



MOOVLY MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in Canadian Dollars)

**Year Ended
September 30, 2020**

Report Date – January 28, 2021

Moovly Media Inc.

Management's Discussion and Analysis
Year Ended September 30, 2020

INTRODUCTION

Moovly Media Inc. ("Moovly" or the "Company") is a publicly traded company that was incorporated on December 28, 2006, under the laws of British Columbia, Canada. The Company is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares are listed and posted for trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "MVY". The Company completed a name change from Pantheon Ventures Ltd. ("Pantheon") on July 27, 2016 in conjunction with the completion of a reverse takeover ("RTO") transaction with Moovly NV, a privately held technology company that was incorporated in Brussels, Belgium on November 6, 2012. The Company's head office and registered records office is located at 1558 West Hastings Street, Vancouver, BC, V6G 3J4.

In accordance with Form 51-102F1, the following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and financial condition of Moovly for year ended September 30, 2020. The following discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2020 which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. The reader should be aware that historical results are not necessarily indicative of future performance.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A, including statements or information containing terminology such as "anticipate", "believe", "intend", "expect", "estimate", "may", "could", "will", and similar expressions constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events, or developments that Moovly or a third party expect or anticipate will or may occur in the future, including Moovly's future growth, expenses results of operations, performance, and business prospects and opportunities are forward-looking statements.

These forward-looking statements reflect Moovly's current beliefs and are based on information currently available to Moovly. These statements require Moovly to make assumptions Moovly believes are reasonable but that are subject to inherent risks and uncertainties. Actual results and developments may differ materially from the anticipated results and developments discussed in the forward-looking statements as certain of these risks and uncertainties are beyond our control. These risks include several of the factors discussed further under the "Risk" section of this document. These risk factors are interdependent and the impact of any one risk or uncertainty on a particular forward-looking statement is not determinable.

Examples of forward-looking statements in this MD&A and the key assumptions and risk factors involved in such statements include, but are not limited to, the statements related to management's expectations that Moovly's increasing sales trend will continue throughout 2021 and beyond, that e-commerce revenues will continue to increase and accelerate with additional marketing and online sales expenditure, and that revenues from blue chip corporate clients will continue to grow in 2021. These statements are based on the assumption that market acceptance and adoption of Moovly's products will continue or accelerate and therefore that current sales trends will continue or accelerate.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected effects on Moovly. These forward-looking statements are made as of the Report Date of this MD&A. Except as required by applicable securities legislation, we assume no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

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MOOVLY BUSINESS OVERVIEW

In 2012 while both executives and shareholders of a digital agency, Moovly's founders recognized the growing market demand for lower cost video and animated high impact multimedia content, mostly in the form of videos to explain or promote something. The demand to use multimedia content to explain and/or promote products, companies, processes and services was clearly growing and becoming a major trend globally. Making rich multimedia content was and remains however technically challenging and costly using traditional methods. The founders incubated the idea that a technical platform could be developed whereby end-users without extensive technical or graphical training would be capable of creating their own animated videos and other rich multimedia content, thus avoiding the high cost of traditional agency fees to have those products made for them. It is with that vision that the Moovly founders set out to create a platform that allows everyone to create animated videos and other rich multimedia content in a "Drag and Drop" fashion with just a few clicks. Prior to developing the platform itself, the founders created a proof of concept which was made available to 18 different large and small companies to test and provide feedback. The proof of concept platform was extensively used over a 6-month period while feedback was gathered and usability assessed. Based on the feedback received from those initial test companies and the users in each, as well as extensive market and competitive analysis, the founders decided to set up Moovly and began product development in early 2013 of the platform from scratch, disposing of the proof of concept which had served its purpose. Working under the radar, Moovly developed its platform and only launched the first version of its commercial "cloud-based digital media and content creation platform" at the end of October 2013. The decision was made at the time to follow the industry trend and exploit the platform using a Freemium SaaS (Software as a Service) business model internationally. Today clients include consumers, students, educational institutions, start-ups, SMEs, brands and large blue chip multinational corporations.

Moovly allows anyone to create rich multimedia content, either from scratch or using templates, without the need to be a multimedia expert nor having to use specialist software programs. Furthermore, any content created using Moovly's platform can be easily adapted, translated, updated and modified, significantly increasing the ROI (return on investment) of the user. Using a drag and drop interface, users can compose and animate graphical objects and synchronize these with sound (voice or music) using a simple timeline. Moovly also features an API (application programming interface) that can be used by third parties for semi and fully automatic video generation (e.g. for brand campaigns, user generated content contests or other content creation applications). Brands and large enterprises can fully customize Moovly to use with their own custom graphical libraries, fonts and color sets.

