,873**	**469,151**
Equity			
Share capital	9	21,927,007	21,927,007
Share-based payment reserve	10	4,350,148	4,306,482
Accumulated other comprehensive income		(190,492)	(145,092)
Deficit		(22,552,655)	(22,973,882)
Equity attributable to the shareholders of ELL Corp.		3,534,009	3,114,515
Non-controlling interest	11,12	(222,592)	(160,159)
TOTAL EQUITY		**3,311,416**	**2,954,356**
TOTAL LIABILITIES AND EQUITY		**$ 3,842,289**	**$ 3,423,507**

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

EVERYBODY LOVES LANGUAGES CORP.
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	2024	2023
Revenue	16, 18	$ 2,433,632	$ 2,392,384
Selling, general and administrative	18,19,21	1,109,937	1,245,434
Direct costs	18,19	522,777	411,483
Development costs	19	499,818	499,084
Share-based payments	10	43,666	94,027
Bad debt		-	16,149
Depreciation – property and equipment	6	2,681	3,327
Total Expenses		**2,178,879**	**2,269,504**
Income from Operations		**254,753**	**122,880**
Interest income		(64,383)	(41,306)
Foreign exchange (gain)		(201,801)	55,068
Profit Before Income Tax		**520,937**	**109,118**
Income tax expense	22	162,143	68,545
Net Income for the Year		**358,794**	**40,573**
Other Comprehensive Income (Loss)			
Items that may be subsequently transferred to net profit (loss):			
Exchange gain (loss) on translating of foreign operation		(45,400)	11,783
Total Comprehensive Income		**$ 313,394**	**$ 52,356**
Income (loss) for the Year is Attributable to:			
Non-controlling interest	12	$ (62,433)	$ (59,938)
Shareholders of Everybody Loves Languages Corp.		421,227	100,511
		$ 358,794	**$ 40,573**
Total Comprehensive Income for the Year is Attributable to:			
Non-controlling interest	12,13	$ (62,433)	$ (59,938)
Shareholders of Everybody Loves Languages Corp.		375,827	112,294
		$ 313,394	**$ 52,356**
Earning per Shares			
Basic	13	$ 0.01	$ 0.00
Diluted	13	$ 0.01	$ 0.00
Shares Outstanding			
Basic	13	**35,642,524**	35,642,524
Diluted	13	**36,522,305**	39,232,524

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

EVERYBODY LOVES LANGUAGES CORP.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars, unless otherwise stated)

	Issued Share Capital (Note 9)		Share-Based Payment Reserve	Accumulated Other Comprehensive Income	Deficit	Equity Attributable to the Shareholders of ELL Corp.	Non-Controlling Interest (note 11,12)	Total Equity
	Number of common shares	Amount						
Balance as at January 1, 2023	**35,642,524**	**$ 21,927,007**	**$ 4,212,455**	**$ (156,875)**	**$ (23,074,393)**	**2,908,194**	**$ (100,221)**	**$ 2,807,973**
Profit for the year	-	-	-	-	100,511	100,511	(59,838)	40,573
Other comprehensive gain (loss)	-	-	-	11,783	-	11,783	-	11,783
Share-based payments charged to operations	-	-	94,027	-	-	94,027	-	94,027
Balance as at December 31, 2023	**35,642,524**	**$ 21,927,007**	**$ 4,306,482**	**$ (145,092)**	**$ (22,973,882)**	**$ 3,114,515**	**$ (160,159)**	**$ 2,954,356**
Profit (Loss) for the year	-	-	-	-	421,227	421,227	(62,433)	358,794
Other comprehensive gain (loss)	-	-	-	(45,400)	-	(45,400)	-	(45,400)
Share-based payments charged to operations	-	-	43,666	-	-	43,666	-	43,666
Balance as at December 31, 2024	**35,642,524**	**$ 21,927,007**	**$ 4,350,148**	**$ (190,492)**	**$ (22,552,655)**	**$ 3,534,008**	**$ (222,592)**	**$ 3,311,416**

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

EVERYBODY LOVES LANGUAGES CORP.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars, unless otherwise stated)

	2024	2023
Net Profit for the Year	$ 358,794	$ 40,573
Share-based payments	43,666	94,027
Unrealized foreign exchange (gain)	474	11,783
Depreciation - property and equipment	2,681	3,327
	405,616	149,710
Non cash working capital items:		
Accounts receivable	80,929	780,928
Prepaid and other receivables	13,254	99,260
Accounts payable	7,379	(194,456)
Accrued liabilities	3,414	13,824
Contract liabilities	130,929	(29,570)
Cash Generated from (Used in) Operating Activities	641,521	819,696
Cash Flow from Investing Activities		
Non-current prepaid and other receivable	-	(376,640)
Purchase of property and equipment	(1,493)	-
Cash (Used in) Investing Activities	(1,493)	(376,640)
Cash Flow from Financing Activities		
Loan repayment – CEBA (Note 8)	(80,000)	-
Cash Generated from Financing Activities	(80,000)	-
NET INCREASE IN CASH	560,028	443,056
Cash at the Beginning of the Year	1,906,303	1,463,247
Cash at the End of the Year	**$ 2,466,331**	**$ 1,906,303**

Supplemental cash flow information in Note 20

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

1. CORPORATE INFORMATION

Everybody Loves Languages Corp. ("ELL" or the "Company") is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Ontario and its shares are listed on the TSX Venture Exchange under the symbol "ELL" and inter-listed on the OTC Markets under the symbol "LMDCF" and Frankfurt Stock Exchange under the symbol "LIMA". The consolidated financial statements of the Company as at December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023 comprise the Company and its wholly owned subsidiaries: Lingo Learning Inc., Everybody Loves Languages Inc., Lingo Group Limited., Vizualize Technologies Corporation, Speak2Me Inc., and Parlo Corporation (the "Group"). The Company's 100% subsidiary Everybody Loves Languages Inc. holds 51% interest in Everybody Loves Languages Ltd., (Note 11, 12) a subsidiary partnering with Row 9-Digital to develop and sell language learning programs that teach reading, writing, speaking, and listening skills by using Hollywood film clips from popular movies.

Everybody Loves Languages Corp. ("ELL") is an edtech language-learning and content development company empowering language educators to easily transition from traditional teaching methods to digital learning by integrating education, edutainment, and technology. The Company provides online and print-based solutions through its two distinct business units: Everybody Loves Languages Inc. and Lingo Learning Inc. Everybody Loves Languages Inc. is a state-of-the-art technology platform that delivers personalized learning experiences in classrooms and online. Its programs provide innovative SaaS-based eLearning solutions, including online and offline content, a learning management system, assessments, real-time reports, speech recognition technology, and white-label tools. At the same time, Lingo Learning Inc. is the content development arm publishing print-based English language learning materials in China.

The head office, principal address and registered office of the Company is located at 20 Bay Street, 11th floor, Toronto, Ontario, Canada M5J 2N8.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These consolidated financial statements were authorized by the Board of Directors on April 28, 2025.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except as provided in note 4. The comparative figures presented in these consolidated financial statements are in accordance with the same accounting policies.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries controlled by the Company (the "Group"). Control exists when the Company is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-group balances, transactions, unrealized gains and losses resulting from inter-group transactions and dividends are eliminated in full.

2. BASIS OF PREPARATION (Cont'd)

2.4 Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Group. These consolidated financial statements are presented in Canadian Dollars, which is the Company's functional currency. The functional currency of Lingo Group Limited is United States Dollar ("USD"). All other subsidiaries' functional currency is Canadian Dollar ("CAD").

The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets, liabilities and contingent liabilities, revenues and expenses at the date of the consolidated financial statements and during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Information about critical judgements and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Determination of functional currency
- Recognition of government grant and grant receivable
- Recognition of deferred tax assets
- Valuation of share-based payments

4. MATERIAL ACCOUNTING POLICY INFORMATION

Future Accounting Changes

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. A liability is classified as non-current only if the entity has a substantive right at the end of the reporting period to defer settlement of the liability for at least 12 months. The right must be in place as of the reporting date; intentions or expectations are not relevant.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The adoption of the amendments has no impact on its consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.1 Lease

The Company recognizes a right-of-use asset and a lease obligation under IFRS 16. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

A lease obligation is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease obligation is measured at amortized cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease obligation is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

4.2 Revenue Recognition

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration we expect to receive in exchange for those goods or services. The Company enters into contracts that can include various combinations of goods and services, which are generally capable of being distinct and accounted for as separate performance obligations. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct goods and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

The consideration (including any discounts) is allocated between separate goods and services in a bundle on a relative basis based on their standalone selling prices ("SSP"). Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. In addition to these general policies, the specific revenue recognition policies for each major category of revenue are included below.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.2 Revenue Recognition

License of intellectual property

Royalty revenues primarily consist of revenues received from the license of intellectual property for print-based and audio-visual learning products. Royalty revenues are calculated on selling price using agreed upon rates for different product categories. Because the products are produced and manufactured by the co-publishing partners, the Company is entirely reliant on quantitites and pricing of poducts sold information provided by the co-publishing partners who are Government entities.

