

Moovly Media Inc.

(TSXV: MVY)

October 18, 2017

RB MILESTONE GROUP 

Price (as of October 17, 2017) (CAD):	\$0.12
Beta:	5.83
Price/Book:	17.7
Debt/Equity Ratio:	0.2
Listed Exchange:	TSXV

Professional Media Creation Made Easy

Moovly Media Inc. (TSXV: MVY) (“Moovly” or “the Company”) is a technology company headquartered in British Columbia, Canada. Moovly’s technology primarily targets the online video segment, which requires engaging content to capture the attention of its target audience with short video content. The Company has developed a cloud-based platform with over 150 million digital assets (images, video clips and sound) to create multimedia content in a simple “drag and drop” fashion. Moovly’s products include (i) Moovly Studio, a video editor to create rich multimedia videos, (ii) Moovly Bots, a video generator, which generates videos from data by using video templates and (iii) Moovly Apps, which bring a subset of these features to mobile devices. With the increasing use of video content for awareness and promotional purposes, the functionalities in Moovly’s platform are developed to cater to the needs of video creators. The Company generates revenue through subscriptions made to its products starting from a price of US\$5 per month. Moovly intends to generate positive cash flow in 1Q18, by increasing its user base to two million by 2H17. Currently, the Company’s registered users exceed one million.

Investment Rationale

Cutting edge design should help grow user base

Since the launch of Moovly’s first commercial product in November 2013, the Company has registered over one million users and anticipates reaching 2 million users by year end 2017. Moovly’s products are designed to be simple and easy to use. Cloud integration, cutting-edge Application Program Interface (API) frameworks and HTML5 have made the Company’s products faster, interactive and accessible from any browser. Various functionalities in Moovly Studio and Moovly Bots have attracted users from different segments such as Fortune 500 companies, governments and educational institutions. Added media libraries such as the VideoBlocks integration and Shutterstock integration with access to over 150,000,000 video clips, images and audio clips have enhanced user experience and improved user performance. In addition, Moovly Bots generate videos based on data feeds through predefined templates. Bots can also generate personalized product videos that can be used for marketing, brand campaigns and e-commerce. Moovly expects to achieve two million registered users by the second half of 2017.

Moovly’s business model and pricing strategy should significantly increase revenue

The Company generates revenue primarily from subscription fees with over 90% gross margin and expects to generate positive cash flow in the first quarter of 2018. Moovly charges a monthly subscription price of US\$5 for unlimited access to its second-generation video editor – Moovly Studio. The Company also issues two licenses, 1. Unlimited, and 2. Business, at annual subscription prices of US\$55 and US\$300 respectively. Moovly’s Business license provides additional features like 5GB personal library storage, customization of objects, libraries, fonts and skinning and customers are provided with a manager dedicated to their account. Moovly’s Bots is provided at a setup fee of US\$1,500 to US\$10,000, depending on customer requirements, and each video is generated at a maximum cost of US\$5. In addition, the Company provides 50% discount to educational institutions for its Business license.

Experienced and qualified management team

Moovly’s experienced management team should help in the success and growth of the business. Mr. Brendon Grunewald, the Chief Executive Officer (CEO) of the Company, has extensive experience in venture capital management, startups and spin-offs. Prior to Moovly, he was Head of E6 Ventures, a venture capital fund, and co-founded Sinfilo (Telenet acquired Sinfilo in October 2003). Mr. Geert Coppens, the Chief Technical Officer (CTO) of the Company, was the founder of Instruxion, which focused on state-of-the-art multimedia content creation. Mr. Sean McGrath, the Chief Financial Officer (CFO) of the Company, is a Chartered Professional Accountant in Canada and a Certified Public Accountant in the US. Mr. McGrath has immense financial management experience, and has engaged in consulting services with various technology companies.



Source: Yahoo! Finance

Recent News

25-Sep-17: Moovly announces API integration with Shutterstock.

11-Sep-17: Moovly launches its free Moovly Studio Mobile App.

7-Sep-17: Moovly announces exceptional growth in education sector.

29-Aug-17: Moovly reports subscriber growth following Studio Editor launch.

26-Jun-17: Moovly completed a non-brokered private placement for gross proceeds of \$2.6million. About 17.3million units priced at \$0.15 were issued.

30-Mar-17: Moovly launched 'Moovly Studio'.

22-Mar-17: Moovly completed the first tranche of brokered private placement for gross proceeds of \$486,000. About 3.24million units priced at \$0.15 per unit were issued.

14-Mar-17: Moovly announced the closure of a largest single order with a European government organization.

08-Feb-17: Moovly completed integration of 0.5 million digital assets from VideoBlocks with HTML5 based Editor.

Shares Outstanding:	117 million shares
Market Cap:	\$14.06 million
52 Week High:	\$0.38
52 Week Low:	\$0.09

Note: All \$ symbols represent Canadian Dollars (CAD), unless otherwise specified.

Moovly can benefit from US\$80 billion annual digital advertising expenditures in the US

eMarketer, a US-based market research company, has estimated that US digital advertising expenditures would be US\$80 billion in 2017, and is projected to grow to US\$121 billion in 2020. Of the US\$80 billion, video advertisements are estimated to contribute 17%, and will grow to 23% in 2020. Moovly should benefit from the growth in video advertising expenditures in the US in particular, as this has the fastest growth potential. Zenith, a UK-based marketing and advertising company, has also forecast global internet advertising expenditures to exceed TV and account for US\$205 billion in 2017, or 37% of the total global advertising expenditure. Increased internet penetration, high speed data connections and fall in mobile broadband prices have significantly contributed to this transition. This technological evolution has made marketers shift to digital advertisements. Moreover, digital video advertising today gets more clicks and engages more users.

Moovly should capitalize on the tremendous recent social media and online video platform growth

The growth of social media has been tremendous with its total user base exceeding a billion within two decades of its launch. This growth has also played its part in transition of internet usage from desktop PCs to mobile devices. All these social media and online video platforms have also grown today to provide live streaming of premium content and television programs. eMarketer has estimated online viewership to grow to 62% in 2017 (60.8% in 2016). Streaming of content has then triggered the growth of online video advertisements. In addition, online video platforms like YouTube have also experienced significant growth. Channels that provide reviews, tutorial, 'how to' videos etc. have a significant share in YouTube's video content. The growth and reach of such user channels greatly depend on the way the content is provided. Social media growth could significantly increase online video advertisements and individual video content. eMarketer has also forecast social media advertising's contribution to the digital advertising expenditures of the US to grow from 21% in 2017 to 26% in 2020. Moovly should be able to capitalize on such growth with its products that are suitable to both marketers and novice video creators.

