MOOVLY MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in Canadian Dollars)

Year Ended
September 30, 2018

Report Date – February 22, 2019

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 Suite 302 – 1620 West 8th Avenue, Vancouver, BC, V6J 1V4.

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 the year ended September 30, 2018. The following discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2018 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 in 2019 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 2019. 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.

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.

RECENT BUSINESS DEVELOPMENTS

API Integration With Shutterstock
In September 2017, Moovly entered into an API (application programming interface) integration with Shutterstock. Moovly has integrated Shutterstock's API technology to offer its clients access to Shutterstock's more than 150 million digital assets via the Moovly Studio editor. This is the first instance where Shutterstock will license video and music directly through its API. Shutterstock is known as a leading global technology company offering a creative platform for high-quality assets, tools and services to businesses, marketing agencies and media organizations around the world.

Through this agreement Moovly users get seamless access to more than 150 million of Shutterstock's digital assets (including video, images and music) to make even more engaging and impressive content. Importantly too, this integration provides Moovly with an additional revenue opportunity by reselling Shutterstock's assets. This integration continues Moovly's positioning as the thought and technology leader in the high-end video creation platform space and a simple-to-use, cost-effective-yet-advanced tool, an invaluable combination for creative professionals.

Next Generation Video Editor
In March 2017, Moovly commercially released its second-generation video editor, **Moovly Studio**, at a disruptive price of $5 per month. Of special significance, Moovly Studio is based on HTML5 and takes full advantage of Moovly's advanced API platform to enable rapid feature development and easy integration of content and other third parties. Moovly Studio will initially be available in two commercial licences, namely Moovly Unlimited at $5 per month and Moovly Business at $300 per year. Effective November 28, 2017, the Company introduced a new subscription pricing model, offering monthly subscription of $49.99 USD or an annual subscription of $299.99 USD. Enterprise users are offered an annual rate of $1,500 USD which includes five yearly subscriptions and additional features and content which are unique to Enterprise users.

Moovly Studio is based on a new architecture that contains several new features and innovations, including:

- Quick and efficient creation of content with a new concept, called clips, which are prebuilt, pre-animated, editable groups of media objects. Clips can easily be combined to rapidly build new content. This powerful concept enables users to use, create and save sets of animated objects;

- A powerful, second-generation editor based on HTML5. Thanks to the new underlying technology framework, this editor seamlessly works on all browsers right out of the box, without a need for plug-ins, software download or installation. The new editor is also faster and more secure than its former Flash-based version;

- Unlimited access to over 500,000 royalty-free media objects such as stock videos, motion graphics, photos, illustrations, music and sound loops. Users can freely use and combine these assets to create new content for their projects;

- A new and improved user interface (UI) and user experience (UX) that enables users to create content in an easier, more flexible and more intuitive way than ever before;

- An enhanced version of Moovly's API, supporting third party integrations, single sign-on options with external user databases, media library partnerships and automated video generation.

Launch of Mobile App
In September 2016, the Company launched its mobile app which is available for free through Apple's App Store. Any Moovly user is allowed to enjoy its functionality. However, the true added value of the app is its ability to empower Moovly users in two important ways. First, it can promote, engage and teach at any place and at any time

RECENT BUSINESS DEVELOPMENTS (continued)

because all the user's creations are available from the cloud via smart phone or tablet. Second, it can capture content spontaneously for upload to the user's personal library which he or she can include in future creations.

In addition, thanks to the new mobile app users can take customization to a new level. They can literally unleash their creativity while combining their favourite iPhone application. They can use filters for pictures, special video apps to record interviews or discussions, modify sounds or compose music, and then upload them to the Moovly platform for final customization and distribution. This is the first version of the mobile app which will evolve over time based on internal as well as client demand and use cases. Moovly encourages users and clients to become involved in that process via closed user focus groups.

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.

Launch of HTML5 Editor
Moovly has beta launched its new multimedia content creation editor. The editor uses HTML5 technology and is based on Moovly's next-generation platform which launched in May, 2016. The beta phase of the new editor starts with limited functionality and is restricted to selected Moovly users. Over the months, new features will be progressively introduced with more users being allowed onto the platform. Over time the new HTML5 editor will become the default editor for new Moovly users.

By relying on HTML5 as the core technology for multimedia creation with Moovly, we offer our users higher security and better performance. HTML5 also offers many exciting new possibilities, such as interactivity, advanced animations and support for all mobile devices which will result in new content creation and application opportunities for Moovly users.