Training and support services provided for royalty contracts are delivered in advance of the underlying sale occurring, and, as such, royalty revenue is recognized when the underlying sale occurs, being the later of the satisfaction of the performance obligation and the underlying sale. Royalty revenues are not subject to right of return or product warranties. Royalty revenues are earned by Print-Based English Language Learning segment and relate to long-term contracts.

Online-based licenses

Online-based licensing revenue is generated from contracts with customers. The Company provides the right to access to hosted software over a contract term without the customer taking possession of the software. Revenue recognition commences on the date that license is activated and the customer has the right to access to the hosted software. Online-based licensing revenues are generated by Online language learning segment and relate to short-term contracts, recognized using straight-line method over the terms of the license period.

Offline licenses

Offline licensing revenue is generated from contracts with customers. Offline licenses provides the right to use perpetual language-learning software and is recognized at the point in time when the software is made available to the customer. When providing offline licenses, the customer can direct the use of, and obtain substantially all of the remaining benefits from, the license at the point in time at which the license is made available to the customer and the right to use the software has commenced. Offline license revenues are generated by Online language learning segment and relate to short-term contracts.

Sale of software

Software sales arise when the Company enters into contracts with customers to sell software, in which the delivery of the asset is the only performance obligation of the Company. The transaction price is fixed per the contract terms. Revenue from software sales is recognized at the point in time in which the customer obtains control of the asset, which occurs when the delivered asset is accepted by the customer.

Costs to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the Company expects the costs to be recoverable. The Company has determined that sales commissions meet the requirements to be capitalized. These capitalized costs are amortized consistent with the pattern of transfer to the customer for the goods and services to which the asset relates.

Amortization of the asset is included in cost of sales in the consolidated statements of operations. Applying the practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that we otherwise would have recognized is one year or less.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.2 Revenue Recognition (Cont'd)

Contract Assets and Liabilities

The payment terms and conditions in customer contracts may vary from the timing of revenue recognition. In some cases, customers pay in advance of delivery of products or services; in other cases, payment is due as services are performed. Timing differences between revenue recognition and invoicing primarily results in contract liabilities. Contract liabilities are relieved as revenue is recognized. Contract assets and contract liabilities are reported on a contract-by-contract basis at the end of each reporting period.

Significant Judgments

The Company distributes its products and services both directly to the end customer and indirectly through resellers. The Company evaluates each of its reseller relationships to determine whether it is the principal (where revenue is recognized at the gross amount) or agent (where revenue is recognized net of the reseller commission). In making this determination, the Company evaluates a variety of factors including the amount of control the Company is able to exercise over the transactions. The Company concluded that it acts as principal in all contracts with customers. The recognition of revenue requires judgement in the assessment of performance obligations within a contract and the assessment of recognizing at a point in time or over a period of time.

4.3 Comprehensive income (loss)

Comprehensive income (loss) measures net profit for the period plus other comprehensive income. Other comprehensive income (loss) consists of changes in equity, such as changes to foreign currency translation adjustments of foreign operations during the period. Amounts reported as other comprehensive income are accumulated in a separate component of equity as accumulated other comprehensive income.

4.4 Property and equipment

Property and equipment are initially recorded at cost. Depreciation is provided using methods outlined below at rates intended to depreciate the cost of assets over their estimated useful lives.

Method	Rate
Computer and office equipment	Declining balance 20%
Leasehold improvement	Straight line over the term of the lease

4.5 Software and web development costs

The Company capitalizes all costs related to the development of its fee-based language learning products and services when the feasibility and profitability of the project can be reasonably considered certain. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes the cost of material, and direct labour. Other development expenditure related to ongoing maintenance of products is recognized in the statement of comprehensive income (loss) as an expense as incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.6 Content development costs

The Company capitalizes all costs related to content development of its fee-based language learning products and services when the feasibility and profitability of the project can be reasonably considered certain. Expenditure on content development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalized includes the cost of material, and direct labour. Other development expenditure related to ongoing maintenance of products is recognized in the statement of comprehensive income (loss) as an expense as incurred.

4.7 Government grants

The Company receives government grants based on certain eligibility. These government grants are recorded as a reduction of general and administrative expenses to offset direct costs funded by the grant during the period in which there is reasonable assurance that the Company will comply with the conditions attached to them and the grant will be received. The Company records a liability for the repayment of the grants and a charge to operations in the period in which conditions arise that will cause the government grants to be repayable.

4.8 Current and deferred income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxation is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

However, deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.9 Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in the income statement. Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial statements of subsidiaries, affiliates and joint ventures for which the functional currency is not the Canadian Dollar are translated into the Canadian Dollar as follows: all asset and liability accounts are translated at the balance sheet exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income (loss) and recorded in accumulated other comprehensive income in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the statement of comprehensive income (loss) and recognized as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian Dollars at the balance sheet rate.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss).

4.10 Earnings (loss) per share

Earnings (loss) per share is computed by dividing the earnings (loss) for the year by the weighted average number of common shares outstanding at year end, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of restricted share units, common share purchase options and warrants, if dilutive.

4.11 Share-based compensation plan

The share-based compensation plan consists of Options and Restricted Share Units. It allows the Company executives, management, employees and consultants to acquire shares of the Company. The fair value of share-based payment awards granted is recognized as management, employee or consultant expense with a corresponding increase in equity.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.11 Share-based compensation plan (Cont'd)

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value is measured at grant date and each tranche is recognized on a graded vesting basis over the period during which the share purchase options vest. The fair value of the stock options are measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the awards were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of awards, for which the related service and non-market vesting conditions are expected to be met.

For equity-settled share-based payment transactions with consultants, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which cases, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

4.12 Financial instruments

All financial assets are measured at amortized cost.

All other financial assets are classified and measured at fair value through profit or loss ("FVPL") unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognized in a business combination) in other comprehensive income ("OCI").

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

The Company is required to use an "expected credit loss" ("ECL") model to recognize an allowancen for impairment of financial assets. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

(Expressed in Canadian Dollars, unless otherwise stated)

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

4.13 Impairment of long-lived assets

The Company's property and equipment and intangibles with finite lives are reviewed for an indication of impairment at each balance sheet date. If indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

An impairment loss is reversed if there is an indication that 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 have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.14 Non-controlling interest

The Company presents non-controlling interest in itsconsolidated statement of financial position within equity, separately from the equity of the shareholders of the Company. The Company attributes the profit or loss and each component of other comprehensive income or loss to the shareholders and to the non-controlling interests. The proportion allocated to the company and non-controlling interest are deterrminded on the basis of present ownership interests. The Company also attributes total comprehensive income to the shareholders and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

5. ACCOUNTS RECEIVABLE

	December 31, 2024	December 31, 2023
Trade receivable	**$ 788,909**	$ 869,838
	$ 788,909	$ 869,838

As at December 31, 2024, the Company had accounts receivable of $4,596 (2023 - $8,809) greater than 30 days overdue and not impaired. Subsequent to the year-end, $93,541 of accounts receivable was received.

(Expressed in Canadian Dollars, unless otherwise stated)

6. PROPERTY AND EQUIPMENT

		Computer and office equipment
Cost, January 1, 2023	$	56,635
Cost, December 31, 2023	$	56,635
Addition		1,493
Disposal		(296)
Cost, December 31, 2024	**$**	**57,832**
Accumulated depreciation, January 1, 2023	**$**	**42,273**
Charge for the year		3,327
Accumulated depreciation, December 31, 2023	**$**	**45,600**
Charge for the year		2,681
Disposal		(266)
Accumulated depreciation, December 31, 2024		**48,015**
Net book value, December 31, 2023	$	11,035
Net book value, December 31, 2024	**$**	**9,817**

7. CONTRACT LIABILITIES

The following table presents changes in the contract liabilities balance:

Balance, January 1, 2023	**$**	**187,988**
Amounts invoiced and during the year		404,258
Revenue recognized during the year		(433,828)
Balance, December 31, 2023	**$**	**158,418**
Amounts invoiced and during the year		676,910
Revenue recognized during the year		(545,982)
Balance, December 31, 2024	**$**	**289,347**

8. LOANS PAYABLE

In 2020 and 2021, two companies in the group received, in aggregate, loans of $120,000 via the Canadian Emergency Business Account Program (“CEBA Loan”), which provided financial relief for Canadian small business during the COVID-19 pandemic. Repayment on or before January 18, 2024 entitled the borrower to a $40,000 loan forgiveness. On January 3rd, 2024, the Company repaid CEBA Loan in full.