Company Overview

Moovly Media Inc. is a Canada based technology company, headquartered in Vancouver, British Columbia. On July 27, 2016, the Company changed its name from Pantheon Ventures Ltd., after completing a reverse takeover transaction with the Belgium-based privately held company "Moovly NV". Moovly has developed an online platform that enables users to create interactive content, such as multimedia videos that can be used as advertisements, promotional videos, 'how to' videos, explainers etc. Cloud integration of this platform enables it to be used as a browser based SaaS product (software as a service), without a need for separate software installation. Moreover, Moovly's cloud-based platform has more than 150,000,000 built-in digital media assets (stock photos and videos, illustrations, sounds and music), which users can add to their multimedia content with a simple "drag and drop" function. The intuitive design of the platform facilitates users with no prior experience to easily create multimedia content on their own. Further, Moovly continuously updates its platform every two weeks with new features to improve the users' content creation process and experience.

The Company is focused on helping its customers increase the use of videos for communication, promotion, explanation or training purposes. Since November 2016, the number of registered users of the Company's platform has crossed the one million mark. Users have varied demographics such as individuals working at Fortune 500 companies, government organizations, schools, universities, self-employed professionals and small to medium businesses. Specifically, Moovly expects rapid growth in the North American market, Asia and Latin America. The Company generates revenue through subscription fees. Initially, Moovly also provides a free trial of its platform for a month and then charges a subscription fee based on the user's choice of Unlimited or Business licenses.

We now discuss the Company's products and features in detail.

Products and Features

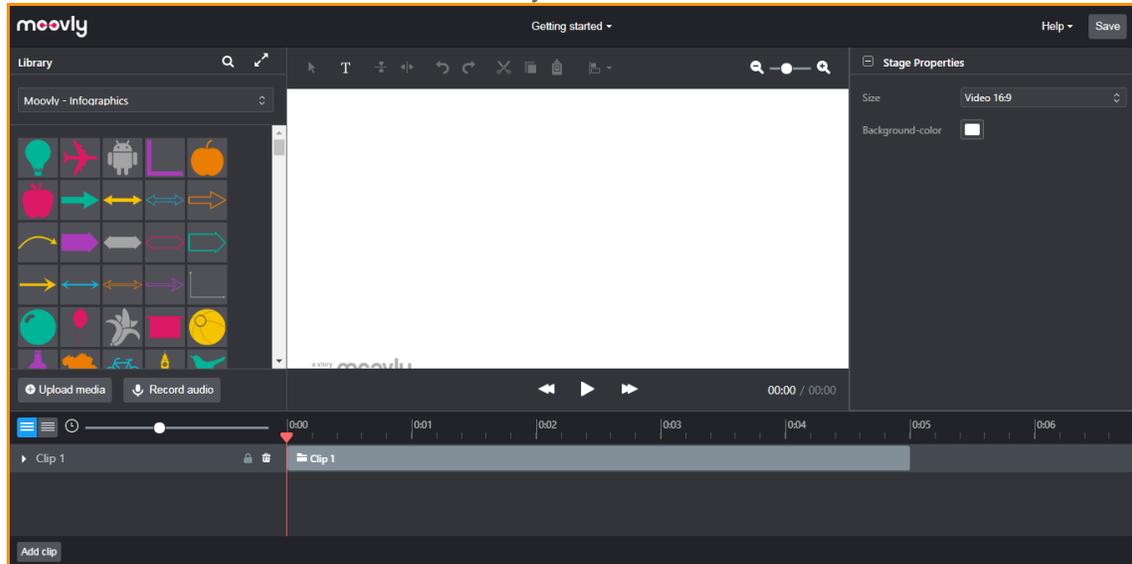
Moovly Studio

Moovly Studio's cloud-based platform allows users to access their work on the go

In March 2017, the Company launched Moovly Studio ("Video editor"), an HTML5 based video editor, at an entry-level subscription price of US\$5 per month. Moovly's provides an advanced Application Program Interface (API) for easy integration with content providers and third-party applications, and to enable quick feature development. Further, video editing can happen in any browser without the need to install plug-ins or download additional software.

Exhibit 1 shows the user interface of Moovly Studio. The video editor's interface provides access to libraries with thousands of media objects that users can choose from, allows users to upload their own personal media (pictures, videos and sounds) and provides functions to animate each of these objects. The user interface can be segmented into four key areas, namely, Library, Stage, Properties and Timeline. Each area has its own significance, which adds to the sophistication of user experience. Moovly Studio's interface has a user-friendly, intuitive design, making it easy to use all the functionalities of the product. In addition, it enhances the creativity of the users, even those with no prior experience with multimedia editors.

Exhibit 1: Moovly Studio – User interface



Source: Company website

We now explain the four key areas of Moovly Studio’s user interface in detail.

Library Area

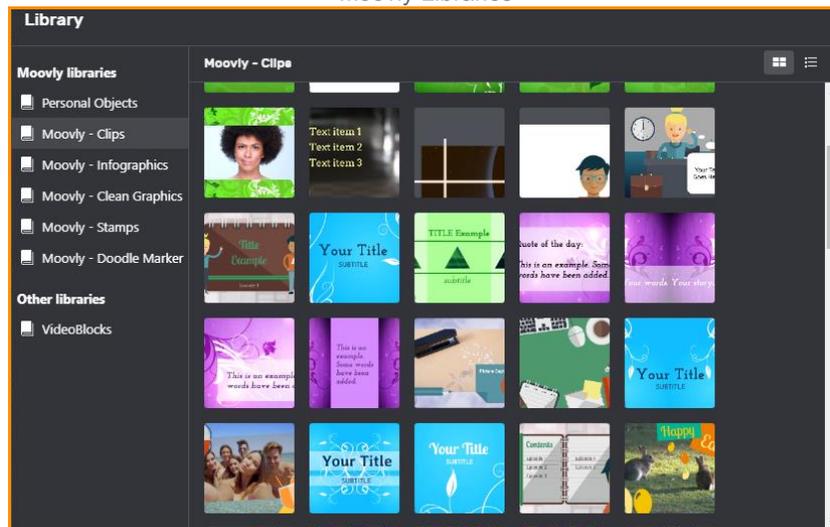
Moovly Studio’s Library has numerous objects, from which the user can choose based on their requirements. The objects in the library consist of three different media types, namely, images, sounds and videos. All these can also be searched and previewed in the extended library view by clicking on the ‘extend’ icon in the library panel.