Even though Moovly has achieved commercialization of its product, the product remains under constant development to expand its possibilities and to extend the platform with new features, functionality and to other devices to reach the widest possible audience.

Moovly's commercialization strategy consists of 3 main pillars:

- E-Commerce: Moovly will continue to organically grow its E-Commerce business at a pace in line with available cash flow to drive marketing expenditure. This combined with dedicated customer service and support resources to drive and keep churn low should result in a stable base of income with growth.
- Direct Corporate Sales: Increasing large multinational enterprise clients are seeking alternatives and engaging ways to communicate with their clients, staff, partners etc. These clients tend to take longer to make their decision, thus a long sales cycle, however they are higher value clients who tend to be loyal long term. A good example of this is Amadeus which was announced in 2019. There are numerous others.
- Partnerships: Moovly believes that it is the thought and technology leader in the space as such we believe we have the best video content creation platform on the market. We will seek to partner with companies looking to add the Moovly products to their own either as resellers, branded value-added resellers and integration partners seeking to off a video content creation tool to their own clients (whether branded Moovly or not). An example of this strategy working is the signing of Boxlight for sales into the Education Sector.

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RECENT BUSINESS DEVELOPMENTS

Partnership with VideoBlocks

In October 2016, the Company partnered with stock media provider VideoBlocks, and added over half a million multimedia content assets, valued at over US\$10,000,000, to the Moovly platform. This partnership propels Moovly into a clear content leadership position, with an order of magnitude of more content than its nearest rival.

VideoBlocks has won numerous awards including top No. 11 media company and was among the top four fastest-growing media companies in back-to-back years by the Inc. website. Through this partnership, Moovly will make VideoBlocks' professional-quality digital assets including 115,000 high-definition video clips, 350,000 images, photos and vectors, and 100,000 music tracks, sound effects, and loops available to its users.

This partnership significantly increases the quality, variety and number of library items available to Moovly users. The comprehensive VideoBlocks libraries will enable users to create truly magnificent multimedia content using the objects of thousands of illustrators, video and sound artists, motion graphics specialists, and professional photographers.

WordPress Plugin Launch

In August 2018, the Company launched the beta version of a new and powerful WordPress plug-in, compatible with more than 75 million WordPress websites and blogs worldwide. The new plug-in will enable any owner of a WordPress website, currently making up more than 28 per cent of the Web, to use Moovly's Automator API without having to write a line of code to create personalized video content on any page. During the beta phase the trial is free to download and use.

Installing this plug-in gives any WordPress administrator the ability to:

- Easily display videos made in Moovly using a simple short code;
- Allow their site visitors to make videos on the website using a theme created in Moovly and collect satisfied customer video testimonials, again by simply using a short code;
- Convert any news or blog text into a short video, again using a suitable template made in Moovly;
- Advanced user-friendly admin screen with lists of all videos and templates available, as well as progress and help functions.

Google Integration

In September 2018, the Company launched two new Google integrations: full GDrive integration and an advanced YouTube publishing integration. Moovly has experienced strong growth in the number of Moovly videos being published to social media. YouTube publishing is especially strong and growing. Moovly's advanced integration into YouTube allows Moovly to add enhanced features to further enhance the user experience. Integration with Google GSuite's GDrive (with its one billion registered users), allows Moovly users to import their own content directly from GDrive into the Moovly Studio Editor, making the publishing of their video content to YouTube extremely intuitive and efficient. In May 2019, the Company extended its Google Suite integration by launching an integration with Google Gsheets, a spreadsheet program included as part of the web-based software office suite offered by Google. This integration gives all Moovly customers access to the application programming interface (API) automator without having to do any custom development to produce masses of video. As a direct response to customer requests, Moovly has developed the ability for customers to mass produce videos via data in a Google GSheet, making it possible to create large volumes of videos and then download or publish them to social media channels without any engineering effort. This integration is yet another example of the ease with which Moovly, customers and third parties can use the API automator to produce masses of product videos.