9. SHARE CAPITAL

Authorized

Unlimited number of preference shares with no par value
Unlimited number of common shares with no par value

(Expressed in Canadian Dollars, unless otherwise stated)

10. SHARE-BASED PAYMENT

Stock Options

In December 2017, the Company amended its stock option plan (the “2017 Plan”). The 2017 Plan was established to provide an incentive to management, employees, directors and consultants of the Company and its subsidiaries. The maximum number of shares which may be reserved for issuance under the 2017 Plan is limited to 7,105,838 common shares less the number of shares reserved for issuance pursuant to options granted under the 1996 Plan, the 2000 Plan, the 2005 Plan, the 2009 Plan, and the 2011 Plan, provided that the Board of Directors of the Company has the right, from time to time, to increase such number subject to the approval of the relevant exchange on which the shares are listed and the approval of the shareholders of the Company.

The maximum number of common shares that may be reserved for issuance to any one person under the 2017 Plan is 5% of the common shares outstanding at the time of the grant (calculated on a non-diluted basis) less the number of shares reserved for issuance to such person under any stock option to purchase common shares of the Company granted as a compensation or incentive mechanism.

The exercise price of each option cannot be less than the market price of the shares on the day immediately preceding the day of the grant less any permitted discount. The exercise period of the stock options granted cannot exceed 10 years. Stock options granted under the 2017 Plan do not have any required vesting provisions. However, the Board of Directors of the Company may, from time to time, amend or revise the terms of the 2017 Plan or may terminate it at any time. The following summarizes the options outstanding:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life (Years)
Outstanding as at January 1, 2023	**3,126,668**	**$ 0.06**	**3.93**
Granted	1,960,000	0.08	4.04
Expired	(100,000)	0.09	-
Forfeited	(296,668)	0.08	4.04
Outstanding as at December 31, 2023	**4,690,000**	**$ 0.07**	**3.49**
Cancelled	(1,190,000)	0.06	-
Forfeited	(150,000)	0.08	-
Outstanding as at December 31, 2024	**3,350,000**	**$ 0.07**	**2.54**

	# of Options	Weighted Average Exercise Price
Options exercisable as at December 31, 2023	3,403,333	$0.06
Options exercisable as at December 31, 2024	**3,350,000**	**$0.07**

The weighted average remaining contractual life for the stock options outstanding as at December 31, 2024 was 2.54 years (2023 – 3.49 years). The range of exercise prices for the stock options outstanding as at December 31, 2024 was $0.06 - $0.08 (2023 - $0.06 - $0.08). The weighted average grant-date fair value of stock options granted to management, employees, directors and consultants during 2023 was estimated at $0.0663 using the Black-Scholes option-pricing model.

The pricing model used in 2023 to calculate stock option fair value assumed the weighted average risk free interest rates of 3.05%, weighted average expected dividend yields of Nil, the weighted average expected common stock price volatility (based on historical trading) of 122%, a forfeiture rate of zero, a weighted average stock price of $0.08, a weighted average exercise price of $0.08, and a weighted average expected life of 5 years, which were estimated based on past experience with stock options and option contract specifics.

(Expressed in Canadian Dollars, unless otherwise stated)

10. SHARE-BASED PAYMENT (Cont'd)

Restricted Share Units

ELL has adopted a Restricted Share Unit plan ("RSU") effective Febraury 20, 2024. RSU's are intended to be awarded to employees, consultants, officers, and directors of the Company and entitle the holder to a number of common shares. Compensation expense is based on the estimated fair value of the share-based compensation award at the date of grant. Compensation expense associated with the share-based compensation plans are recognized over the vesting period of the plan with a corresponding increase to contributed surplus.

In August 2024, the Company granted an aggregate of 2,000,000 RSUs to certain directors, officers, employees, and consultants of the Company, of which 1,365,000 RSUs are granted to the directors and officers with a term of 2 years and shall vest on the first and second anniversary from the date grant. The RSUs shall vest in accordance with the prescribed period under the RSU plan. The RSU Plan was approved by the shareholders of the Company on February 20, 2024.

11. STRATEGIC PARNERSHIPS

Everybody Loves Languages Ltd.

On September 12, 2022, the Company entered into a strategic partnership with Row 9-Digital to develop and sell language learning programs that teach reading, writing, speaking and listeng skills by using Hollywood film clips from popular movies. The business unit operates under a subsidiary, Everybody Loves Languages Ltd. ("ELL Ltd") and has a suite of products in the edutainment field designed to entertain and educate students at the same time. ELL Owns a 51% stake, and Row 9-Digital holds a 49% stake in the subsidiary.

	Non-controlling Interest
Issued capital	$ -
Non-controlling interest at January 1, 2023	(100, 221)
Loss and total comprehensive loss for the year attributable to non-controlling interest	(59,938)
Non-controlling interest, December 31, 2023	$ (160,159)
Loss and total comprehensive loss for the year attributable to non-controlling interest	(62,433)
Non-controlling interest, December 31, 2024	**$ (222,592)**

The license agreement with Row 9-Digital requires ELL Ltd. to pay advanced license fees to Row 9-Digital in the amount of U.S.$350,000. These Minimum Guarantee Payments ("MGP") are payable as follows: 25% being U.S. $87,500 upon the execution of the agreement; 25%, being U.S. $87,500 within 90 days the execution of the agreement; and a further 21%, being U.S. $73,500 within 120 days of the execution of the agreement. The remaining 29%, being the sum of U.S. $101,500 is to be paid within 36 months of the execution of the agreement. In 2022, the Company paid 50% of the MGP, which is U.S. $175,000, equivalent to CAD $232,295, and such amount was included in Prepaid and other receivables as at December 31, 2022. In 2023, ELL Ltd. paid U.S.$75,000 to Row 9-Digital, and such amount was included in Prepaid and other receivables. As at December 31, 2023, the ending prepaid pertaining to the MGP is $331,967 Canadian Dollars, of which $171,500 was included in prepaid and other receivables and $160,467 was included in non-current prepaid and other receivables.

During the fiscal year, $89,345 has been expensed towards MGP. As at December 31, 2024, the ending prepaid pertaining to the MGP is $243,123 Canadian Dollars. The Company reallocated $26,345 to prepaid and other receivables based on updated sales projection, which brings the balance of prepaid and other receivables to $108,500 and reduced non-current prepaid and other receivable to $134,123.

(Expressed in Canadian Dollars, unless otherwise stated)

11. STRATEGIC PARNERSHIPS (Cont'd)

Substainable Scholars Inc.

On May 26, 2023, the Company entered into a strategic partnership to become the technology platform provider and worldwide exclusive distributor (excluding the B2C category) for multi-award-winning education company, ELT Songs PLC ("ELT Songs"). Under the agreement and with ELT Songs' vision, the Company will develop engaging, interactive videos and content that is aligned with the UN-adopted Sustainable Development Goals ("SDG") initiative, a collection of 17 global goals to improve the planet and the quality of human life around the world by 2030. Under the terms of the agreement, the Company will incorporate a new company ("NewCo") for the distribution of ELL-ELT Songs partnership business, and issue 15% of the common shares of NewCo to ELT Songs. The companies also agreed to sell and distribute worldwide on the ELL technology platform, Planet Pop, a successful primary school interactive video program developed by ELT Songs. Under the terms of the agreement, the Company advanced US$150,000 against future royalties in 2023 resulting in a total ending prepaid balance of $203,790 Canadian Dollars as at December 31, 2023, of which $14,452 was included in prepaid and other receivables and $189,338 was included in non-current prepaid and other receivables. As of December 31, 2024, the company reallocated $17,079 to prepaid and other receivables. As a result, $31,531 was included in prepaid and other receivables and $172,259 was included in non-current prepaid and other receivables.

In March 2024, the Company incorporated NewCo under the name of Sustainable Scholars Inc., and there is no reportable business activity during the year.

12. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal Place of Business/Country of Incorporation	Ownership Interest 2024 %	Ownership Interest 2023 %
Everybody Loves Languages Corp	Toronto / Canada	100	100
Everybody Loves Languages Inc.	Toronto / Canada	100	100
Lingo Learning Inc.	Toronto / Canada	100	100
Vizualize Technologies Corporation	Toronto / Canada	100	100
Speak2Me Inc.	Toronto / Canada	100	100
Parlo Corporation	Toronto / Canada	100	100
Lingo Group Limited	Toronto / Canada	100	100

(Expressed in Canadian Dollars, unless otherwise stated)

12. INTERESTS IN SUBSIDIARIES (Cont'd)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interest in accordance with the accounting policy described in note 4:

Name	Principal Place of Business/ Country of Incorporation	Principal Activity	Parent Ownership Interest		Non-controlling interest Ownership Interest	
			2024 %	2023 %	2024 %	2023 %
Everybody Loves Languages Ltd.	Toronto / Canada	Language Education Solution Development	51	51	49	49
Substainable Scholars Inc.	Toronto / Canada	Language Education Solution Development	85	-	15	-

The chart below is to summarize financial information of the non-controlling interest (NCI):

	Row 9-Digital Ltd.	
	2024	2023
NCI Percentage	49%	49%
Non-current assets	$ 134,122	$ 160,467
Current assets	285,197	317,646
Non-current liabilities	(518,439)	(794,009)
Current liabilities	(355,149)	(10,959)
Net assets	(454,269)	(326,855)
Net assets attributable to NCI	(222,592)	(160,159)
Revenue	240,446	138,121
Net loss	(127,414)	(122,322)
Net loss attributable to NCI	(62,433)	(59,938)
Cash flow from (used in) operating activities	340,694	(333,620)
Cash flow from financing activities	(275,570)	406,717
Cash flow from investing activities	-	-
Net increase in cash and cash equivalents	$ 65,124	$ 73,097

(Expressed in Canadian Dollars, unless otherwise stated)

13. EARNINGS (LOSS) PER SHARE

The income and weighted average number of common shares used in the calculation of basic and diluted income (loss) per share for the years ended December 31, 2024, and 2023 were as follows:

	2024	2023
Weighted average number of common shares used as the denominator in calculating basic earnings per share	**35,642,524**	35,642,524
Adjustments for calculation of diluted earnings per share:		
Options	**-**	3,590,000
Restricted Share Units	**879,781**	-
Weighted average number of common shares and potential common shares used as the denominator in calculating diluted earnings per share	**36,522,305**	39,232,524
Basic earnings (loss) per share	**$ 0.01**	$ 0.00
Diluted earnings (loss) per share	**$ 0.01**	$. 0.00

14. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants

Included as a reduction of selling, general and administrative expenses are government grants of $266,495 (2023 -$220,979), relating to the Company's publishing and software projects.

One government grant for the print-based English language learning segment is repayable in the event that the segment's annual net income before tax for the current year and the previous two years exceeds 15% of revenue. In 2024, the conditions for the repayment of grants did not arise and no liability was recorded.

15. FINANCIAL INSTRUMENTS

a. Fair Values

The carrying value of cash and accounts 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.

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 changes in 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.

(Expressed in Canadian Dollars, unless otherwise stated)

15. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial Risk Management Objectives and Policies (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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 $139,900 (2023 - $199,553) due to reduction in the value of net liability balance. A 10% of weakening of the US Dollar against Canadian Dollar at December 31, 2024 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, 2024 are as follows:

	2024	2023
	USD	USD
Cash	**841,525**	871,755
Accounts receivable	**547,405**	657,734
Accounts payable	**21,680**	20,245

(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, 2024, the Company had cash of $2,466,331 (2023 - $1,906,303), accounts receivable of $788,909 (2023 - $869,838) to settle current liabilities of $509,330 (2023 - $469,151).

(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, 2024, the Company has outstanding receivables of $788,909 (2023 - $869,838). 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, 2024, approximately 4%, $4,596 (2023 – 1%, $8,809) of accounts receivable balances over 30 days were not impaired. The consolidated entity has a credit risk exposure with a government agency of the People's Republic of China, which as at December 31, 2024 owed the consolidated entity $602,766 (76% of trade receivables) (2023: $766,675 (88% of trade receivables)). This balance was within its terms of trade and not impaired as at December 31, 2024. 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.

(Expressed in Canadian Dollars, unless otherwise stated)

16. MAJOR CUSTOMER

The Company had sales to a major customer in 2024 and 2023, a government agency of the People's Republic of China. The total percentage of sales to this customer during the year was 65% (2023 – 70%) and the total percentage of accounts receivable at December 31, 2024 was 84% (2023 – 88%)

17. CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to (a) safeguard the Company's ability to develop, market, distribute and sell language learning products, and (b) provide a sound capital structure for raising capital at a reasonable cost for the funding of ongoing development of its products and new growth initiatives. The Board of Directors does not establish quantitative capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company includes equity, comprised of issued share capital, warrants, share-based payments reserve and deficit, in the definition of capital. The Company is dependent on cash flow from co-publishing and licensing agreements and external financing to fund its activities. In order to carry out planned development of its products and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no change to the Company's capital management from the approach used in 2024 or 2023.

18. SEGMENTED INFORMATION

The Company operates two distinct reportable business segments as follows:

License of intellectual property: Lingo Learning is a content-based publisher of English language learning textbook programs in China. It earns significantly higher royalties from Licensing Sales compared to Finished Product Sales.

Online and Offline Language Learning: Everybody Loves Languages Inc. is a global web-based educational technology ("EdTech") language learning, training, and assessment company. The Company provides the right to access to hosted software over a contract term without the customer taking possession of the software. The Company also provides offline licenses for the right to use perpetual language-learning.

Transactions between operating segments and reporting segment are recorded at the exchange amount and eliminated upon consolidation.

2024	Online English Language Learning	Content-Based English Language Learning	Head Office	Total
Segmented assets	$ 834,173	$ 2,886,463	$ 121,653	$ 3,842,289
Segmented liabilities	369,095	79,940	81,838	530,873
Segmented revenue – online license	809,464	-	-	809,464
Segmented revenue – royalty	-	1,624,168	-	1,624,168
Segmented direct costs	278,944	243,833	-	522,777
Segmented selling, general & administrative expense	274,121	271,525	564,291	1,109,937
Segmented development cost	499,818	-	-	499,818
Segmented other expense	652	164,019	153	164,825
Segmented profit (loss)	(244,072)	944,791	(564,444)	136,275

(Expressed in Canadian Dollars, unless otherwise stated)

18. SEGMENTED INFORMATION (Cont'd)

2023	**Online English Language Learning**	**Content-Based English Language Learning**	**Head Office**	**Total**
Segmented assets	$ 914,848	$ 2,446,211	$ 62,448	$ 3,423,507
Segmented liabilities	240,684	129,323	99,144	469,151
Segmented revenue - online	573,710	-	-	573,710
Segmented revenue – software development	136,810	-	-	136,810
Segmented revenue – royalty	-	1,681,864	-	1,681,864
Segmented direct costs	148,815	262,668	-	411,483
Segmented selling, general & administrative expense	143,835	396,340	705,259	1,245,434
Segmented development cost	494,449	4,635	-	499,084
Segmented other expense	5,032	82,750	238	88,020
Segmented exchange difference related to disposal of foreign subsidiary	(81,612)	935,471	(705,497)	148,362
Segmented profit (loss)	494,449	4,635	-	499,084

Other Financial Items	**2024**	2023
Foreign exchange gain (loss)	**$ 201,801**	$ (55,068)
Interest and other financial	**64,383**	41,306
Share-based payments	**(43,666)**	(94,027)
Exchange gain (loss) on translating foreign operation	**(45,400)**	11,783
Total Comprehensive Income (Loss)	**$ 364,582**	$ 52,356

Revenue by Geographic Region

	2024	2023
Latin America	**$ 519,435**	$ 664,817
China	**1,624,168**	1,681,864
Other	**290,029**	45,703
	$ 2,433,632	$ 2,392,384

Identifiable Non-Current Assets by Geographic Region

	2024	2023
Canada	**$ 8,400**	$ 10,803
China	**1,417**	232
	$ 9,817	$ 11,035

(Expressed in Canadian Dollars, unless otherwise stated)

19. BREAK DOWN OF EXPENSES

The details of selling, general and administrative expenses are as follows:

	2024	2023
Sales, marketing and administration	**$ 294,597**	$ 392,709
Consulting fee and salaries	**875,616**	814,809
Travel expenses	**48,546**	53,454
Premises	**16,672**	19,489
Professional fees	**107,564**	112,246
Shareholder service	**33,437**	73,706
Less: Grants	**(266,495)**	(220,979)
Total	**$ 1,109,937**	$ 1,245,434

The details of direct costs are as follows:

	2024	2023
Content writing	**$ 243,833**	$ 262,668
Hosting fees	**92,579**	71,087
Royalty	**116,445**	26,903
Commission	**63,206**	48,786
Web support	**6,714**	2,039
Total	**$ 522,777**	$ 411,483

The details of development costs are as follows:

	2024	2023
Salaries and wages	**$ 150,113**	$ 87,208
Contractors	**349,705**	411,876
Total	**$ 499,818**	$ 499,084

20. SUPPLEMENTAL CASH FLOW INFORMATION

	2024	2023
Income taxes and other taxes paid	**$ 162,143**	$ 172,287
Interest and other financial expenses paid	**17,301**	18,695
Interest received	**81,741**	60,001

21. RELATED PARTY BALANCES AND TRANSACTIONS

During the year, 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.