There are two categories of libraries in Moovly Studio’s Library, 1. Moovly Libraries and 2. Third party libraries, such as the VideoBlocks library and the Shutterstock library. Moovly Libraries contain objects that are images, illustrations, motion graphics or pre-animated cartoons, grouped under sub-sections such as Infographics, Clean graphics, Doodle Marker and Stamps. In addition, it also provides a Personal Library section, in which the user can upload media, or record audio. The VideoBlocks and Shutterstock libraries provides over 150,000,000 objects of all three media types. The user can browse through these objects by searching them using keywords and filter the results based on the media type.

Moovly also provides a Clips library. Clips are small, pre-animated video templates that users can drag and drop to their content to rapidly compose new content. Clips can be adapted by users who can easily swap text, pictures or video objects.

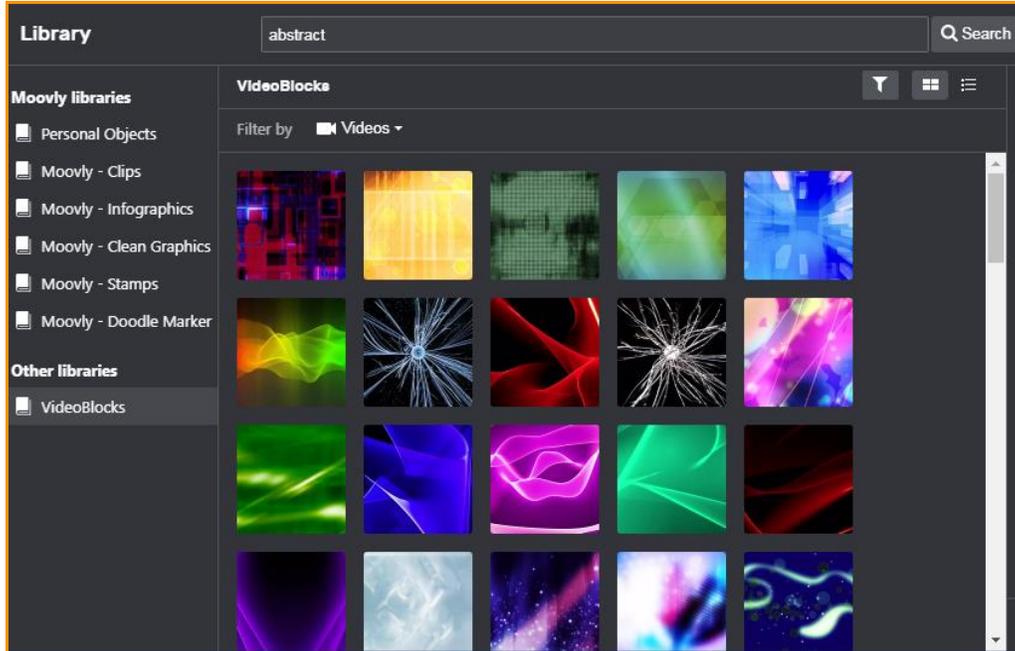
Exhibit 2 presents the Moovly Libraries and the VideoBlocks library.

Exhibit 2: Moovly Libraries and VideoBlocks.
Moovly Libraries



Source: Company website

VideoBlocks



Source: Company website.

Stage Area

The Stage is the editor's workspace where the user creates his/her content. The user can drag and drop objects from the libraries to the Stage. These objects can be resized, rotated and can be positioned where desired. Further, there are options to cut, copy, paste, flip and align objects. With a click on the text icon, users can also add text objects to the Stage.

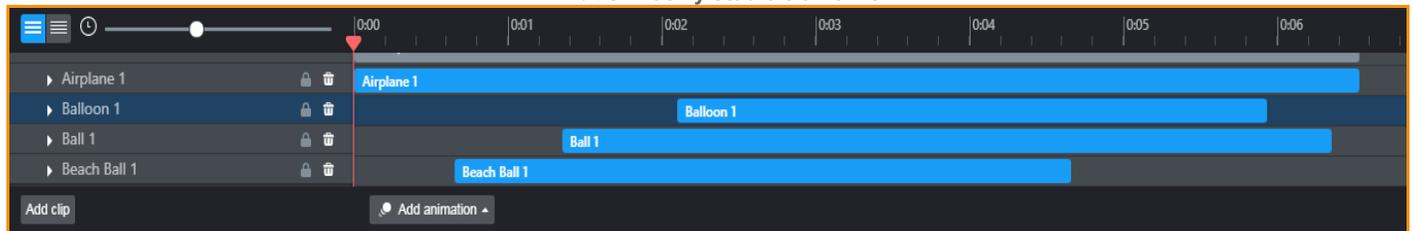
Properties Area

The properties panel is used to make adjustments to the objects added on the stage, like changing the color of the object. For example, in the case of a text object, the properties panel is used to adjust the font, size, color, background and alignment.

Timeline Area

Exhibit 3 presents Moovly Studio's Timeline Area. The Timeline displays each object added to the Stage in the form a blue bar and is presented as layers. Each blue bar indicates how long a particular object will appear in the overall content and can be shifted in time. The bar can be extended or shortened to increase or decrease the display duration of a particular object. The 'Add animation' button provides options to animate any object on the Stage. A click on the "Add animation" button presents the user with a list of animation options based on the type of the object, such as fade, fly, wipe, pop, scale, move & transform, as well as several hand-based effects (hand drawing, writing, shifting or dragging). When an option is selected the object gets animated and a timing bar is added as a subsection of the object's blue bar. The animation timing bar can be adjusted just like the blue bar.

Exhibit 3: Moovly Studio's timeline



Source: Company website

The Timeline also allows the user to group objects in "Clips". Clips enable users to structure their Timeline in logical sets of animated objects. Clips can also be saved in the user's Personal Library, which enables in rapid content creation as well as reusing pieces of content across projects. The objects shown in Exhibit 3 can be grouped into one or more clips. Exhibit 4 presents objects grouped under clips.

