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QIS COMPANY PROFILE



Lingo Media Corporation
(LM:TSX-V)
(LMDCF:OTCQB)

Date: September 22, 2016
Price: \$0.47



KEY INFORMATION

Fiscal Year-end	December 31
52-Week High/Low	\$1.19 - \$0.36
3-Mths Avg. Daily Trading Volume	111,400 shares
Market Capitalization	\$16.7 million
Enterprise Value	\$15.2 million
Book Value Per Share (Jun. 30)	\$0.20
Current Ratio (Jun. 30)	7.4
Net Margin (Q2)	52%
LT Debt to Equity	0.0
Price to 2014 Earnings	n/a
Price to 2015 Earnings	5.2

FINANCIAL HISTORY (000s of Canadian Dollars)

	2013	2014	2015
Revenues	\$2,008	\$2,512	\$4,926
EBITDA	944	1,286	3,483
Net Income	(56)	107	2,375
per share	(0.003)	0.005	\$0.090

FINANCIAL DATA (000s of Canadian Dollars)

	3 Months Jun. 30		6 Months Jun. 30	
	2016	2015	2016	2015
Revenues	\$1,549	\$1,795	\$2,306	\$2,446
Expenses	745	606	1,234	1,136
Income fr. Ops.	804	1,189	1,073	1,310
Forex Loss (Gain)	29	27	216	(133)
Net Income	624	994	736	1,140
per share	0.019	0.038	0.024	0.049

BALANCE SHEET (as at June 30, 2016)

Current Assets	\$4,679,488
Total Assets	7,663,731
Current Liabilities	629,212
Long-Term Debt	nil
Shareholders' Equity	7,034,519

SHARES OUTSTANDING (as at August 29, 2016)

Basic (~20% held by mgmt & insiders)	35,436,692
Fully-Diluted (approx.)	38,575,027

Highlights:

- multiple new contracts derived from recently signed distribution agreements
- positive working capital of \$4.05 million or \$0.11 per share with no long-term debt as at June 30, 2016
- operating in a massive global market with numerous opportunities for growth

QUICK SUMMARY

Lingo Media combines education with technology (EdTech) to develop and market English language learning (ELL) solutions in both online and print based formats. The company now offers over 2,000 hours of interactive learning through a number of product offerings that are marketed in Columbia, Peru, and Mexico through a network of distributors.

During the six months ended June 30, 2016, Lingo Media generated revenues of \$2.3 million with net income of \$736,107 or \$0.024 per share. Although these levels were behind the amounts reported during the same period in 2015, Lingo Media was also able to invest over \$1 million into its digital content library during the second quarter. The company has positive working capital and no long-term debt.

CORPORATE OVERVIEW

Lingo Media is an EdTech company that develops, markets and supports English language learning solutions. With its motto of 'Changing the way the world learns English,' the company targets a wide range of end users from young students just beginning their education, to business executives looking to incorporate the English language as a useful business tool. Products are sold to academic institutions, governments, and corporations.

The company provides both online and print-based solutions through its two business units: ELL Technologies and Lingo Learning. ELL Technologies is an English language learning

online training and assessment business. Lingo Learning is a print-based publisher of English language learning programs in China. Lingo Media has formed successful relationships with key government and industry organizations, establishing a strong presence in China's education market of more than 300 million students. The company is extending its global reach, with an initial market expansion into Latin America, and continues to expand its product offerings and technology applications.

In 2015, more than 17 million primary school students studied English in China using Lingo Learning textbooks and supplemental materials. Under its partnership with People's Education Press, Lingo Learning holds about a 60% market share in the primary school market in China for English textbooks.

Globally, the market for ELL products and services is an estimated US\$56.3 billion with about 1.6 billion people around the world learning English. Worldwide expenditures on digital English learning products are expected to reach US\$2.5 billion in 2016, including US\$260 million in the Latin American market.

In September 2015, Lingo Media was awarded a multi-million dollar contract in Colombia with the National Training Service (SENA) secured by its subsidiary, ELL Technologies, in partnership with eDistribution. SENA is a national public institution under the Ministry of Labour focused on the development of education to foster employment. ELL Technologies and eDistribution will develop and distribute lessons, learning objects and digital resources, which SENA will implement into its learning management system.

On March 16, 2016, the company announced the completion of its "ELL Studio", a speech recognition and practice pronunciation mobile app that is planned for launch in the second quarter of 2016.

On March 31, 2016, Lingo Media announced a distribution partnership with Telefonica Educacion Digital SLU that will allow Telefonica to market and sell the company's complete suite of ELL products in Peru, a growing English learning market. Another significant distribution partnership was announced on April 11, 2016 with Gale, a leading provider of library resources and part of Cengage Learning. Through the agreement, Gale will have exclusive international rights to market, sell and distribute the Scholar

English language training program to university and college libraries, public libraries, and private schools. The product is co-branded as Gale-Lingo.

In August 2016, several developments were reported by Lingo Media for its English language training solutions. Firstly, ELL Technologies secured a sales contract with the Universidad de San Martin de Porres, an institution with over 20,000 students, and having its two main campuses in Lima and Chiclayo, Peru. Also, ELL Technologies reported a sales contract with Certus, the leading banking, business and finance educational institution in Peru. Finally, ELL Technologies secured a sales contract with Universidad Da Vinci, a well-established online university in Mexico.

In September 2016, Lingo Media hired Laurent Glorieux, former global sales director at market-leading Rosetta Stone. Mr. Glorieux has extensive industry contacts and management is confident that this appointment will generate significant new deal flow as well as international expansion opportunities in Asia and the Middle East.

Lingo Media has announced a number of important contracts and distribution partnerships over the last 6 months which are expected to have a positive impact on financials moving forward. As at June 30, 2016, the company had positive working capital of \$4.05 million or \$0.11 per share, up from \$1.99 million or \$0.06 per share as at March 31, 2016 due to the exercise of more than 5.7 million warrants. Lingo Media also has no long-term debt outstanding.

With its easily scalable online learning solutions, Lingo Media is ideally positioned to take advantage of the large market for teaching English in Latin America. Furthermore, with such a vast potential market worldwide, there are many other geographic areas that would make ideal future expansion targets. The company's shares are trading at just 9.8X annualized 2016 YTD earnings and at only 7.5X after taking working capital into account.

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