(Expressed in Canadian Dollars, unless otherwise stated)

21. RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

a. During the year, the Company incurred $36,000 (2023 - $36,000) director fees to independent directors of which $9,390 (2023 – 9,780) of Q4 director fee is unpaid and included in accounts payable and accrued liability. 2023,

b. Key management compensation was $315,525 (2023 – $315,356) and is reflected as consulting fees paid to corporations owned by a director and officers of the Company.

c. At the end of the year, $22,252 (2023 - $17,853) expense reimbursement was included in accounts payable and $7,381 (2023 - $7,381) expense advance was included in prepaid expense.

d. During the fiscal year, the Company granted Nil (2023 – 800,000) options to directors and management with a value of $Nil (2023 - $64,000).

e. During the year, the Company granted 1,365,000 Restricted Share Units with a fair value of $24,980 to the directors and officers with two years term vesting equally on the first and second anniversary from the date grant.

22. INCOME TAXES

The provision for income taxes reflects an effective income tax rate, which differs from the Canadian corporate income tax rate as follows:

		2024		2023
Current income taxes				
Loss before income taxes	**$**	**520,937**	$	109,117
Combined basic Canadian federal and provincial income tax rate		**26.5%**		26.5%
Recovery of tax at statutory tax rate	**$**	**138,048**	$	28,916
Non-controlling interest		**16,545**		15,883
Permanent differences		**13,563**		43,598
Adjustment for losses from prior year		**-**		736,359
Foreign tax rate differential		**13,244**		-
Change in valuation allowance		**(19,257)**		(780,000)
Other		**-**		23,789
Deferred income tax recovery	**$**	**162,143**	$	68,545

(Expressed in Canadian Dollars, unless otherwise stated)

22. INCOME TAXES (Cont'd)

The tax effect of temporary differences representing deferred tax assets is as follows:

Deferred income tax assets				
Non-capital loss carry forwards	**$**	**5,767,000**	$	6,153,000
Capital losses		**313,000**		-
Deferred income tax assets	**$**	**6,080,000**	$	6,153,000
Net future deferred income tax assets	**$**	**6,080,000**	$	6,153,000
Less: unrecognized deferred tax asset		**(6,080,000)**		(6,153,000)
Deferred income tax assets	**$**	**-**	$	-

Deferred tax assets and liabilities will be impacted by changes in tax laws and rates. The effects of these changes are not currently determinable. In assessing whether the deferred tax assets are realizable, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the years in which those temporary differences become deductible.

Management considers projected taxable income, uncertainties related to the industry in which the Company operates and tax planning strategies in making this assessment. The Company has not recognized any benefit for these losses.

At December 31, 2024, the Company has non-capital losses available for carry forward for Canadian income tax purposes amounting to approximately $21,858,000. These losses expire in the following fiscal years:

2026	$	28,000
2027		402,000
2028		778,000
2029		2,911,000
2030		4,356,000
2031		4,647,000
2032		1,111,000
2033		806,000
2034		118,000
2035		2,000
2036		1,000
2037		3,526,000
2038		1,345,000
2039		1,052,000
2040		274,000
2041		3,000
2042		124,000
2043		246,000
2044		128,000
	$	**21,858,000**

The Company has net capital loss of $2,361,101 available in Canada.

(Expressed in Canadian Dollars, unless otherwise stated)

23. CONTRACTUAL COMMITMENT

As at December 31, 2024, the Company has commitment under a non-cancellable contract to pay advance license fee. The amount payable is U.S. $101,500 and has been translated into Canadian dollars using the year-end exchange rate of 1.44. The following table summarizes the Company's undiscounted contractual commitments over the next five fiscal years:

2025	$	146,160
2026 to 2029		-
Total	**$**	**146,160**

Trading Symbols
(TSX-V: ELL; OTC: LMDCF; FSE: LIMA)

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Form 51 – 102 F1

Management Discussion & Analysis

For the year Ended December 31, 2024

April 28, 2025

MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Notice to Reader

*The following Management Discussion & Analysis ("MD&A") of Everybody Loves Languages Corp.'s (the "**Company**" or "**Everybody Loves Languages**") financial condition and results of operations, prepared as of April 28, 2025, should be read in conjunction with the Company's Consolidated Financial Statements and accompanying Notes for the years ended December 31, 2024 and 2023, 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.sedarplus.ca.*

Our MD&A is intended to enable readers to gain an understanding of Everybody Loves Languages' 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; and 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.

<u>Summary Description of Everybody Loves Languages</u>

Everybody Loves Languages Corp. ("**Everybody Loves Languages**", "**ELL Corp.**," the "**Company**," "we" or" us"), is an edtech language-learning edutainment and content development company that provides online and content-based solutions through two distinct business units: Everybody Loves Languages Inc. ("**ELL**") and Lingo Learning Inc. ("**Lingo Learning**"), a state-of-the-art technology platform that delivers personalized learning experiences in classrooms and online. Its programs provide innovative SaaS-based e-learning solutions, including online and offline content, a learning management system, assessments, real-time reports, speech recognition technology, and white-label tools. ELL's market consists of educational institutions (such as elementary schools, high schools, vocation schools, universities, etc.) and corporations. It sells its online language learning solutions primarily in Latin America, Asia, Europe, and the U.S.

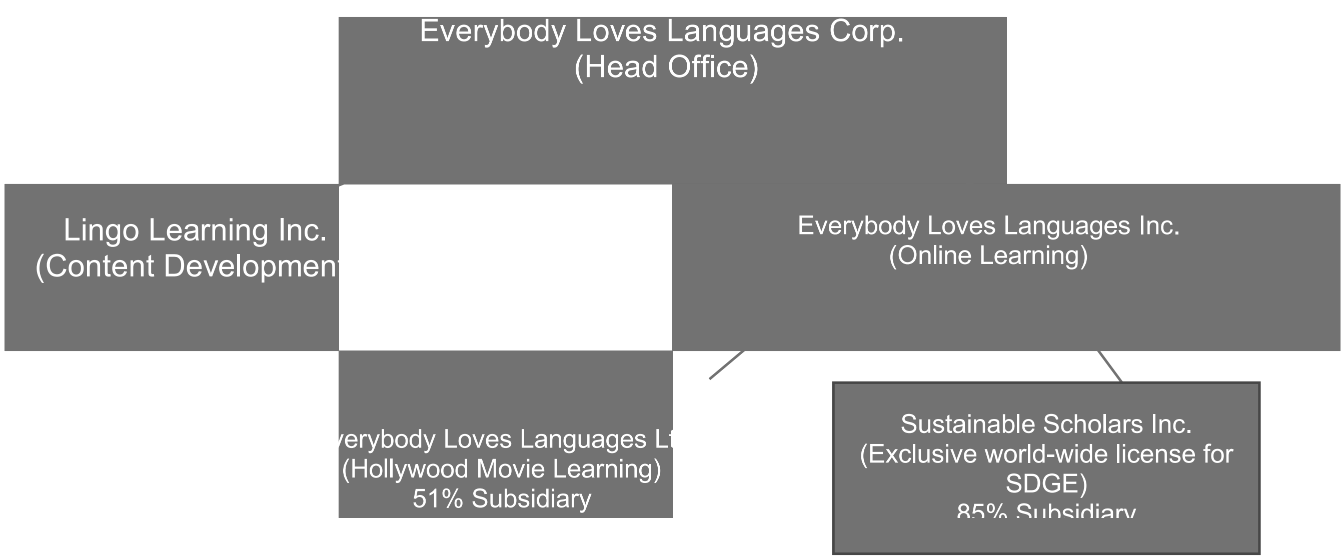
The Company empowers language educators to easily transition from traditional teaching methods to digital learning with a course portfolio that offers more than 3,000 hours of learning material and proprietary content for online and blended learning.

Learning a new language is one of the most challenging learning experiences a student can pursue. But studies confirm that combining movies with language lessons is a great way to learn languages. A huge obstacle in acquiring a second language is three-fold: engagement, structure, and interactivity. In September 2022, ELL announced a strategic partnership with Row 9-Digital which would undertake and develop Hollywood movie-based lessons and activities to various age groups. Through this strategic partnership, ELL will use popular movies – such as Spiderman, Soul, Lightyear, Encanto, and West Side Story among the many in its library. The new partnership combines ELL's learning management system and content with Row 9-Digital's AcadeMe+ interactive lesson program that uses an innovative AI-enabled film search engine to provide teachers with educational and student-engaging content. The new business unit operates under the subsidiary, Everybody Loves Languages Ltd.

The Company had expanded further by partnering with ELT Songs to develop a Sustainable Development Goals based program (SDG) that covers the 17 SDG principles which were developed by the United Nations (UN) and adopted by 170 countries with a goal of implementing it by 2030. This enables ELL to expand beyond language learning, and further, target English speaking educational markets with the important mission of improving life and conditions for all. The corporate structure below regarding ELT Songs is on a proforma basis and will be updated as it gets confirmed. In March 2024, the Company incorporated NewCo under the name of Sustainable Scholars Inc.