Cloud Drive / Storage Integrations

Between Nov 2018 and Jan 2019, Moovly integrated a number of popular cloud drive services thus allowing clients to access the images, sounds, videos etc that they may have stored on services like DropBox, Box.com, OneDrive by

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Microsoft and GDrive by Google available seamlessly in the platform. The integration also allows Moovly users to export and download videos made in Moovly to those cloud storage facilities.

Bynder Integration

While consumers and small businesses use cloud drive storage systems, larger enterprises tend to use Digital Asset Management systems to store and control access to their digital assets. Based on demand from enterprise clients Moovly partnered with and integrated with one of the leading DAM providers, Bynder. This allows Bynder clients to seamlessly access all their digital assets in Moovly.

Vimeo Integration

In January 2019, the Company launched an advanced publishing integration with Vimeo, a video-sharing platform that operates as a subsidiary of IAC/InterActiveCorp, to provide a wider range of video distribution solutions in the Moovly platform. Vimeo is the main rival of the No. 1 video-sharing site (YouTube) on the Web and has a strong business focus and over 80 million customers. The number of Moovly videos published to social media continues to grow as does the demand to be able to publish on distribution platforms. As a direct response to continued demand and interest in on-line sharing of video content, through its Vimeo integration, Moovly users can now publish videos on their Vimeo channel with a single click, saving time and significantly enhancing the user experience.

Getty Images and iStock Integration

In February 2019, the Company signed a partner agreement with world leader in visual communications, Getty Images, opening up access to tens of millions of digital assets from within the Moovly platform. The Getty Images integration allows Moovly users to access the impressive digital asset stock libraries (sounds, images, videos) from Getty Images and iStock seamlessly inside the Moovly studio editor. This integration replaces the Shutterstock integration.

Further Google GSuite Integration

In Q2 2019, Moovly implemented an integration to the Google spreadsheet product GSheet. This allows users of Moovly's Automator products to populate video templates using data from a GSheet, in doing so being able to produce large volumes of similarly branded videos each personalized or customized using the data in the sheet.

Advanced Features and New Premium products

In September 2019, Moovly announced the availability of a new premium subscription product which contained all the previous features in its Pro subscription as well as a number of high value / high demand features. These include:

- Screen Recording: Allowing the user to record their screen actions without the need for 3rd party software
- WebCam Recording: Allowing the user to record themselves via their webcam within the Moovly platform
- Green Screening: Allowing users to remove unwanted backgrounds from images and videos etc.
- SubTitling: Allowing users to easily and automatically add subtitles in multiple languages to videos.

Moovly beats competition to win Amadeus IT Group contract

In September 2019, Moovly announced that they had secured an important contract with multinational enterprise customer Amadeus, having beaten the competition in a bid to provide a Corporate Video Solution. This announcement is significant as the client did an analysis of the market and its players including Moovly and its competitors and selected Moovly as the best product on the market. As a result an important commercial contract was signed.

Moovly enters into partnership with Boxlight Corporation

In November 2019, Moovly entered into an exclusive global reseller partnership agreement with Boxlight Corp., based on growing demand for multimedia products in the education sector. With this agreement, Boxlight will resell the jointly branded MimioMoovly cloud-based, video creation software. With no installation or maintenance needed, the online tool will enable students and teachers to easily create videos using over 1.3 million royalty-free media assets - including photos, illustrations, video clips, sound and music - to support classroom instruction, flipped classroom videos, video assignments, media literacy workshops, and more. Offering an engaging way to increase students' digital competencies, MimioMoovly can be used as a stand-alone video production tool or it can enhance larger interactive projects or lessons as part of the total Boxlight solution.

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The Moovly – Boxlight relationship migrated to a non-exclusive agreement in 2020.

Moovly client numbers more than double in wake of global lockdown

Moovly has seen a substantial increase in all of its client metrics since the start of lockdown (from the end of February, 2020), with daily website traffic up 300%; new users up 125%; and new subscribers up 120%. Moovly has had daily website visits grow by 300 per cent since February 2020, the result of which has been twice as many new daily active sign-ups. In addition, based on client demand Moovly launched an integration with Facebook whereby users can publish their videos to a Facebook Page and or Group with a single click of a button. This feature is ideal when using premade templates and our "quick edit" Video Automator feature in which case Facebook promo videos, adverts etc. can be made in seconds.

Extension of European Government Contract

In May 2020, as a result of excellent uptake by a government agency client, Moovly secured a three-year enterprise subscription extension and expansion. Having successfully deployed Moovly within its organization, with hundreds of users making thousands of videos with Moovly, the client has extended their subscription with Moovly for a further 3 years in a deal worth an estimated \$150,000.