The advantages of Moovly's new HTML5 based editor over Flash-based editors can be summarized as follows:

- HTML5 works seamlessly on all computers and mobile devices with a browser.
- HTML5 works right out of the box, no plug-ins, no downloads, no installing of software.
- HTML5 is more secure than Flash-based technology.
- The HTML5 editor supports mass customization, a key differentiator for Moovly.
- The HTML5 editor will be faster than the Flash-based version, increasing efficiency.
- The HTML5 editor will feature an improved and user-friendly object library structure.
- The HTML5 editor will feature an enhanced user interface.
- The HTML5 editor will offer new application opportunities, creating added value.
- HTML5 allows for easier third party integrations, such as VideoBlocks.

RECENT BUSINESS DEVELOPMENTS (continued)

The HTML5 beta editor's architecture is fully prepared for third party partnerships and includes digital assets from VideoBlocks. Other parties for which the Moovly platform is well suited include agencies, broadcasters, corporations and governments.

Launch of Video Generator
In December 2016, the Company launched a new product called the Moovly Video Generator, which allows companies, organizations and brands to produce template-based, customized videos in high volumes and distribute these to their target audiences via e-mail, social media or third party applications.

The versatility of the Moovly platform not only enables individual users to easily create their own multimedia content via an editor, but now also allows companies, agencies and brands to mass personalize videos to engage their target audiences.

Moovly offers three types of Moovly video generators:

1. Template-based customizable user content generation: offer your users easy, customizable templates that they can turn into personalized videos in literally less than a minute;
2. Mass generation of customized video content: automatically merges video templates with data lists to generate a customized video for each list item;
3. Automated video generation based on data feeds: automatically generate new videos using data feeds from any source (such as Twitter, RSS, news feeds, measurements and so on).

Moovly's video generators can be used in variety of ways including:

- Mass video marketing or communication campaigns using personalized videos: send a unique, personalized video to each consumer, customer or client, with per-person adapted content items such as name, message, picture or logo.
- Product video generation: turn lists of products into customized product videos based on templates, including per-product adapted content items such as product name, picture, price, discount or description.
- E-commerce website videos: automatically generate a template-based video for every item for sale.
- Narrowcasting: automatically generate videos for narrowcasting including variable content items such as news flashes, stock prices, statistics or measured data (such as temperature, energy and amounts).
- Brand-consumer engagement campaigns: run creative consumer contests with branded video generators.
- Unique customer offerings: offer users the possibility to easily create valuable personalized video content, such as real estate videos, car sales videos, job vacancy videos, video CVs, season's greetings videos, video wishes and more.

Integration with PayPal
In March 2018, the Company established a new PayPal integration, enabling users from growing geographic markets to purchase subscriptions and media assets without the use of a credit card. Due to substantial user growth in markets such as India, Asia and Eastern Europe, where credit card use is substantially lower than in other areas, and due to demands from users in such areas for alternative payment methods, Moovly has integrated PayPal as a new payment method. This will allow new users to easily purchase subscriptions and media items from the 150 million available via its Shutterstock integration, all without the use of a credit card.

DiMora Mobile Reseller Agreement
In April 2018, the Company signed a commercial reseller agreement with U.S.-based mobile phone manufacturer DiMora Mobile LLC. As part of the agreement, DiMora Mobile, a leading smart phone manufacturer, will include a discount voucher and preload the Moovly app on all of its new Android cellphone handsets. Via the discount voucher, DiMora Mobile customers will receive a discount on the purchase of a pro-monthly or pro-yearly subscription

included. DiMora Mobile will also actively include Moovly in its marketing and promotion. The Moovly app will enable DiMora Mobile users to upload content directly from their handsets to their own personal Moovly Studio Library, which can then be used to create high-quality videos for their desired purpose. Being embedded and bundled with the DiMora smart phones, Moovly gains exposure to millions of potential users, offering them a drag-and-drop easy, cost-effective way to turn their content into cool, professional-looking videos. Dimora phones were expected to become available on the market in the second half of 2018. Those phones are now available and Dimora provided samples to Moovly in the fourth calendar quarter of 2018 for marketing purposes.

<u>PowerPoint Conversion</u>
In May 2018, Moovly introduced a new feature which allows users to upload an existing Microsoft PowerPoint presentation and convert that into a Moovly based presentation, thus avoiding the need to recreate existing presentation materials which significantly speeds up the creation process.

<u>WordPress Plugin Launch</u>
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.

<u>Google Integration</u>
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.

PERFORMANCE AND MILESTONES

In April 2017, Moovly launched its disruptive new pricing model wherein subscribers can access **Moovly Unlimited** for the low monthly price of $5.

