



MOOVLY MEDIA INC.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Six Month Period Ended March 31, 2024 and 2023

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Moovly Media Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

	March 31, 2024	September 30, 2023
	(\$)	(\$)
ASSETS		
Current assets		
Cash	42,434	23,288
Accounts receivable (Note 5)	51,928	46,312
Prepaid expenses	13,150	12,920
	107,512	82,520
Equipment (Note 6)	7,338	7,210
Intangible assets (Note 7)	683,276	654,207
	798,126	743,937
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8 and 11)	1,769,363	1,785,228
Deferred revenue	609,980	507,686
Notes payable (Note 9)	2,448,682	2,382,621
	4,828,025	4,675,535
Shareholders' deficiency		
Share capital (Note 10)	20,738,148	20,005,781
Reserves	1,526,825	1,499,777
Deficit	(26,294,872)	(25,437,156)
	(4,029,899)	(3,931,598)
	798,126	743,937

Nature of operations and going concern (Note 1)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2024. They are signed on behalf of the Board of Directors by:

"Brendon Grunewald"

Brendon Grunewald - Director

"Robert Meister"

Robert Meister - Director

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

Moovly Media Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

	Three Month Period ended March 31, 2024	Three Month Period ended March 31, 2023	Six Month Period ended March 31, 2024	Six Month Period ended March 31, 2023
	(\$)	(\$)	(\$)	(\$)
Revenue	220,025	350,680	302,744	699,995
Expenses				
Advertising and promotion	2,457	56,147	7,690	69,034
Amortization (Note 6 and 7)	163	92,827	2,378	176,065
Consulting fees (Note 11)	148,267	150,598	252,718	226,708
Finance expense	(95,233)	27,090	(186,818)	71,680
Foreign exchange loss	434	12,891	8,281	13,820
Hosting and software	30,931	55,923	90,512	127,678
Investor relations	-	-	-	1,157
Management fees (Note 11)	28,765	64,089	48,001	157,590
Office and general	93,537	62,279	176,938	145,026
Professional fees (Note 11)	79,686	13,126	125,081	32,878
Regulatory and filing fees	18,287	15,456	39,384	35,993
Share-based compensation (Note 10 and 11)	-	-	209,890	-
Travel	2,182	8,761	5,642	29,257
Wages and benefits	176,516	186,872	380,763	321,134
	(485,992)	(746,059)	(1,160,460)	(1,408,020)
Loss from operations	(265,967)	(395,379)	(857,716)	(708,025)
Item that are or may be subsequently reclassified to profit or loss:				
Foreign exchange differences on translating foreign operations	(99,807)	111,332	(182,842)	(45,465)
Comprehensive loss for the period	(365,774)	(284,047)	(1,040,558)	(753,490)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average common shares outstanding:				
Basic	190,633,916	178,362,707	184,464,784	174,219,163
Diluted	190,633,916	178,362,707	184,464,784	174,219,163

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

Moovly Media Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

	Share capital		Reserves		Deficit	Total Shareholders' Deficiency
	Number of Shares	Amount	Warrants and Options	Foreign Currency Translation		
		(\$)	(\$)	(\$)	(\$)	(\$)
Balance at September 30, 2022	162,087,707	18,168,242	1,963,782	(73,100)	(24,194,490)	(4,135,566)
Common shares issued for cash	8,600,000	645,000	-	-	-	645,000
Common shares issued for debt	400,000	30,000	-	-	-	30,000
Share issuance costs	-	(29,550)	12,100	-	-	(17,450)
Warrants exercised	1,075,000	161,250	-	-	-	161,250
Loss and comprehensive loss	-	-	-	(77,301)	(312,646)	(389,947)
Balance at March 31, 2023	172,162,707	18,974,942	1,975,882	(150,401)	(24,507,136)	(3,706,713)
Balance at September 30, 2023	178,362,707	20,005,781	1,622,517	(122,740)	(25,437,156)	(3,931,598)
Common shares issued for cash	16,666,866	750,009	-	-	-	750,009
Share issuance costs	-	(17,642)	-	-	-	(17,642)
Share-based compensation	-	-	209,890	-	-	209,890
Loss and comprehensive loss	-	-	-	(182,842)	(857,716)	(1,040,558)
Balance at March 31, 2024	195,029,573	20,738,148	1,832,407	(305,582)	(26,294,872)	(4,029,899)