Moovly Launches Moovly Video Collaborator

In June 2020, Moovly enhanced its existing cloud-based video content creation platform by launching a new live video communications service called Moovly Video Collaborator (MVC). The MVC is a live video communication tool that allows a number of users to interact in real time, offering Moovly group subscribers a live video communication tool for collaboration that is seamlessly integrated into the existing Moovly platform. The MVC includes features like screen sharing, chat and a host of additional options making it easier for Moovly groups to communicate in real time. In addition to Moovly's own video collaboration tool, Moovly also added the ability for users to launch their favorite third-party video conferencing tool. Whether you use Zoom, Google Meet, Microsoft Skype or WebEx you can access your favorite conferencing service easily within Moovly's dashboard.

Moovly Accelerates Google Integration

In July 2020, Moovly accelerated its Google integration with G Suite, enabling for Moovly-created content to be uploaded both seamlessly and faster. As a result of this deeper integration, the Company has seen a substantial increase in the number of users publishing their Moovly videos on YouTube. Moovly's flexible platform allows users to publish their videos to platforms with the single click of a button. The Company has integrated an easy-to-use publish-to-YouTube feature, which has resulted in significant adoption, resulting in tripling of user metrics from March to April, 2020. The integration of Google's G Suite of products has allowed users of Google Drive to easily push content from their cloud storage directly to Moovly. Recently, Moovly templates have been available in Google Sheets, which has also resulted in the increased use of the Moovly range of products.

PERFORMANCE AND MILESTONES

Strategic Shift

In Q1 of the financial year (Oct – Dec 2019), Moovly executives decided to adapt its strategy from a pure freemium model. With Cash tight and fund raising difficult, achieving a sustainable cashflow vs expenditure was priority. To achieve this without millions in marketing budget, the e-commerce cash and revenue stream was augmented with a dedicated and focused effort on selling to larger multinational clients. This was supported too by recent successes with Amadeus and a few other larger organisations. Our marketing team thus focused increasingly on these type of target audiences. In addition, a new partner program was launched to make our leading technology available to and via other companies.

Impact of Covid

With Covid impacting the way people work and learn, so did the need for video communications and content creation tools. This increased interest lead to increased traffic and registrations on the Moovly platform from March 2020 onward. This increased interest came from not only the traditional SME e-commerce client base, large corporations

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and educators and students also increasingly looked for online tools. As a direct result of this demand, Moovly added a real-time video conferencing and collaboration tool to the platform enabling small groups to collaborate via live video (Zoom like) as part of a paid subscription to Moovly.

Corporate Sales

With a focus on corporate sales via direct outbound marketing techniques and dedicated sales attention from one of the co-founders (Geert Coppens) the plan to attract and close on larger and larger corporate clients has paid off, with a number of large orders being received, and importantly too the retention and renewal from existing large clients some with multiyear long contracts.

Partnerships

Believing that we have the best product and most flexible platform on the market, while not having the marketing resources itself to grow the business, Moovly also set about seeking partnerships and clients that could make use of the Moovly platform either directly or via our advanced API. The plan being to find companies interested in investing in marketing and selling a Moovly-based product to their clients and markets in exchange for a revenue share, thus offering Moovly growth potential without an upfront investment by Moovly (thus trading upfront Cost of Sale with success based Cost of Acquisition).

While slow initially, interest accelerated particularly in the fourth financial quarter (July – Sept 2020) and a number of partnership have been signed (only Contenthouse having been announced). That trend is expected to continue and hopefully accelerate as more and more companies become aware of Moovly's offering, integrate and have their users gain experience using the tools. While Moovly prefers to have the solution branded as Moovly, in some cases our partners have whitelabel or co-branded (e.g. Powered by Moovly) version of the solution. Moovly believes these partnerships have the potential to accelerate our business as those partners become active and their sales and marketing teams start to position Moovly appropriately in their markets. Due to the revenue and strategic potential of the partner program, these efforts are being led by Moovly cofounder (Brendon Grunewald).