In November 2016, Moovly exceeded the one million registered user mark.

Key performance indicators:

September 30, 2018	September 30, 2017
• Launch Pro subscriptions at US$49/month or US$299/year and end trial US$5/month (US$55/year) offering • The launch of Google and PayPal integration • First time Annual vs monthly subscriptions grows to over 50% by Q3 2018.	• 4% Monthly growth rate in registered users • Annualized growth rate of registered users is 60%. • The launch of Moovly Studio HTML5 has resulted in a 64% increase in quarter-on-quarter paid subscriptions.

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, 2018	Year Ended September 30, 2017	Nine Month Period Ended September 30, 2016
	($)	($)	($)
Income Summary			
Revenue	892,751	559,185	389,507
Net Loss	(3,842,857)	(3,918,469)	(5,795,874)
Net Loss per Share	(0.03)	(0.04)	(0.09)
Financial Position Summary			
Total Assets	1,268,196	1,174,320	883,005
Total Non-Current Financial Liabilities	1,557,833	125,160	-

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, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	($)	($)	($)	($)
Total Revenue	75,553	283,242	310,111	223,845
Loss for the Period	(1,912,315)	(551,844)	(880,595)	(498,023)
Comprehensive Loss	(1,977,003)	(536,499)	(754,792)	(616,385)
Basic and Diluted Loss per Share [1]	(0.02)	(0.00)	(0.01)	(0.01)

Three Months Ended	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
	($)	($)	($)	($)
Total Revenue	71,554	170,695	199,139	117,797
Loss for the Period	(1,151,261)	(825,952)	(971,242)	(970,014)
Comprehensive Loss	(1,130,498)	(949,602)	(986,815)	(876,393)
Basic and Diluted Loss per Share [1]	(0.01)	(0.01)	(0.01)	(0.01)

RESULTS OF OPERATIONS

Fourth Quarter

<u>Revenues</u>
Revenues for the quarter ended September 30, 2018 (the "Current Quarter") was $75,553 compared to $71,554 during the quarter ended September 30, 2017 (the "Prior Quarter"), which is similar as expected, due to the fourth quarter generally being the lowest revenue earning months when the Company's target market is on summer break.

Net loss for the quarter ended September 30, 2018 was $1,912,315 compared to $1,151,261 for the Prior Quarter. The increase in loss of $761,054 was primarily due to an increase in amortization, share-based compensation and finance fees during the Current Quarter due as opposed to the Prior Quarter, due to an increase in debt financing, issuance of stock options and development asset acquisitions.

RESULTS OF OPERATIONS (continued)

Year-to-Date

Revenues

Revenues for the year ended September 30, 2018 (the "Current Year") was $892,751 compared to $559,185 during the year ended September 30, 2017 (the "Prior Year"). The increase in sales of $333,566 can be attributed to an increase in sales and marketing efforts during the Current Year as well as the increase in pricing that was implemented.

Net loss for the year ended September 30, 2018 was $3,842,857 compared to $3,918,469 for the Prior Year. The decrease in loss of $75,612 was primarily due to the increase in revenue as well as the decrease in consulting fees from the Prior Year to the Current Year as a result of requiring less third-party contractors, increasing pricing and increasing marketing and sales efforts.

Expenses

Expenses for the Current Year were $4,735,608 as compared to $4,487,054 during the Prior Year. The primary reasons for the increase in costs of $248,554 in the Current Year were as follows:

a) Consulting fees decreased by $648,029 primarily due to a decrease in third party contractors retained during the Current Year as compared to the Prior Year.

b) Share based compensation increased by $116,809 based on the fair value of stock options issued during the Current Year.

c) Wages and benefits increased by $106,170 as additional staff were hired during the Current Year to replace third-party contractors as well as to meet expanded operating requirements.

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.

In June 2018, the Company issued 10,000,000 units at $0.10 per unit for gross proceeds of $1,000,000. Each unit is comprised of a common share and one-half share purchase warrant wherein each whole warrant will entitle the holder to purchase an additional common share at a price of $0.15 until June 28, 2019.

In March 2018, the Company completed a non-brokered private placement wherein it issued 5,550,000 units at a price of $0.10 per unit for gross proceeds of $555,000. Each unit issued is comprised of a common share and a share purchase warrant wherein each warrant will entitle the holder to purchase an additional common share at a price of $0.15 until March 14, 2019.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Management believes that cash flow positive operations can be achieved in the next twelve months given the current growth in revenue expectations. Revenue is projected to continue to grow in 2019 and 2020, as the number of new users signing onto the platform continues to accelerate, particularly in light of the Company's disruptive new pricing model launched in April 2017.