Exhibit 4: Grouping of object layers into clips.



Source: Company website

Moovly Bots

Designed to produce mass customized videos for the benefit of individual users and businesses

In December 2016, Moovly launched a customizable video generator offering called Moovly Bots (“Bots”). Moovly Bots combine video templates with data to automatically generate customized videos in volumes. Moovly Bots are based on the platform’s API, which supports mass video creation with full or partial automation. Application areas include automated video generation for businesses as part of mass marketing initiatives, campaigns, high-volume product videos and social media videos.

The set-up of a Moovly Bot involves a three-step process: choosing a relevant template, connecting it to a data set (a database, a data feed or form-based user input) and sharing the generated videos. Moovly Bots are available in three types:

1. Template videos – Provides users with video templates, including variable objects which can be easily adapted by users, e.g. using an input form. Possible variables include uploaded videos or pictures, text blocks, music, colors and sound. After customization, users can download, publish or distribute the generated videos.
2. Data-based videos – Generates videos based on a list (e.g. CSV) or a database. Each set of data is merged with a video template to automatically generate a unique new video per data set.
3. Live data feed videos – Videos are generated automatically, based on a template with pre-defined variables and combined with data is coming from e.g. live measurements, RSS feeds, Twitter feeds or other sources providing data output.

Moovly Mobile App

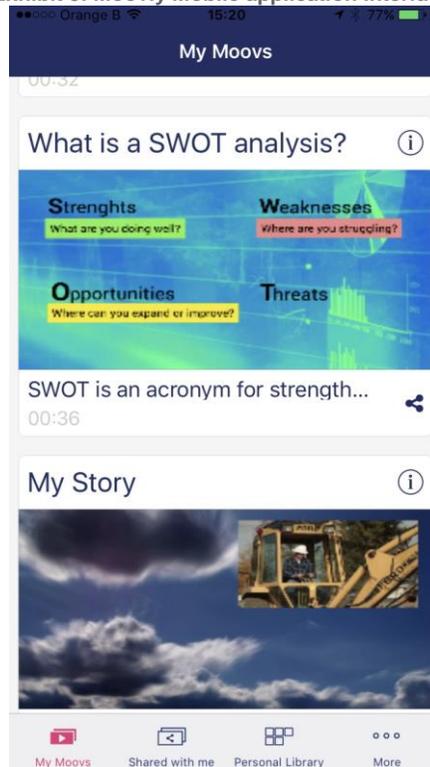
Developing videos from content in user’s mobile devices

On September 2016, Moovly launched its free mobile app for iOS devices on Apple’s App Store, and in September 2017 Moovly also added an Android version. The app is available for both smartphones and tablets and can be used by any registered Moovly user. Moovly mobile app users can access all their Moovly creations on their devices from the cloud. Moreover, the application is also capable of instantly capturing or recording media (pictures, sounds, videos) with the user device and uploading them to their personal media library for future use.

Mobile app users can also upload media created with other applications on their devices and upload these to the Moovly platform to use in their creations, make further adjustments and publish them. The Company expects the application to evolve with time and user demands.

Exhibit 5 presents Moovly's mobile application interface.

Exhibit 5: Moovly Mobile application interface.



Source: Company presentation (September 2017)

Significant competitive advantages over peers

Key competitive features that make Moovly's platform to stand-out as a video editor and video generator are listed below.

- The use of HTML5 over Flash improves the performance and security of Moovly's platform. It has enhanced the Moovly Platform's user interface with increased interactivity, advanced animations, speed, mass customization, third party integration like VideoBlocks and support on all mobile and computer browsers.
- The VideoBlocks integration has added over 500,000 rich media assets valued at US\$10 million. This partnership with VideoBlocks has improved the quality of media objects in Moovly's library by adding 115,000 video clips with high-definition, 350,000 images that include photos and vectors and 100,000 audio files that contain loops, sound effects and music tracks. This, in turn, helps in enriching the Moovly user's created multimedia content.
- Moovly recently integrated Shutterstock's 150 million digital assets into the Company's platform. This is the first instance that Shutterstock have integrated their application programming interface to offer premium video and sound files with another platform.
- Moovly's Bots is beneficial to businesses to help efficiently market their products or communicate to their target audiences with customized videos. Moovly Bots significantly reduce time spent by marketers to develop product videos, marketing campaigns, social media videos and brand & customer engagement videos.
- The Clips feature of Moovly Studio is valuable in content creation. It simplifies the work of the user through segregation of relevant content into groups and save these as templates for reuse. This adds clarity and efficiency to the content creation process.
- The Moovly app seamlessly synchronizes with Moovly Studio and is a powerful aid in the creation of new personal media and for viewing Moovly-made content.

Business Model and Pricing

Competitive pricing with numerous benefits to registered users

Moovly runs its business as a Software as a Service (SaaS) model, and has launched its products in the market at a disruptive subscription price of US\$5 per month. The Company generates more than 90% gross margin. Moovly also provides annual packages for its products, which differ based on the license options. As discussed previously, currently, the company offers two licenses, 1. Moovly Unlimited and 2. Moovly Business. Moovly Unlimited is priced at US\$5 per month and US\$55 per year and Moovly business is priced at US\$300 per year, and contains features in addition to all Moovly Unlimited features. Moovly also provides some additional features to users who have at least five Moovly Business licenses. Exhibit 6 presents the features in Moovly Unlimited and Business license.

Moovly's Bots is offered to customers based on their requirements, and has a setup fee ranging from US\$1,500 to US\$10,000. Each video generated or rendered using Bots costs a maximum of US\$5.

Exhibit 6: Features in Moovly Unlimited and Business licenses.

Moovly Unlimited	Moovly Business
	All Moovly Unlimited features, and:
Unrestricted access to Moovly Studio	Personal Library storage of 5GB
Unrestricted access to more than half a million digital assets in Moovly Studio's library	
Download created content in HD	
No restriction to video length	
Publish content to Moovly gallery without any limit	Commercial rights
Limitless embedding through Gallery	Features at 5 licenses (and additional costs)
Limitless social sharing	Customized objects
Watermark can be removed	Customized libraries
Outro can be removed	Customized fonts
Personal Library storage of 1GB	Customized skinning
Adjustable Stage size	Options to white label
Select and import as a batch	Customized development of features
Help Center access	Individual sign on
	Agreement on service level
	Separate account manager
	Management features for a group and individual users
	Floating licenses

Source: Company website

Moovly has distinct advantages compared to peers

Moovly provides its users with software that can create more than a presentation. Its libraries, including the VideoBlocks & Shutterstock rich media, enable users to create or edit videos without any restriction at a comparatively cheaper price. Exhibit 7 presents a comparison between Moovly and its main competitors.