Key performance indicators:

September 30, 2020	September 30, 2019
• Focus sales on direct sales to larger companies. • Significantly improve the enterprise offering with new features (e.g. green screen, screen recording etc.) and back office functionality (e.g. self admin, floating subscriptions assignment, usage statistics etc.). • Increase security and scalability so support large volumes of content creation and multinational requirements. • Expand partner program and sign both technology and reseller / channel partners • Expand the API and WordPress functionalities to make them more useful and valuable to clients and partners wishing to work with Moovly. • Exceed 3M registered users. (Achieved in March 2020). • Expand the Education offering to include classrooms and groups. • Prepare the company for a fund raising to accelerate growth.	• Launch Business subscription with numerous premium features at US\$49.92/month or US\$599/year • The launch Cloud Storage Platform integration. • Expanded Google integration with GSheet integration. • Updated Wordpress plugin and launched brandable testimonial Mobile App. • New Annual subscriptions continue to exceed Monthly subscriptions. • Selected as best in industry by multinational corporation, Amadeus. • Signed Reseller Distribution agreement with Boxlight.

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SELECTED ANNUAL INFORMATION

The following table sets out selected annual financial information for the last three financial years. The financial data has been prepared in accordance with IFRS:

	Year Ended September 30, 2020	Year Ended September 30, 2019	Year Ended September 30, 2018
	(\$)	(\$)	(\$)
Income Summary			
Revenue	1,469,868	1,219,953	892,751
Net Loss	(1,713,271)	(1,807,736)	(3,842,857)
Net Loss per Share	(0.01)	(0.01)	(0.03)
Financial Position Summary			
Total Assets	733,816	853,254	1,268,196
Total Non-Current Financial Liabilities	1,155,974	2,101,669	1,557,833

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SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited consolidated financial information for the eight most recently completed quarters.

Three Months Ended	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	(\$)	(\$)	(\$)	(\$)
Total Revenue	387,138	374,554	500,922	207,254
Loss for the Period	(702,689)	(247,915)	(389,262)	(373,405)
Comprehensive Loss	(728,276)	(224,945)	(463,552)	(384,972)
Basic and Diluted Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)

Three Months Ended	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(\$)	(\$)	(\$)	(\$)
Total Revenue	323,804	303,352	350,617	242,180
Loss for the Period	(405,977)	(436,729)	(465,543)	(499,487)
Comprehensive Loss	(321,451)	(468,540)	(456,390)	(543,545)
Basic and Diluted Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)

RESULTS OF OPERATIONS

Fourth Quarter

Revenues for the three-month period ended September 30, 2020 (the "Current Quarter") was \$387,138 compared to \$323,804 during the three-month period ended September 30, 2019 (the "Prior Quarter"), representing an increase of \$63,334.

Net loss for the Current Quarter was \$702,689 compared to \$405,977 for the Prior Quarter, representing an increase in loss of \$296,712. Comprehensive loss for the Current Quarter was \$728,276, compared to \$321,451 for the Prior Quarter, representing an increase in loss of \$406,825.

Year-to-date

Revenues

Revenues for the year ended September 30, 2020 (the "Current Year") was \$1,469,868 compared to \$1,219,953 during the year ended September 30, 2019 (the "Prior Year"), representing an increase of \$249,915.

Comprehensive loss for the Current Year was \$1,801,745 compared to \$1,789,926 for the Prior Year, representing an increase of \$11,819.

Expenses

Expenses for the Current Year were \$3,183,139 as compared to \$3,027,689 during the Prior Year. The primary reasons for the increase in costs of \$155,450 in the Current Year were as follows:

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- a) Advertising and promotion decreased by \$101,795 during the Current Year primarily due to cost savings which resulted in an increase in in-house marketing efforts and cutting back on advertising and outside marketing during the Current Year.
- b) Hosting and software expense decreased by \$135,170 due to technology optimizations by the engineering team, and migrating certain servers during the Current Year.
- c) Management fees increased by \$603,510 during the Current Year primarily due to the CEO and CTO choosing not to charge the Company for management fees during the Prior Year in an effort to reserve cash.
- d) Wages and benefits decreased by \$135,981 during the Current Year as part of the Company's cost saving measures intended to help lower its burn rate and achieve a sustainable cash flow position.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. Moovly has continued to fund its growth through debt and equity raises. The growth that the Company has seen to date has been sufficient to attract investor interest, and it has allowed the Company to focus on developing an industry leading platform with "future proof" technical capabilities allowing the Company to accelerate and develop features in a flexible way.

Management believes that cash flow positive operations can be achieved in the next twelve months given the current growth in sales expectations. Revenue is projected to continue to grow in 2021, as the number of new users signing onto the platform continues to accelerate, particularly as our large enterprise direct sales and partner programs show traction. Both these models have long sales cycles, however in the case of Enterprise clients orders are significantly larger than SME's and partners invest sales and marketing resources (at no cost to Moovly except for a sales commission).