Everybody Loves Languages' strategy is to focus on sales channels and relationships while continuously investing in and developing its content and technology offerings. In addition, the Company will seek licensing opportunities to its platform with large publishers who wish to offer a unique and competitive advantage solution to their client base.

Corporate Structure



Corporate Highlights

- ✓ On February 20, 2024, at the Annual and Special Meeting, the shareholders approved all matters. The shareholders re-elected Messrs. Gali Bar-Ziv, Khurram Qureshi, Robert Martellacci, Laurent Mareschal and Tommy (Weibing) Gong as directors of the Company. In addition, the shareholders approved new equity incentive plan, Restricted Share Units ("RSU") to grant a right award to a participant to receive a payment in the form of Shares. As of March 31, 2024, there was no units granted during the period.

  The directors held a board meeting subsequent to the Annual Meeting and re-appointed Gali Bar-Ziv as President & CEO and Khurram Qureshi as Chief Financial Officer.

- ✓ In August 2024, the Company granted an aggregated of 2,000,000 RSUs to certain directors, officers, employees, and consultants of the Company, of which 1,365,000 RSUs are granted to the directors and officers. The RSUs shall vest in accordance with the prescribed period under the RSU plan.

Operational Highlights

- Online English Language Learning:
  - ✓ Launched 130 new lessons for English AcadeMe and started offering the solution as a stand-alone resource library.
  - ✓ Launched enhanced reporting for English AcadeMe Junior enabling focusing on teachers' capabilities.
  - ✓ Entered into an exclusive distribution agreement with Trendi Trends & Innovotion for the school market in Colombia. The contract provides for a two-year annual minimum commitment.
  - ✓ Integrated new illustrations and images for AcadeMe Junior.
  - ✓ Developed new student and teacher reports for AcadeMe Junior.
  - ✓ Fully launched a mobile version for English for Success.
  - ✓ Initiated development of mobile version for the English AcadeMe and AcadeMe Junior.
  - ✓ Added new distributors in Peru, Ecuador, and Colombia.
  - ✓ Through its JV, Everybody Loves Languages Ltd. the Company had entered into an exclusive distribution agreement for its portfolio of products in Korea.
  - ✓ Participated in Canada Trade Missions to Indonesia and Phillipines.
  - ✓ Update on ELL's AcadeMe Junior program:
    - Created 2200 new Disney inspired illustrations which were implemented in the content
    - Developed 8 booklets with 400+ printable worksheets
    - Launched Gamification features
  - ✓ Update on English AcadeMe
    - Delivered 240 new lessons
  - ✓ Update on English for Success:
    - Enhanced 600 lessons in the Portuguese world languages
    - Onboarded new distributors in Colombia, Peru, and Uruguay
- Content-based English Language Learning:
  - ✓ Continue the development of content and materials for Grade 3 to Grade 6 textbooks for China market.
  - ✓ In collaboration with People Education Press, attended a conference and training session of our material for more than a thousand teachers in China.
  - ✓ Continued the development of additional supplementary material for the PEP books.
  - ✓ Continued to develop content for the latest revision of the PEP books.

Strategic Partnerships

Everybody Loves Languages Ltd.

On September 12, 2022, the Company entered into a strategic partnership with Row 9-Digital to develop and sell language learning programs that teach reading, writing, speaking and listening skills by using Hollywood film clips from popular movies. The business unit operates under a subsidiary, Everybody Loves Languages Ltd. (“ELL Ltd”) and has a suite of products in the edutainment field designed to entertain and educate students at the same time. ELL Owns a 51% stake, and Row 9-Digital holds a 49% stake in the subsidiary.

The license agreement with Row 9-Digital requires ELL Ltd. to pay advanced license fees to Row 9-Digital in the amount of U.S.$350,000. These Minimum Guarantee Payments (“MGP”) are payable as follows: 25% being U.S. $87,500 upon the execution of the agreement; 25%, being U.S. $87,500 within 90 days the execution of the agreement; and a further 21%, being U.S. $73,500 within 120 days of the execution of the agreement. The remaining 29%, being the sum of U.S. $101,500 is to be paid within 36 months of the execution of the agreement. In 2022, the Company paid 50% of the MGP, which is U.S. $175,000, equivalent to CAD $232,295, and such amount was included in Prepaid and other receivables as at December 31, 2022. In 2023, ELL Ltd. paid U.S.$75,000 to Row 9-Digital, and such amount was included in Prepaid and other receivables. As at December 31, 2023, the ending prepaid pertaining to the MGP is $331,967 Canadian Dollars, of which $171,500 was included in prepaid and other receivables and $160,467 was included in non-current prepaid and other receivables.

During the fiscal year, $89,345 has been expensed towards MGP. As at December 31, 2024, the ending prepaid pertaining to the MGP is $243,123 Canadian Dollars. The Company reallocated $26,345 to prepaid and other receivables based on updated sales projection, which brings the balance of prepaid and other receivables to $108,500 and non-current prepaid and other receivable to $134,123.

Sustainable Scholar Inc.

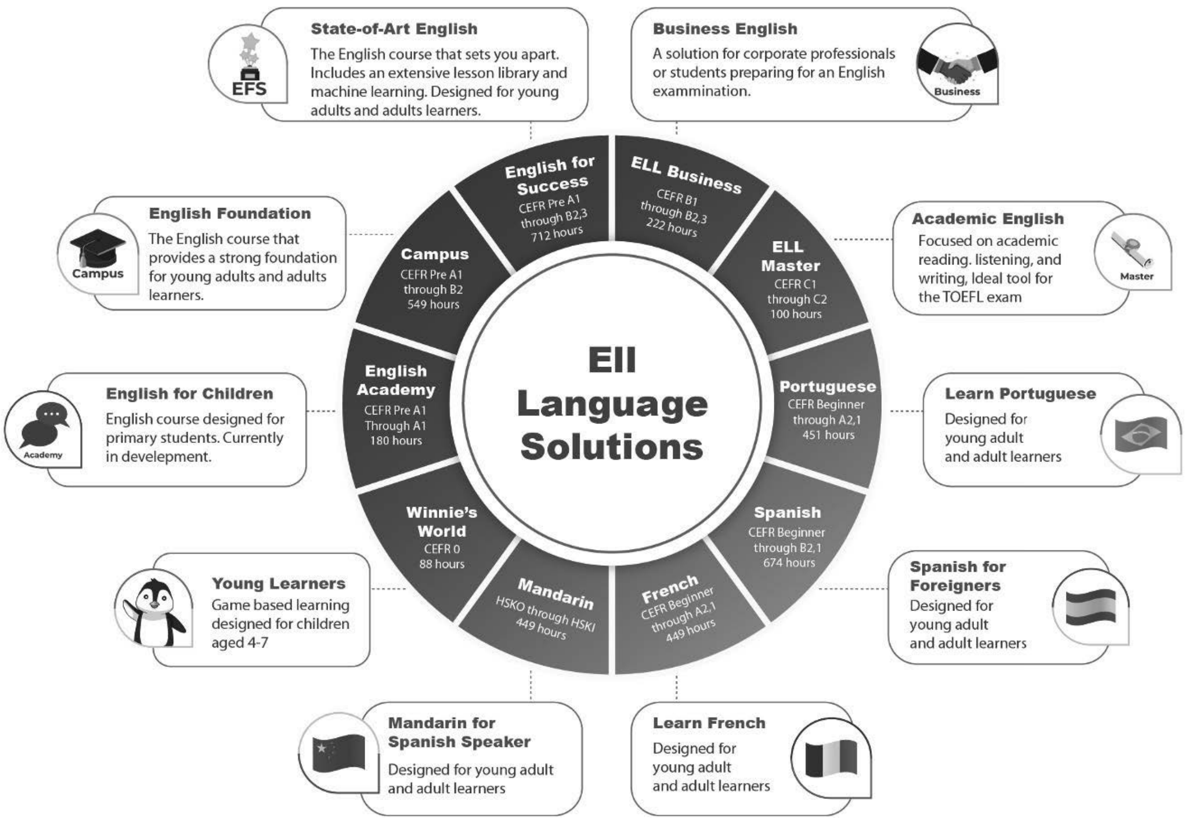
On May 26, 2023, the Company announced a strategic partnership to become the technology platform provider and worldwide exclusive distributor (excluding the B2C category) for multi-award-winning education company, ELT Songs Plc ("ELT Songs"). Under the agreement and with ELT Songs' vision, the Company will develop engaging, interactive videos and content that is aligned with the UN-adopted Sustainable Development Goals ("SDG") initiative, a collection of 17 global goals to improve the planet and the quality of human life around the world by 2030. Under the terms of the agreement, the Company will incorporate a new company ("NewCo") for the distribution of ELL-ELT Songs partnership business, and issue 15% of the common shares of NewCo to ELT Songs. The companies also agreed to sell and distribute worldwide on the ELL technology platform, Planet Pop, a successful primary school interactive video program developed by ELT Songs. Under the terms of the agreement, the Company advanced US$150,000 against future royalties in 2023 resulting in a total ending prepaid balance of $203,790 Canadian Dollars as at December 31, 2023, of which $14,452 was included in prepaid and other receivables and $189,338 was included in non-current prepaid and other receivables. As of December 31, 2024, the company reallocated $17,079 to prepaid and other receivables. As a result, $31,531 was included in prepaid and other receivables and $172,259 was included in non-current prepaid and other receivables.