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

Moovly Media Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

	Six Month Period Ended March 31, 2024 (\$)	Six Month Period Ended March 31, 2023 (\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(857,716)	(708,025)
Items not affecting cash:		
Amortization	2,378	83,238
Accrued interest expense	28,549	46,577
Share-based compensation	209,890	-
Unrealized foreign exchange loss (gain)	327,123	132,162
Changes in non-cash working capital items:		
Accounts receivable	(2,819)	(54,287)
Prepaid expenses	7	11,426
Accounts payable and accrued liabilities	(37,444)	(132,064)
Deferred revenue	91,289	213,483
Cash used in operating activities	(238,743)	(407,490)
INVESTING ACTIVITIES		
Intangible asset expenditures	(511,156)	(151,078)
Cash used in investing activities	(511,156)	(151,078)
FINANCING ACTIVITIES		
Proceeds from notes payable	366,050	123,700
Proceeds from issuance of shares	750,009	1,736,250
Repayment of notes payable	(329,372)	(1,312,000)
Share issuance costs	(17,642)	(17,450)
Cash provided (used) by financing activities	769,045	530,500
Change in cash during the period	19,146	(28,068)
Cash - beginning of period	23,288	151,464
Cash - end of period	42,434	123,396

Supplemental cash flow information (Note 15)

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

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)*

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

Moovly Media Inc. (the “Company”) was incorporated on December 28, 2006 under the Business Corporations Act of British Columbia. The Company currently trades on the TSX Venture Exchange (“TSX-V”) under the symbol “MVY”. The Company has developed a cloud-based digital media and content creation platform and is currently classified as a technology issuer under the policies of the TSX-V. The Company’s head office, principal address and registered and records office is located at 1558 West Hastings Street, Vancouver, British Columbia, Canada, V6G 3J4.

These condensed interim consolidated financial statements the (“financial statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2024, the Company has not achieved positive cash flow from operations and is not able to finance day to day activities through operations and is not in compliance with certain loan terms. The Company expects to incur further losses in the development of its business. These material uncertainties may cast substantial doubt on the Company’s ability to continue as a going concern.

The Company’s continuation as a going concern is dependent upon its ability to ultimately attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

NOTE 2 - BASIS OF PRESENTATION

These financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements, and, therefore, should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2023, prepared in accordance with IFRS as issued by the IASB.

These financial statements were authorized for issue by the Board of Directors on May 30, 2024.

Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments recorded at fair value.

Basis of Consolidation

These financial statements include the accounts of the Company and its wholly-owned legal subsidiary, Moovly NV (“Moovly”), a Belgium corporation, on a consolidated basis after the elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power to direct the relevant activities of the entity.

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)*(Unaudited – Prepared by Management)

NOTE 2 - BASIS OF PRESENTATION (continued)**Functional and Presentation Currency**

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent. The functional currency of Moovly is the Euro.

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant estimates and assumptions that have the most significant effect on the amounts recognized in these financial statements include:

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life.

The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Significant judgements that have the most significant effect on the amounts recognized in these financial statements include:

Revenue recognition and deferred revenue

Revenue recognition of license sales is recorded on a monthly basis. Cash received in advance for annual licenses are recorded as deferred revenue based on the proportion of time remaining under the license as at the reporting date.