As at September 30, 2020, the Company had cash of \$48,869 (September 30, 2019 - \$25,962) and a working capital deficit of \$4,682,269 (September 30, 2019 - \$2,317,011 deficiency).

OFF-BALANCE SHEET ARRANGEMENTS

As at the Report Date the Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

As at the Report Date the Company has no proposed transactions.

COMMITMENTS

The Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay \$7,000 plus GST per month, increasing to \$7,700 effective February 1, 2019, and further increasing to \$8,470 effective February 1, 2020 until the expiration of the underlying head lease on July 31, 2021. During the year ended September 30, 2020, the Company moved offices and amended the cost-sharing agreement to a month-to-month basis at the same rate.

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DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Common Shares

As at the Report Date there were 136,993,262 common shares issued and outstanding.

Escrow

Pursuant to an escrow agreement dated July 26, 2016, 35,754,570 common shares were originally held in escrow, all of which have been released as at September 30, 2020.

Warrants

As at the Report Date, the Company had 4,266,666 warrants outstanding at an exercise price of \$0.125, expiring November 30, 2023.

Stock Options

As at the Report Date, the Company had the following stock options outstanding:

<u>Expiry Date</u>	<u>Options Outstanding</u>	<u>Exercise Price</u> <u>(\$)</u>
August 4, 2021	400,000	0.24
November 29, 2021	200,000	0.24
September 27, 2022	800,000	0.24
August 29, 2023	6,100,000	0.10
April 13, 2025	4,600,000	0.10
	12,100,000	0.12

During the year ended September 30, 2020, an aggregate of 4,600,000 incentive stock options were granted to certain directors, officers and employees of the Company. The stock options are exercisable at \$0.10 for a period of 5 years.

During the year ended September 30, 2020, the Company recorded \$179,163 as share-based compensation expense in connection with the vesting of stock options.

TRANSACTIONS WITH RELATED PARTIES

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions, during the year ended September 30, 2020 and 2019:

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Key Management Compensation

	2020	2019
	(\$)	(\$)
Management fees paid or accrued to a corporation controlled by the Chief Executive Officer ("CEO") of the Company.	316,470	44,906
Consulting fees paid or accrued to a corporation controlled by the Chief Executive Officer ("CEO") of the Company.	45,210	44,903
Professional fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	72,000	72,000
Management fees paid or accrued to a corporation controlled by the Chief Technology Officer ("CTO") of the Company.	391,820	59,874
Share-based compensation vested for certain directors and officers of the Company	56,543	25,021
Total	882,043	246,704

As at September 30, 2020, \$1,036,480 (September 30, 2019 - \$369,186) was included in accounts payable and accrued liabilities owing to directors, officers and companies controlled by them. These amounts are unsecured with no specific terms of repayment.

As at September 30, 2020, \$353,350 (September 30, 2019 - \$203,986) was owing to directors and officers of the Company for principal loan and accrued interest.

During the year ended September 30, 2020, the Company received \$Nil (2019 - \$103,375) in revenue from a corporation that shares directors in common with the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, accounts receivable, note receivable, accounts payable and accrued liabilities and notes payable.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of accounts receivable, note receivable, accounts payable and accrued liabilities and notes payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

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Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company manages this credit risk by ensuring that cash is placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of amounts due from government agencies and receivables from corporate customers of Moovly. Management believes that the credit risk with respect to these receivables is remote.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company endeavors to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company is not in compliance with the terms of its notes payable and is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its notes payable.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and Belgium. The majority of the Company's sales are denominated in United States dollars, and are immediately converted to Euros upon receipt. The majority of the Company's costs are denominated in Euros.

The Company was exposed to the following foreign currency risk as at September 30, 2020 and September 30, 2019:

	September 30, 2020	September 30, 2019
	(€)	(€)
Cash	30,359	24,561
Accounts receivable	50,235	19,080
Accounts payable and accrued liabilities	(702,211)	(529,431)
Deferred revenue	(400,724)	(238,052)
Interest payable	(43,843)	(30,276)
Loans payable	(300,332)	(300,332)
	<u>(1,366,516)</u>	<u>(1,054,450)</u>

The Company's reported results will be affected by changes in the Euro to the Canadian dollar. As at September 30, 2020, a 10% fluctuation to the Euro relative to the Canadian dollar would cause a \$137,000 change to net financial assets.