- PowToon** is a UK based private company that provides cloud based software, which offers tools to create animated videos and presentations. These are used as business presentations, social media clips and educational presentations. The subscription price of PowToon's software ranges from US\$2 to US\$59 per month depending upon the users' choice of plans. Storage, styles, music and length of the video differ based on the plan. For instance, a Pro-user will have access to only 2GB of storage, 88 tunes of royalty free music, 24 styles and a maximum video length of 15 minutes.
- GoAnimate** is a US based private company, which provides animation software similar to PowToon. The subscription price ranges from US\$39 to US\$159 per month. GoAnimate's styles are primarily cartoon based and one of its prime features is that the user can record audio which subsequently can be lip-synced automatically with the animation characters in the video.

Exhibit 7: Comparison of Moovly with competitors

	Moovly	Powtoon	GoAnimate
Company type	Public Company	Private Company	Private Company
Business Model	Free trial then pay	Freemium	Free trial then pay
Pricing / Year	Enterprise / Business: US\$300 Individual: US\$55/year or US\$5/month	US\$708 (all users)	US\$599 (all users)
Mobile	Yes	No	No
Digital Assets / Libraries	>150,000,000 (Value > US\$10million)	<20,000 (Value N/A)	<20,000 (Value N/A)
Technology	HTML5	HTML5	Flash

Source: Company presentation (July 2017)

Marketing Solutions to Various Organizations

Providing cost effective and time efficient solutions

Moovly's products can become potential value adds to businesses in various segments. They provide solutions to day-to-day marketing, communication or training needs and also aids in the growth of the business. Some of the solutions Moovly can offer to businesses include:

- Small Businesses – Moovly's products provide an alternative to outsourcing creation of product or company videos to expensive professional marketing agencies. Moovly's platform is designed to be easy, time-efficient and convenient and provides small businesses with a powerful yet simple do-it-yourself option for creating their own videos. Entrepreneurs can design their own multi-media advertisements, explainers or promotion videos at a cost of about US\$300 per year. In addition, the Company also provides them with dedicated support whenever needed. As a result, start-ups, small and growing businesses can efficiently market their products or services.
- Agencies – Moovly Studio provides agencies with more than half a million digital assets to create video content for their clients at low costs, thereby increasing their margins. Further, agencies can generate mass personalized videos for clients with Moovly Bots. Therefore, agencies could continually impress their clients with new and interactive content, and stand out among their competitors.
- Large Enterprises – Large companies increasingly use videos for communications, training, marketing, support, change management and other business purposes, to address various target audiences: employees, partners, customers or investors. Today, these companies' social media marketing, product, sales pitch, adverts and demo videos are content rich. Moovly enables the in-house creation of such content at significant benefits in terms of cost and flexibility. In addition, internal communications made within various segments of the enterprise can effectively convey the message to its recipients. Moovly Bots can make such videos personalized to address each individual with a unique personal message and as such increasing its attention and effectiveness.
- Educational institutions – There are three major user segments in an educational institution (school or university): students, teachers and administrative personnel. Presentation of a subject using video can engage students at a higher rate than traditional teaching methods. This method of teaching could be more efficient based on the way the content is presented. Students can also be more creative and convey their understanding of the concept in a simple and effective manner through video presentations. The Moovly platform and applications are simple and intuitive and allows any teacher, student or admin person to easily create content for their purposed. In addition, Moovly also offers a 50% discount to educational institutions on its Business license. Schools and universities can also market their institution, communicate with parents or alumni or promote events with Moovly's products.

Robust Growth Strategy

Moovly intends to grow its business through strategic acquisitions and partnerships with other premium content providers and organizations with a large user base. The Company has already hired additional sales and marketing staff in the second quarter of 2017. The Company also intends to launch more libraries and further automate Moovly's marketing using Bots. Importantly, the Company plans to increase its user base to two million in 2H17 and generate positive cash flow in 1Q18. Exhibit 8 presents the milestones achieved by the Company and future strategies.

Exhibit 8: Milestones achieved and future growth strategies.

Checklist	Expected	Milestone / Growth Strategy
✓	Q2 2017	Hired additional sales and marketing staff for Q3 2017
✓	Q2 2017	Launched referral program
☐	H2 2017	Launch libraries with new digital assets
☐	H2 2017	Partner with premium content providers to gain additional revenue and users
☐	H2 2017	Partner with organizations with huge user base
☐	H2 2017	Automate Moovly's marketing using Bots
☐	H2 2017	Achieve registered user base of 2 million
☐	Q1 2018	Achieve positive cash flow
-	Ongoing	Strategic acquisitions

Source: Company presentation (July 2017)

Company Timeline and Key Events

Exhibit 9 below shows the reverse chronological timeline of the evolution of Moovly Media Inc., summarizing some key annual events for the Company since 2015.

Exhibit 9: Timeline summarizing significant annual events since 2015

Dates	Events
25-Sep-17	Moovly announces API integration with Shutterstock.
11-Sep-17	Moovly launches its free Moovly Studio Editor Mobile App.
7-Sep-17	Moovly announces exceptional growth in education sector.
29-Aug-17	Moovly reports subscriber growth following Studio Editor launch.
26-Jun-17	Moovly Media Inc. completed a non-brokered private placement for gross proceeds of \$2.6 million. Issued approximately 17.3 million units priced at \$0.15 per unit
14-Jun-17	Announced a non-brokered private placement for gross proceeds of \$2.6 million.
30-Mar-17	Launched 'Moovly Studio' at a price of US\$5 per month.
22-Mar-17	Completed the first tranche of brokered private placement for gross proceeds of \$486,000. Issued approximately 3.24 million units priced at \$0.15 per unit
14-Mar-17	Announced the closure of a largest single order with a European government organization.
8-Feb-17	Completed the integration of 0.5 million digital assets from VideoBlocks into the Company's HTML5 based editor.
4-Jan-17	Announced a brokered private placement for gross proceeds of \$2.1 million.
8-Dec-16	Launched Moovly Video Generator.
30-Nov-16	Announced the grant of 200,000 stock options to an officer as incentive.
23-Nov-16	Announced user base has exceeded one million.
17-Nov-16	Launched the beta version of the Company's new HTML5 multimedia content creation editor.
27-Oct-16	Announced partnership with VideoBlocks.