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)*

(Unaudited – Prepared by Management)

NOTE 2 - BASIS OF PRESENTATION (continued)**Significant Accounting Judgments, Estimates and Assumptions** (continued)Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of the legal parent to be the Canadian dollar and the legal subsidiary to be the Euro. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared using the same accounting policies and methods of computation as in the Company's audited annual consolidated financial statements for the year ended September 30, 2023.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not adopted any new or revised standards, along with any consequential amendments for the period ended March 31, 2024. Future pronouncements are not expected to have a significant impact on the Company financial statements.

NOTE 5 – ACCOUNTS RECEIVABLE

The components of accounts receivable consists of the following:

	March 31, 2024	September 30, 2023
	(\$)	(\$)
Trade receivables	-	21,059
VAT recoverable	51,928	25,253
	51,928	46,312

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)*

(Unaudited – Prepared by Management)

NOTE 6 - EQUIPMENT

Computers and Office Furniture	
	(\$)
Cost:	
At September 30, 2022	69,560
Additions	2,230
Disposal	(2,496)
Foreign exchange	4,634
At September 30, 2023	73,928
Foreign exchange	1,751
At March 31, 2024	75,679
Accumulated depreciation:	
At September 30, 2022	57,755
Charge for the year	5,818
Disposal	(614)
Foreign exchange	3,759
At September 30, 2023	66,718
Charge for the period	2,215
Foreign exchange	(574)
At March 31, 2024	68,359
Net book value:	
At September 30, 2023	7,210
At March 31, 2024	7,338

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***NOTE 7 – INTANGIBLE ASSETS**

Intangible assets consist of costs incurred to develop and upgrade the Company's operating platform.

	Developed Software
	(\$)
Cost:	
At September 30, 2022	3,529,741
Additions	506,872
Foreign exchange	233,670
At September 30, 2023	4,270,283
Additions	1,940
Foreign exchange	78,616
At March 31, 2024	4,362,213
Amortization:	
At September 30, 2022	2,997,858
Charge for the year	419,730
Foreign exchange	198,488
At September 30, 2023	3,616,076
Charge for the period	41,334
Foreign exchange	66,422
At March 31, 2024	3,680,691
Net book value:	
At September 30, 2023	654,207
At March 31, 2024	683,276

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	September 30, 2023
	(\$)	(\$)
Trade payables	307,266	691,644
Due to related parties (Note 11)	1,006,450	984,767
Accrued liabilities	455,647	108,817
	1,769,363	1,785,225

NOTE 9 – NOTES PAYABLE

During the six-month period ended March 31, 2024, the Company:

- a) Received \$366,050 in short term loans payable.
- b) Repaid \$329,372 in short term loans.
- c) recorded \$28,549 as interest expense on notes payable. As at March 31, 2024, there was \$2,623,567 of loan principal and accrued interest outstanding, of which \$2,448,682 was considered to be due within one year.

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***NOTE 9 – NOTES PAYABLE (continued)**

During the year ended September 30, 2023, the Company:

- a) settled \$1,312,000 in unsecured loans from non-related parties.
- b) received \$563,740 interest free loan, which is payable on demand and at 10% interest per annum.
- c) received \$52,462 interest free loan from a director of the Company, which is non-interest bearing and payable on demand.
- d) recorded \$116,211 as interest expense on notes payable. As at September 30, 2023, there was \$2,382,621 of loan principal and accrued interest outstanding, of which \$2,382,621 was considered to be due within one year.

A summary of loans and accrued interest for the period ending March 31, 2024 and September 30, 2023 is outlined below:

Notes Payable – Long Term			
Balance, September 30, 2022			\$ 298,600
Re-allocate to short-term loan			(298,600)
Balance, September 30, 2023			\$ -
Notes Payable–Short Term and Interest			
	Note	Interest	Total
Balance, September 30, 2022	1,734,510	906,028	2,640,538
Additions	616,202	116,211	732,413
Reallocated from long-term loan	298,600	-	298,600
Repayment – cash	(1,282,000)	-	(1,282,000)
Repayment – shares (Note 10)	(30,000)	-	(30,000)
Foreign exchange	19,939	3,131	23,070
Balance, September 30, 2023	1,357,251	1,025,370	2,382,621
Additions	366,050	28,549	394,599
Repayment – cash	(329,372)	-	(329,372)
Foreign exchange	(1,026)	1,860	(834)
Balance, March 31, 2024	1,392,903	1,055,779	2,448,682

The Company is not in compliance with a portion of the loans included in current loans payable as they have reached the maturity date but have not yet been repaid.