In addition to advanced royalty payment, the Company also advanced $28,883 for Planet Pop development.

In March 2024, the Company incorporated NewCo under the name of Sustainable Scholars Inc., and there is no reportable business activity during the year.

Online Language Learning

ELL has developed and markets one of the largest libraries of online language learning resources in the world. The library provides more than 3,000 hours of interactive learning through several product offerings that include *Winnie’s World, English Academy, Campus*, *English for Success*, AcadeMe English, AcadeMe Junior, *Master* and *Business* English in addition to courses that teach French, Mandarin, Spanish, and Portuguese languages. ELL’s programs are primarily marketed in Latin America, Asia, part of Europe, and the U.S. through a network of distributors and direct sales personnel and the company generates revenues from online and offline licensing fees from its suite of web-based language learning products and applications.



ELL's high-tech, easy to implement e-learning Software-as-a-Service solutions provides learners of all ages and levels of English proficiency with a platform to further their language learning development.

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

Formative assessments and data gathering functionality enables ELL to adapt and improve content. Based on that data, the company can continue to innovate and improve to address specific problem areas and to make learning more accessible, efficient and measurable. Built for learners, by experienced educators, ELL empowers teachers and allows them to easily transition from pure classroom paper-based teaching to the online world.

Content-Based English Language Learning

The Company continues to maintain its legacy textbook publishing business through Lingo Learning Inc., a content-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 941 million units from its library of program titles.

<u>Overall Performance</u>

During 2024, Everybody Loves Languages recorded revenues of $2,433,632 as compared to $2,392,384 in 2023, an increase of 2%. Net income was $358,794 as compared to $40,573 in 2023 resulting in $0.01 earnings per share (basic and diluted) as compared to $0.00 earnings per share (basic and diluted) in 2023. Total comprehensive income was $313,394 as compared to a total comprehensive income of $52,356 in 2023. Share-based payments of $43,666 was recorded in 2024 as compared to $94,027 in 2023. In addition, cash generated from operations in 2024 was $641,521 as compared $819,696 in 2023.

Online English Language Learning

ELL earned revenue from its portfolio of products of $809,464 for the year, compared to $710,520 in 2023, an increase of 14%.

Content-Based English Language Learning

Lingo Learning's royalty revenue decreased 3% to $1,624,168 in 2024 compared to $1,681,864 in 2023 from People's Education Press and People's Education & Audio Visual Press ("PEP AV"). The decrease in revenue is attributed to the transitioning distributing both new and old versions of our textbooks, which has impacted sales performance.

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 basis. Revenue from royalty and licensing sales is recognized based on confirmation of finished products produced by Lingo Learning'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.

Market Trends and Business Uncertainties

Everybody Loves Languages (ELL) continues to operate within a global environment that strongly supports the expansion of English language learning. Across developing regions—particularly in Latin America and the Asia-Pacific—there is increasing institutional and individual demand for English proficiency, driven by economic globalization, digital transformation, and education policy mandates.

According to HolonIQ, the global language learning market is projected to exceed $200 billion by 2028, with English accounting for the largest share of this growth. Meticulous Market Research forecasts that the global English language learning market will reach approximately $69 billion by 2029, growing at a CAGR of 9.5% from 2022. In the digital space, BrandEssence Market Research estimates the digital English language learning segment will grow at a CAGR of 18.7% through 2027, while Technavio anticipates a CAGR of over 20%, highlighting the growing shift toward mobile-first and platform-based language education.

Latin American Region

The Latin American market continues to show strong demand for accessible and effective English language training. A 2023 report by the Inter-American Dialogue emphasizes three core challenges that regional English language programs must address to ensure success: (i) continuity of instruction, (ii) robust monitoring and evaluation systems, and (iii) the development of a skilled teaching workforce. While traditional ELT (English Language Training) methods persist, digital learning platforms are gaining rapid traction due to cost-efficiency, scalability, and alignment with younger, tech-savvy learners. As of 2022, the region accounted for approximately 15% of global ELT revenues, and its growth trajectory suggests a significant expansion opportunity for digital-first solutions like ELL's.

Asia-Pacific Region

The Asia-Pacific region remains one of the most dynamic markets for English language education, driven by national policies in countries such as China, South Korea, Vietnam, and Indonesia. According to The Insight Partners, the digital English learning market in Asia-Pacific is projected to reach **USD 6.1 billion by 2027**, with a CAGR of **17.6%** from 2020. Regional demand is fueled by the integration of English into early education, corporate upskilling initiatives, and the expansion of e-learning infrastructure. China and South Korea continue to lead the market, although Southeast Asia is emerging as a high-growth sub-region.

Everybody Loves Languages is well-positioned to capitalize on these market trends with its proprietary, scalable, and cloud-based digital language learning platform. The Company's focus on adaptive learning, multilingual interface design, and data-driven instruction aligns well with the evolving needs of educational institutions, governments, and corporate clients in both Latin America and Asia.

Despite the positive market outlook, uncertainties remain. These include regional economic fluctuations, government policy shifts, and competitive dynamics in the digital education sector. While ELL believes it is strategically equipped to benefit from global demand growth in English language learning, there can be no assurance that these favorable trends will continue or that the Company will achieve sustained market penetration in its target regions.

General Financial Condition

As at December 31, 2024, Everybody Loves Languages had a working capital balance of $2,970,804 compared to $2,566,681 as at December 31, 2023. Net income for the year ended December 31, 2024 was $358,794 compared to $40,573 for the year ended December 31, 2023.

Financial Highlights

For the Year Ended December 31	2024	2023
Revenue		
Print-Based English Language Learning	$1,624,168	$1,681,864
Online English Language Learning	809,464	710,520
	2,433,632	2,392,384
Net Income for the Year	358,794	40,573
Income for the Year Attributable to:		
Non-Controlling Interest	(62,433)	(59,938)
Shareholders of ELL Corp.	421,227	100,511
Earnings per Share		
Basic	$0.01	$0.00
Fully Diluted	$0.01	$0.00
Total Assets	3,842,289	3,423,507
Working Capital	2,970,804	2,566,681
Cash Provided (Used in) – Operations	641,521	819,696

The Company had cash on hand as at December 31, 2024 of $2,466,331 (2023 - $1,906,303) and accounts receivable of $788,909 (2023 - $869,838) to settle its current liabilities of $530,873 (2023 - $469,151) leaving a working capital balance of $2,970,804 (2023 - $2,566,681). Subsequent to the year-end, $93,541 of accounts receivable was collected.

Results of Operations

Revenue

During the year, Everybody Loves Languages earned $809,464 in online product sales as compared to $710,520 in 2023. Revenues from content-based English language learning for the year were $1,624,168 compared to $1,681,864 in 2023. Direct costs associated with content-based revenue are relatively modest and have been consistent throughout the years. The Company continues to maintain its relationship with PEP and PEP AV and is investing in the development of its existing and new programs and marketing activities to maintain and increase its royalty revenues. During 2024, Everybody Loves Languages recorded revenues of $2,433,632 as compared to $2,392,384 in 2023. Net income was $358,794 as compared to $40,573 in 2023 resulting in a $0.01 earnings per share as compared to $0.00 earnings per share in 2023.

Selling, General and Administrative

Selling, general and administrative expenses were $1,079,434 compared to $1,245,434 in 2023. Selling, general and administrative expenses for the three segments are segregated below.

(i) Content-Based English Language Learning

Selling, general and administrative cost for content-based ELL decreased from $396,340 in 2023 to $271,525 in 2024. In 2024, the Company received total grants of $266,495 which includes $247,285 from Canada Book Fund, compared to $220,979 in 2023. These grants were recorded as reduction of Selling, General and Administrative Expense. Below is a breakdown of selling, general and administrative costs directly related to content-based English language learning:

For the Year Ended December 31	**2024**	2023
Sales, marketing & administration	**$ 130,939**	$ 175,768
Consulting fees & salaries	**322,030**	362,028
Travel	**40,452**	46,721
Premises	**14,721**	16,456
Professional fees	**29,873**	16,346
Less: Grants	**(266,490)**	(220,979)
	$ 271,525	$ 396,340

(ii) Online English Language Learning

Selling, general and administrative cost related to online English language learning was $274,121 for the year compared to $143,835 in 2023. In 2024, the Company increased its sales effort in LATAM and Asia and allocated more resources to manage and support online products.