5-Oct-16	Appointed Ms. Kelsey Chin, CPA (Chartered Professional Accountant) as Corporate Secretary.
29-Sep-16	Launched an iOS compatible mobile application for the Company's users through Apple's 'App Store'.
4-Aug-16	Announced the grant of stock options to acquire 6.5 million common shares of the Company. Of which, about 2 million common shares were granted to some of Moovly's officers and directors.
28-Jul-16	Announced the completion of business combination with Moovly NV. Pantheon Ventures Ltd. has changed its name to Moovly Media Inc.
5-May-16	Received shareholder approval for business combination with Moovly NV.
11-Apr-16	Announced TSX Venture Exchange's conditional acceptance of the Company's proposed business combination with Moovly NV.
18-Jan-16	Issued an early warning about 17.6% ownership of the issued and outstanding common shares of the Company by 'Firesky Management bvba' upon acquisition of 4.5 million units in the first tranche of financing.
13-Jan-16	Closed second tranche of private placement for gross proceeds of \$150,000. About 1.5 million units priced at \$0.10 per unit were issued.
8-Jan-16	Closed first tranche of private placement for gross proceeds of \$722,500. About 7.2 million units priced at \$0.10 per unit were issued.
3-Dec-15	Entered into a definitive agreement to purchase all shares with Moovly NV and all Moovly shareholders in exchange for Pantheon's common shares.
24-Jun-15	Announced entering into a letter of intent for business combination with Moovly NV

Source: Company filings

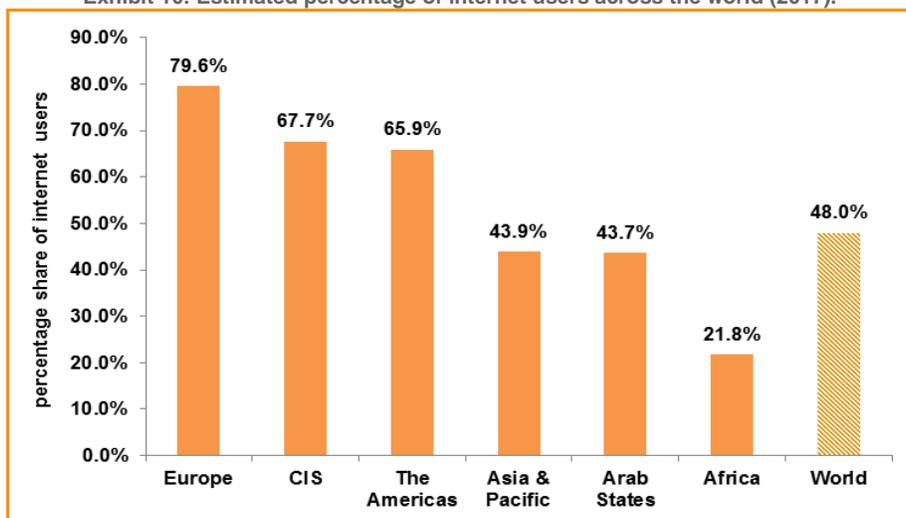
We now present the reader with a brief overview of the online video advertisement industry, social media advertisement and online video platform markets.

Industry Overview

Overview of the Rapidly Evolving Internet

The internet has become a global network that connects billions of computers and other electronic devices around the world. It has made access to information and communication easier. In recent years, it has helped in technological innovation and has even contributed to the rapid social and economic development of nations. Slowly, all our day to day activities, the products we buy, the services we use are integrated with the internet to provide access when needed. Hence, the internet has become essential and effective, and is rapidly being adopted by the world. The International Telecommunication Union (ITU), a special agency of United Nations for Information and Communication Technologies (ICTs), has estimated that, about 48% of the world population would use the internet by 2017. Exhibit 10 presents proportion of internet users across the world.

Exhibit 10: Estimated percentage of internet users across the world (2017).

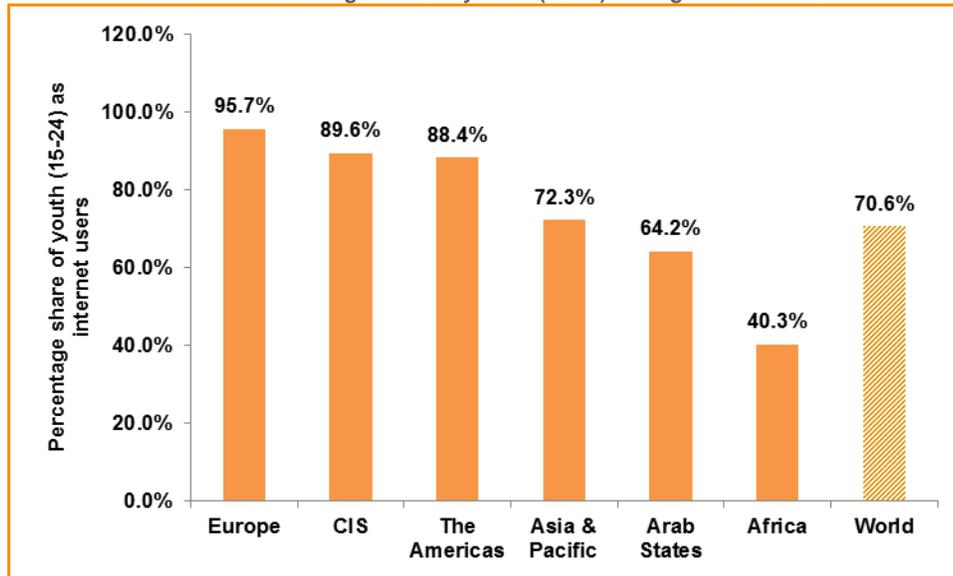


Source: International Telecommunication Union (ITU)
 Note: CIS – Commonwealth of Independent States

Mobile broadband penetration continues to increase among youth

Mobile phones have made a huge contribution to the penetration of internet in the developed, developing and least developed countries. Globally, the subscription prices of mobile-broadband services as a proportion of Gross National Income (GNI) per capita, has fallen to 4.3% in 2016, as compared to 8.3% in 2013. According to ITU estimates, subscriptions for mobile-broadband have grown over 20% every year for the past five years, whereas, fixed line subscriptions have increased by slightly more than 9% for the same period in 2017. It should also be noted that, the youth category constitutes a major proportion of internet users. ITU has classified a youth to be in the age range of 15 years to 24 years. Exhibit 11 shows the percentage share of youth among internet users shown in Exhibit 10. All nations, as a whole, except in Africa, have more than 60% of youth as internet users.