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***NOTE 10 – SHARE CAPITAL AND RESERVES****Authorized share capital**

Unlimited number of common shares without par value.

Issued share capital

During the six month period ended March 31, 2024, the Company closed a non-brokered private placement raising aggregate gross proceeds of \$750,009 through the issuance of 16,666,866 units at a price of \$0.045 per unit. Each unit consists of one common share in the capital of the company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of \$0.08 per share for a period of 24 months from the date of issuance.

The company has issued an aggregate of 305,580 finders' warrants to eligible parties. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.08 for a period of 24 months from the date of issuance. The Company measured the fair value of the finders' warrants using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants – two years, stock price volatility – 129%, no dividend yield, and a risk-free interest rate yield – 4.01%.

During the year ended September 30, 2023 the Company closed a private placement through the issuance of 9,000,000 units at a price of \$0.075 per unit, for gross proceeds of \$675,000, of which \$30,000 was exchanged for debt (Note 9). Each unit comprised one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.15 per share for a period of 24 months from the date of issuance. In connection with the private placement, the Company paid cash finders' fees totalling \$13,125, other share issue costs of \$4,327, and has issued 175,000 finders' warrants which entitles the holder to purchase one common share at a price of \$0.15 for a period of 24 months from the date of issuance. The fair value of the finders' warrants was determined to be \$12,100 using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.15; ii) share price: \$0.12; iii) term – 2 years; iv) volatility: 120.39%; v) discount rate: 4.18%.

During the year ended September 30, 2023, the Company issued 7,275,000 common shares on the exercise of warrants at \$0.15 for proceeds of \$1,091,250.

Share purchase warrants

A summary of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price (\$)
Outstanding at September 30, 2022	27,437,767	0.29
Issued	9,175,000	0.15
Exercised	(7,275,000)	0.15
Expired	(7,451,656)	0.16
Outstanding at September 30, 2023	21,886,111	0.33
Issued	16,972,446	0.08
Expired	(12,711,111)	0.45
Outstanding at March 31, 2024	26,147,446	0.10

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***NOTE 10 – SHARE CAPITAL AND RESERVES (continued)**

A summary of share purchase warrants outstanding as at March 31, 2024 is as follows:

Expiry Date	Warrants Outstanding	Exercise Price (\$)	Remaining Life (years)
January 25, 2026	16,972,446	0.08	1.82
October 13, 2024	9,175,000	0.15	0.54
	26,147,446	0.10	1.37

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

A summary of stock option activity is as follows:

	Number of options	Weighted average exercise price (\$)
Outstanding at September 30, 2022	14,555,000	0.17
Expired	(4,850,000)	0.10
Outstanding at September 30, 2023	9,705,000	0.20
Issued	6,950,000	0.05
Outstanding at March 31, 2024	16,655,000	0.14

A summary of stock options outstanding as at March 31, 2024 is as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price (\$)	Remaining Life (years)
April 13, 2025	4,000,000	4,000,000	0.10	1.04
January 5, 2026	750,000	750,000	0.105	1.77
June 23, 2026	2,500,000	2,500,000	0.45	2.23
June 23, 2026	1,040,000	520,000	0.185	2.23
October 8, 2026	450,000	450,000	0.21	2.52
May 31, 2027	765,000	341,250	0.10	3.17
July 18, 2027	200,000	100,000	0.10	3.30
December 6, 2028	6,950,000	6,950,000	0.05	4.69
	16,655,000	15,611,250	0.14	3.01

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***NOTE 10 – SHARE CAPITAL AND RESERVES (continued)**Period ended March 31, 2024:

During the six-months ended March 31, 2024, the Company granted an aggregate of 6,950,00 incentive stock options to certain directors, officers, employees and consultants of the Company, valued at \$209,890 (or \$0.03 per option), with a weighted average exercise price of \$0.05 for a period of 5 years from the date of issue. During the six months ended March 31, 2024, the Company recorded \$209,890 in share-based compensation expense in connection with the vesting of stock options.