As at September 30, 2018, the Company had cash of $224,571 (September 30, 2017 - $Nil) and a working capital deficit of $1,452,406 (September 30, 2017 - $1,044,557 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 until the expiration of the underlying head lease on July 31, 2021.

Fiscal Year	Amount ($)
2019	84,000
2020	84,000
2021	70,000

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 132,726,596 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. A total of 70% of the escrow shares have been released as at September 30, 2018, and the remainder will be released in equal tranches of 15% every six months thereafter.

As at September 30, 2018, there were 10,726,371 (September 30, 2017: 21,709,593) common shares remaining in escrow.

DISCLOSURE OF OUTSTANDING SHARE DATA (continued)

Warrants

As at the Report Date, the Company had the following warrants outstanding:

Expiry Date	Warrants Outstanding	Exercise Price
		($)
March 14, 2019	5,550,000	0.15
March 21, 2019	259,200	0.25
June 28, 2019	5,000,000	0.15
	10,809,200	0.15

Stock Options

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

Expiry Date	Options Outstanding	Exercise Price
		($)
August 4, 2021	400,000	0.24
November 29, 2021	200,000	0.24
September 27, 2022	800,000	0.24
August 29, 2023	8,750,000	0.10
	10,150,000	0.12

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, not disclosed elsewhere in these financial statements, during the years ended September 30, 2018 and 2017:

Key Management Compensation

	2018	2017
	($)	($)
Management fees paid or accrued to a corporation controlled by the Chief Executive Officer ("CEO") of the Company.	190,832	222,197
Professional and consulting fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	75,500	38,500
Management fees paid or accrued to a corporation controlled by the Chief Technology Officer ("CTO") of the Company.	228,973	218,555
Consulting fees paid or acrrued to a corporation controlled by a director of the Company.	-	12,000
Share-based compensation vested for certain directors and officers of the Company.	356,602	84,533
Total	851,907	575,785

TRANSACTIONS WITH RELATED PARTIES (continued)

a) As at September 30, 2018, a receivable of $1,556 (September 30, 2017 - $6,453) was included in accounts payable and accrued liabilities owing to the CEO of the Company for management fees and expenses.

b) As at September 30, 2018, $253,410 (September 30, 2017 - $182,061) was included in accounts payable and accrued liabilities owing to the CTO of the Company for management fees.

c) As at September 30, 2018 a total of $51,025 (September 30, 2017 - $Nil) was included in accounts payable and accrued liabilities owing to the CFO of the Company for consulting fees and expenses.

d) As at September 30, 2018, $115,117 (September 30, 2017- $125,935) was owing to a director of the Company consisting of principal loan and accrued interest.

e) As at September 30, 2018, $81,164 (September 30, 2017 - $Nil) was owing to an officer of the Company consisting of principal loan and accrued interest.

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.

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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 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 nominally exposed to interest rate risk.

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, 2018 and September 30, 2017:

	September 30, 2018	**September 30, 2017**
	(€)	**(€)**
Cash	150,036	-
Accounts receivable	22,929	73,337
Accounts payable and accrued liabilities	(488,576)	(511,102)
Deferred revenue	(196,786)	(164,995)
Interest payable	(17,158)	(5,687)
Loans payable	(280,490)	(80,000)
	(810,045)	(688,447)

The Company's reported results will be affected by changes in the Euro to the Canadian dollar. As at September 30, 2018, a 10% fluctuation to the Euro relative to the Canadian dollar would cause a $81,000 change to net financial assets.

The following foreign exchange rates applied for the years ended September 30, 2018 and 2017:

	September 30, 2018	**September 30, 2017**
Average EUR to CAD	1.5241	1.4570
As at	1.4961	1.4697

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 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.

RISKS (continued)

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.

RISKS (continued)

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.

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, 2018.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39*, Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

IFRS 16, Leases

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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 balance sheet 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 on the statement of earnings will be recognized on the balance sheet. 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.

The Company has not yet assessed the potential impact of the application of these standards, nor determined whether it will early adopt these standards.

SUBSEQUENT EVENT

Subsequent to the year ended September 30, 2018, the Company received $545,600 in proceeds from notes payable. All notes bear interest at 10% per annum payable quarterly and must be repaid within three years from the date of issuance.

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 Christopher Macphereson
Officers:	Brendon Grunewald, President and CEO Kelsey Chin, CFO and Corporate Secretary Geert Coppens, CTO
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