Exhibit 11: Percentage share of youths (15-24) among internet users



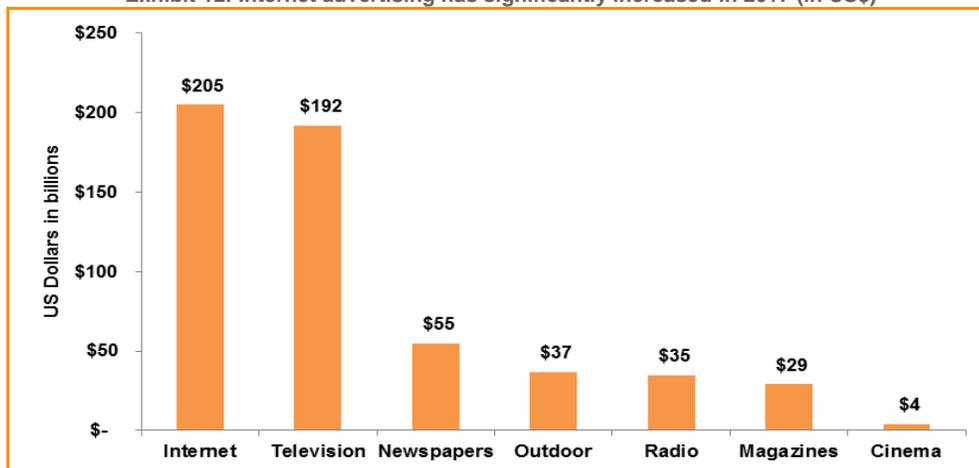
Source: International Telecommunication Union (ITU)

Online Video Advertising - Overview

Increasing digital advertising spend signals a transition of marketers to digital space

Increasing internet usage and decreasing gender gap facilitates marketers to promote products and reach potential customers from diverse demographics. Exhibit 12 shows that global advertisement spending through the internet is expected to exceed television in 2017. Zenith – The ROI Agency, a UK-based marketing and advertising company, has estimated internet advertising spending to grow at 13% in 2017, to reach US\$205 billion. It has also forecast that, in 2017, internet advertising spend will account for 37% of global advertising spend, up 3% compared to 2016. Video advertisements engage customers better than other advertisement formats. It connects well with the emotions and needs of customers, and has become a highly effective medium of communication between companies and customers. According to Cisco’s Visual Networking Index, by 2019, global consumer Internet video traffic will account for 80% of all consumer Internet traffic. Digital video advertisement, a part of internet advertising, is also expected to grow significantly.

Exhibit 12: Internet advertising has significantly increased in 2017 (in US\$)

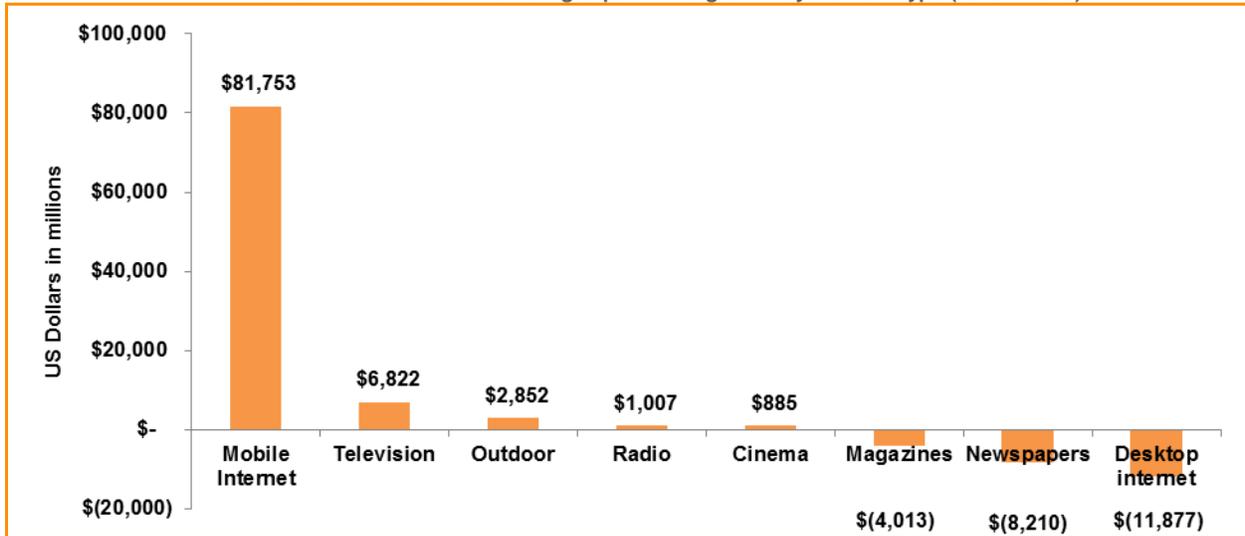


Source: www.marketingprofs.com, Zenith – The ROI agency

Mobile advertisements will also provide a significant share to advertising expenditure growth

The increasing use of smartphones with high speed internet connection over desktop PCs have further eased marketers' work and helps them to connect with customers through various platforms. Moreover, as discussed earlier, internet penetration around the world has also increased due to growing mobile-broadband subscriptions. Mobile devices are expected to be major drivers of advertising spend growth in the coming years, while other mediums such as magazines, desktop internet and newspaper advertisements are expected to decline. Zenith estimates that mobile internet will contribute about US\$81 billion towards global advertising expenditure growth for the period 2016 to 2019. Exhibit 13 shows advertising expenditure by each medium.