The fair value of the options granted above were determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	March 31, 2024
Risk-free interest rate	3.40%
Expected volatility	137.17%
Expected forfeiture rate	Nil
Expected dividend yield	Nil
Expected life of option	5 years

Year ended September 30, 2023

There were no issuance of stock options during the year ended September 30, 2023. The Company recorded \$95,817 in share-based compensation expense in connection with the vesting of stock options.

NOTE 11 – RELATED PARTY TRANSACTIONS

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 six-month period ended March 31, 2024 and 2023.

Key Management Compensation

	2024	2023
	(\$)	(\$)
Management fees paid or accrued to a corporation controlled by the Chief Executive Officer ("CEO") of the Company.	29,286	86,112
Professional and consulting fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	37,800	36,000
Management fees paid or accrued to a corporation controlled by the Chief Technology Officer ("CTO") of the Company.	32,947	107,640
Consulting fees paid or accrued to a corporation controlled by the Chief Executive Officer ("CEO") of the Company.	29,286	27,606
Share-based compensation vested for certain directors and officers of the Company	9,055	-
Total	138,374	257,358

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)*

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

As at March 31, 2024 \$1,006,450 (September 30, 2023 - \$984,767) 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 March 31, 2023, \$70,020 (September 30, 2022 - \$70,020) was owing to directors and officers of the Company for principal loan and accrued interest.

NOTE 12 – CAPITAL DISCLOSURE AND MANAGEMENT

The Company considers its capital structure to include the components of shareholders' deficiency. 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 six-month period ended March 31, 2024.

NOTE 13 – 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, deposits, accounts receivable, accounts payable and accrued liabilities and notes payable.

The fair values of cash, accounts 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.

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***NOTE 13 – 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 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 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 March 31, 2024 and September 30, 2023:

	March 31, 2024	September 30, 2023
	(€)	(€)
Cash	21,970	14,861
Accounts receivable	35,540	32,259
Deposits	9,000	9,000
Accounts payable and accrued liabilities	(771,413)	(761,276)
Deferred revenue	(417,480)	(353,641)
Interest payable	(72,955)	(72,956)
Loans payable	(486,332)	(522,782)
	(1,681,670)	(1,654,535)

The Company's reported results will be affected by changes in the Euro to the Canadian dollar. As at March 31, 2024, a 10% fluctuation to the Euro relative to the Canadian dollar would cause a EUR 168,167 change to net financial assets.

The following foreign exchange rates applied for the six-month period ended March 31, 2024 and the year ended September 30, 2023:

	March 31, 2024	September 30, 2023
Average EUR to CAD	1.4643	1.4595
As at	1.4611	1.4356

MOOVLY MEDIA INC.

Notes to Condensed Interim Consolidated Financial Statements

Six Month Period Ended March 31, 2024*(Expressed in Canadian Dollars)*

(Unaudited – Prepared by Management)

NOTE 14 – GEOGRAPHICAL SEGMENTED INFORMATION

As at March 31, 2024, the Company is engaged in one business activity, being the development of a cloud-based digital media and content creation platform. The Company's two geographical segments are Canada and Belgium. All of the Company's intangible assets are located in Belgium. All sales are generated out of Belgium.

NOTE 15 – SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2024	March 31, 2023
	(\$)	(\$)
Non-cash investing and financing activities:		
Development asset in accounts payable	96,000	96,000
Finder's warrant issued	6,387	12,100