For the Year Ended December 31	**2024**	2023
Sales, marketing & administration	**$ 130,971**	$ 117,523
Consulting fees & salaries	**134,942**	17,447
Travel	**6,238**	6,665
Premises	**975**	1,200
Professional fees	**1,000**	1,000
Less: Grants	**(5)**	-
	$ 274,121	$ 143,835

(iii) Head Office

Selling, general and administrative costs related to head office was $564,291 for the year compared to $705,259 in 2023. Selling, general and administrative costs for this reporting unit decreased in 2024 as compared to 2023, which is the result of reduction on expenditures related to sales, marketing & administration and shareholder services.

For the Year Ended December 31	**2024**	2023
Sales, marketing & administration	**$ 32,687**	$ 99,418
Consulting fees & salaries	**418,644**	435,334
Travel	**1,856**	68
Premises	**975**	1,833
Shareholder services	**33,437**	73,706
Professional fees	**76,692**	94,900
	$ 564,291	$ 705,259
Total Selling and Administrative Expenses	**$ 1,109,937**	$ 1,245,434

Net Income (Loss)

Net income for the year ended December 31, 2024 was $358,794 as compared to $40,573 in 2023.
Total comprehensive income for the Company was $313,394 for the year ended December 31, 2024 as compared to total comprehensive income $52,356 in 2023. Total comprehensive loss can be attributed to the two operating segments and head office as a reporting segment as shown below:

Online ELL	**2024**	**2023**
Revenue	$ 809,464	$ 710,520
Expenses:		
Direct costs	278,944	148,815
General & administrative	274,121	143,835
Development costs	499,818	494,449
Amortization of property & equipment	652	1,175
Withholding tax	-	3,858
	1,053,535	792,132
Segmented Profit (Loss) - Online ELL	**$ (244,071)**	**$ (81,612)**
Loss for the Year is Attributable to:		
Non-controlling interest	(62,433)	(59,938)
Shareholders of ELL Corp.	(181,638)	(21,674)
Content-Based ELL		
Revenue	$ 1,624,168	$ 1,681,864
Expenses:		
Direct costs	243,833	262,668
General & administrative	271,525	396,340
Development costs	-	4,635
Bad debt expense	-	16,149
Amortization of property & equipment	1,876	1,914
Income taxes and other taxes	162,143	64,687
	679,377	746,393
Segmented Profit – Content-Based ELL	**$ 944,791**	**$ 935,471**
Head Office		
Expenses:		
General & administrative	$ 564,291	$ 705,259
Amortization of property & equipment	153	238
	564,444	705,497
Total Segmented Profit (Loss)	**$ 136,276**	**$ 148,362**
Other		
Foreign exchange gain (loss)	$ 201,801	$ (55,068)
Interest income (expense) and other financial expenses	64,383	41,306
Share-based payment	(43,666)	(94,027)
Other comprehensive income (loss)	(45,400)	11,783
	177,118	(96,006)
Total Comprehensive Income	**$ 313,394**	**$ 61,807**

	2024	2023
Loss for the Year is Attributable to:		
Non-controlling interest	$ (62,433)	$ (59,938)
Shareholders of ELL Corp.	421,227	100,511
	$ 358,794	**$ 40,573**

Foreign Exchange

The Company recorded a foreign exchange gain of $201,801 as compared to foreign exchange loss of $55,068 in 2023, 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 $43,666 compared to $94,027 in 2023.

Net Income (Loss) for the Year

The Company reported a net income of $358,794 for the year as compared to net loss of $40,573 in 2023.

Total Comprehensive Income (Loss)

The total comprehensive income (loss) is calculated after the application of exchange differences on translating foreign operations gain/(loss). The Company reported a total comprehensive income of $313,394 for the year ended December 31, 2024, as compared to a comprehensive income of $52,356 in 2023.

<u>**Summary of Quarterly Results**</u>

	Q1 – 24	Q2 – 24	Q3 - 24	Q4 – 24
Revenue	$ 149,977	$ 991,288	$ 297,273	$ 995,094
Income / (Loss) Before Taxes and Other Comprehensive Income	(506,633)	433,516	(204,576)	798,630
Total Comprehensive Income / (Loss)	(312,327)	344,818	(209,403)	490,306
Income / (Loss) per Share (Basic)	$(0.01)	$0.01	$(0.01)	$0.01
	Q1 – 23	Q2 – 23	Q3 – 23	Q4 – 23
Revenue	$ 247,047	$ 967,747	$ 123,866	$ 1,053,724
Income / (Loss) Before Taxes and Other Comprehensive Income	(422,400)	364,142	(281,597)	448,973
Total Comprehensive Income / (Loss)	(422,328)	390,668	(291,606)	375,622
Income / (Loss) per Share (Basic)	$(0.01)	$0.01	$(0.00)	$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 partner and when collectability is reasonably assured. Royalty revenue from audiovisual products is recognized based on the confirmation of sales by its co-publishing partner, 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 2024

In the fourth quarter, the Company earned revenue of $995,094 in 2024 as compared to $1,053,724 same period in 2023. During the quarter, the Company recorded $720,383 royalty revenues and $274,711 of online licensing sales compared to $868,703 royalty revenues and $185,021 of online licensing sales in Q4 2023. The Company recorded a total comprehensive income of $490,306 in the fourth quarter as compared to $375,622 in the same period of 2023.

Liquidity and Capital Resources

As at December 31, 2024, the Company had cash of $2,466,331 compared to $1,906,303 as of December 31, 2023. Accounts and grants receivable of $788,909 were outstanding at the end of the year compared to $869,838 in 2023, with 84% (2023 – 88%) of the receivables from PEP and the remaining balance due from other customers. Subsequent to the year-end, the Company collected $93,541 of accounts receivable from ELL's customers. Total current assets amounted to $3,501,677 (2023 - $3,035,832) with current liabilities of $530,873 (2023 - $469,151) resulting in a working capital balance of $2,970,804 (2023 - $2,566,681).

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.

ELL has access to working capital through equity financings and/or debt financings, if required to finance its growth plans and expansion into new international markets. 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 Gali Bar-Ziv, President & CEO and 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.

During the year, the Company incurred $36,000 (2023 - $36,000) director fees to independent directors of which $9,390 (2023 - $9,780) of Q4 director fee and taxes is unpaid and included in accounts payables.

Key management compensation was $315,525 (2023 – $315,356) and is reflected as consulting fees paid to corporations owned by a director and officers of the Company.

At the end of the year, $22,252 (2023 - $17,853) of expense reimbursement was included in accounts payable and a $7,381 (2023 - $7,381) expense advance was included in prepaid and other receivables.

During the fiscal year, the Company granted Nil (2023 – 800,000) stock options to directors and management with a value of $Nil (2023 - $64,000).

During the year, the Company granted 1,365,000 (2023 – Nil) Restricted Share Units with a fair value of $24,980 (2023 - $Nil) to the directors and officers with a two years term and which vest on the first and second anniversary of the date grant.

Additional Disclosure

PROPERTY AND EQUIPMENT

		Computer and office equipment
Cost, January 1, 2023	**$**	**56,635**
Cost, December 31, 2023	$	56,635
Addition		1,493
Disposal		(296)
Cost, December 31, 2024	**$**	**57,832**
Accumulated depreciation, January 1, 2023	**$**	**42,273**
Charge for the year		3,327
Accumulated depreciation, December 31, 2023	$	45,600
Charge for the year		2,681
Disposal		(266)
Accumulated depreciation, December 31, 2024		**48,015**
Net book value, December 31, 2023	$	11,035
Net book value, December 31, 2024	**$**	**9,817**

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 Compa ny'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 $139,900 (2023 - $199,553) due to reduction in the value of net liability balance. A 10% of weakening of the US Dollar against Canadian Dollar at December 31, 2024 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, 2024 are as follows:

	2024	2023
	USD	USD
Cash	**841,525**	871,755
Accounts receivable	**547,405**	657,734
Accounts payable	**21,680**	20,245

(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, 2024, the Company had cash of $2,466,331 (2023 - $1,906,303), accounts receivable of $788,909 (2023 - $869,838) to settle current liabilities of $509,330 (2023 - $469,151).

(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, 2024, the Company has outstanding receivables of $788,909 (2023 - $869,838). 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, 2024, approximately 4%, $4,596 (2023 – 1%, $8,809) of accounts receivable balances over 30 days were not impaired. The consolidated entity has a credit risk exposure with a government agency of the People's Republic of China, which as at December 31, 2024 owed the consolidated entity $602,766 (76% of trade receivables) (2023: $766,675 (88% of trade receivables)). This balance was within its terms of trade and not impaired at December 31, 2024. 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 28, 2025, the followings are outstanding:

Common Shares – 35,642,524
Warrants – Nil
Stock Options – 3,350,000
Restricted Share Units – 2,000,000

Approval

The Directors of Everybody Loves Language have approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedarplus.ca.