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The following foreign exchange rates applied for the years ended September 30, 2020 and September 30, 2019:

	September 30, 2020	September 30, 2019
Average EUR to CAD	1.5070	1.4969
As at	1.5631	1.4453

RISKS

The material risk factors involved with the Company include, but are not limited to, the following:

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Company's growth and profitability. The Company intends to have no key person insurance for their management or for other key employees. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

New Technology

The market for Moovly's services is characterized by rapid technological change, with frequent variations in user requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices. The Company's success will depend, in part, on its ability to enhance and expand its existing service and to develop new technology that addresses the increasingly sophisticated and varied needs in the multimedia market and to respond to technological advances and emerging industry standards and practices and license leading technologies that will be useful in its business in a cost-effective and timely way. The Company may not be able to successfully use new technologies or adapt its current and planned services to new customer requirements or emerging industry standards. The introduction of new products embodying new technologies or the emergence of new industry standards could render its existing services obsolete, unmarketable or uncompetitive from a pricing standpoint. Failure to respond quickly and cost-effectively to new developments through the development of software and new products or enhancements to existing software and products could reduce the Company's revenue.

Changes in Industry Standards or Technology

The industry in which the Company will operate is subject to constant and rapid changes in industry standards and technology, frequent new product introductions, short product life cycles, and evolving technical standards. Technological developments, or a substantial change in industry standards, may reduce the competitiveness of the Company's products and services and require unbudgeted upgrades that could be expensive and time consuming to implement. The Company continually evaluates expenditures for research and development and must choose among alternative technologies based on its expectations of future market growth and other factors. The Company may be unable to develop and introduce new or enhanced products and services that satisfy customer requirements and achieve market acceptance in a timely manner or at all, the technologies where it has focused its research and development expenditures may not become commercially successful, and it may be unable to anticipate new industry standards and technological changes. The Company also may not be able to respond successfully to new product and service announcements and introductions by competitors. If it fails to adapt successfully to technological changes or fails to

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obtain access to important new technologies, the Company may be unable to retain customers, attract new customers or sell new products to its existing customers.

Competition

The Company operates in a competitive industry that is rapidly evolving and intensely competitive. Competition in the multimedia industry throughout the world continues to increase at a rapid pace as consumers, businesses and governments realize the capabilities of multimedia products and services. In addition, new competitors or alliances among competitors could emerge and rapidly acquire significant market share, to the Company's detriment. There may be additional competitive threats from companies introducing new and disruptive solutions. Some of the Company's competitors may have advantages over the Company, including, but not limited to, longer operating histories and market presence, greater name recognition, access to larger customer bases, economies of scale and cost structure advantages, greater sales and marketing, manufacturing, distribution, technical, financial and other resources and government support. Such competition may result in reduced sales, reduced margins or increased operating expenses.

Software Errors

The Company's technology is highly technical and may contain undetected errors, defects or security vulnerabilities. Some errors in the Company's technology may only be discovered after it has been deployed and used by its customers. Any errors, defects or security vulnerabilities discovered in its technology after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers and increased service cost, any of which could adversely affect the Company's business, operating results and financial condition. In addition, the Company could face claims for product liability, tort or breach of warranty. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention away from the business and adversely affect the market's perception of the Company and its services. In addition, if the Company's business liability insurance coverage is inadequate or future coverage is unavailable on acceptable terms or at all, its operating results and financial condition could be adversely impacted.

Limited Operating History

Moovly has had a limited history of operations, and is in the early stage of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including start-up losses, lack and uncertainty of revenues, markets and profitability, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Moovly has a limited history of earnings and its limited operating history makes it difficult to predict how its business will develop and its future operating results. There is no assurance that any future products will generate earnings, operate profitably or provide a return on investment in the future and the likelihood of success and any potential return on a shareholder's investment must be considered in light of Moovly's early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

Disruption of Services

The Company hosts its services and serves all of its customers in third party facilities. It does not control the operations at the third party facilities. All of these facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, power losses, telecommunications failures and similar events. They also could be subject to break-ins, computer viruses, denial of service attacks, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the third-party facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in the Company's services. Although off-site tape backups of customers' data is maintained, the Company does not currently operate or maintain a backup datacenter for any of its services, which increases vulnerability to interruptions or delays in service. Interruptions in the Company's services might harm its reputation, reduce its revenue, cause it to incur financial penalties, subject it to potential liability and cause customers to terminate their contracts.

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Protection of Intellectual Property Rights

The industry in which the Company operates is characterized by vigorous protection and pursuit of intellectual property rights and positions, which may result in protracted and expensive litigation for many companies. The Company's commercial success depends, in part, upon the Company not infringing intellectual property rights owned by others. Some of the Company's competitors and other third parties may have been issued patents or filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of such patents. The Company cannot determine with certainty whether any existing third party patents, or the issuance of any third party patents, would require the Company to alter its technology, obtain licenses or cease certain activities.

The Company expects that in the future it may receive, particularly as a public company, communications from various industry participants alleging the Company's infringement of their patents, trade secrets or other intellectual property rights. Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than the Company, and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any lawsuits resulting from such allegations could subject the Company to significant liability for damages and invalidate the Company's proprietary rights; and any potential intellectual property litigation also could force it to do one or more of the following:

- stop selling products or using technologies that contain the allegedly infringing intellectual property;
- lose the opportunity to license the Company's technology to others or to collect royalty payments based upon successful protection and assertion of its intellectual property against others;
- incur significant legal expenses and spend time evaluating and defending any claims;
- divert management's attention and focus away from the business;
- pay substantial damages to the party whose intellectual property rights the Company may be found to be infringing;
- expend significant resources to modify and redesign those products that contain the allegedly infringing intellectual property;
- cross-license the Company's technology to a competitor to resolve an infringement claim, which could weaken the Company's ability to compete with that competitor; or
- pay substantial damages to the Company's customers or end-users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology.

Any significant impairment of the Company's intellectual property rights from any litigation the Company faces could harm the Company's business and its ability to compete.

The Company may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party or pays costly royalties. There can be no assurance that the Company will be able to obtain any such license on commercially favourable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected and the Company could be required to cease related business operations in some markets and to restructure its business to focus on operations in other markets.

The Company's customers could also become the target of litigation relating to the patent and other intellectual property rights of others. This could trigger technical support obligations in some of the Company's customer agreements. These obligations could result in substantial expenses, including the payment by the Company of costs and damages relating to claims of intellectual property infringement. In addition to the time and expense required for the Company to provide support to its customers, any such litigation could disrupt the businesses of the Company's customers, which in turn could hurt the Company's relationships with its customers and cause the sale of its products to decrease.

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MANAGEMENT OF CAPITAL

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. The Company is currently unable to self-finance its operations.

Although the Company has been successful in the past in obtaining financing through the issuance of debt and/or equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the year ended September 30, 2020.

ACCOUNTING STANDARDS ISSUED AND ADOPTED

The Company has adopted IFRS 16 for leases as at October 1, 2019, in accordance with its transitional provisions and described below. The adoption of IFRS 16 has not resulted to adjustments in previously reported figures and no change to the opening deficit balance as at October 1, 2019.

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the statement of financial position a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized in profit or loss will be recognized on the statement of financial position. The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2020 the Company:

- a. completed a non-brokered private placement, raising aggregate gross proceeds of \$370,000 through the issuance of 4,266,666 units at \$0.125 per unit. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.125 for a period of three years from the date of issue.
- b. received \$78,000 in proceeds from a note payable. The note bear interest at 10% per annum payable quarterly and must be paid within three years from the date of issuance.
- c. granted an aggregate of 1,250,000 incentive stock options to certain employees of the Company, exercisable at \$0.105 for a period of five years from the date of issue.

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ADDITIONAL INFORMATION

Additional information relating to the Company is available on the Company's website at www.moovly.com or on SEDAR at www.sedar.com.

CORPORATE INFORMATION

Directors:	Brendon Grunewald Geert Coppens Michelle Gahagan Robert Meister
Officers:	Brendon Grunewald, President and CEO Kelsey Chin, CFO and Corporate Secretary Geert Coppens, CTO
Auditor:	Davidson and Company LLP Chartered Professional Accountants Suite 1200 – 609 Granville Street Vancouver, BC, V7Y 1G6
Legal Counsel:	Tingle Merrett Suite 639 - 1250 Standard Life Building 5 th Avenue SW Calgary, AB, T2P 0M9
Transfer Agent:	Computershare Trust Company of Canada 2 nd Floor – 510 Burrard Street Vancouver, BC, V6C 3B9.