Exhibit 13: Contributions to advertising expenditure growth by medium type (2016 – 2019)

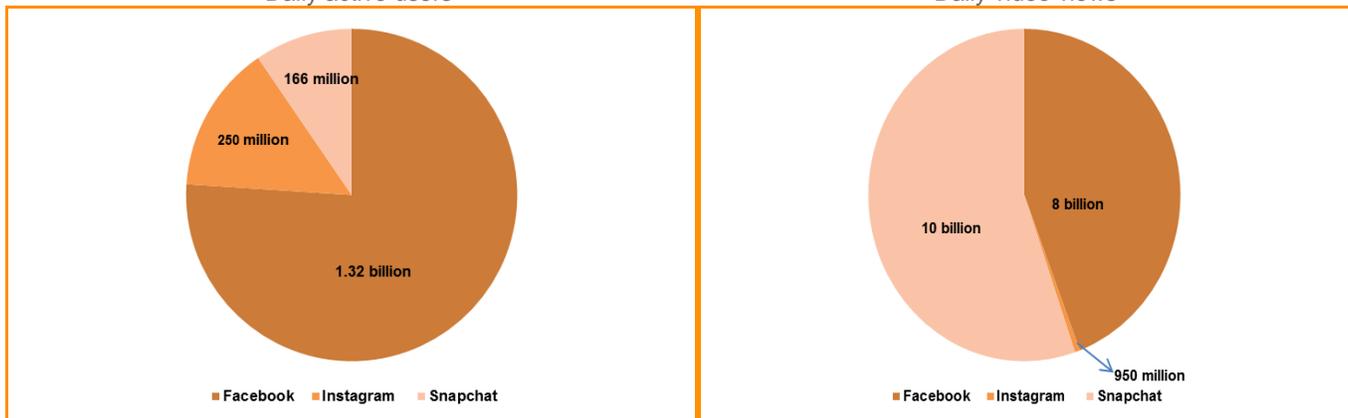


Source: www.marketingprofs.com, Zenith – The ROI agency

Social media platforms' huge user base is a potential segment for marketers

Since the launch of social media platforms, the platforms' user bases have grown tremendously. Daily active users in each of these platforms are more than a million today and have become an effective medium of communication. Huge volumes of data are being shared among these users in the form of text, images and videos. In addition, some of these platforms can share data among themselves. According to Social Media Today, Facebook generates 8 billion video views on average per day. In the same study, video posts on Facebook were shown to have 135% greater organic reach than photo posts. Exhibit 14 presents the daily active users and daily video views in some major social media platforms. These factors have, in turn, influenced marketers, as they can now market their products with a good idea about the audience they can impact.

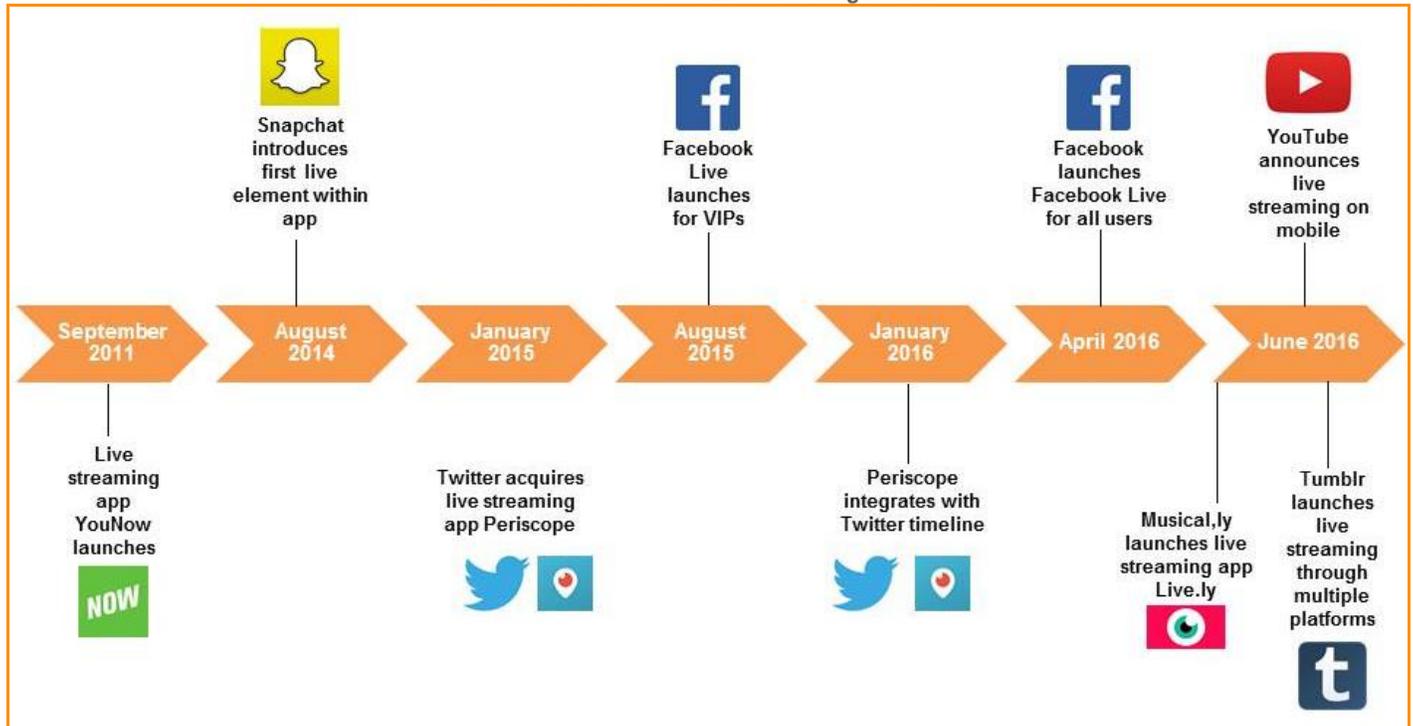
Exhibit 14: Daily active users and daily video views of major social media platforms



Source: Facebook, Instagram, Snapchat, American Marketing Association

The launch of live streaming has also added to the benefit of marketers. In live streaming, users can live stream a video on their page. In addition, the social media platform also streams premium content for its users. These platforms buy the premium content through bids and runs advertisements in between to generate revenue. Marketers make use of this opportunity to target specific audiences, as most of these platforms provide an option to marketers to also choose specific user demographics. The advertisements typically run for about 15 to 60 seconds. The advertising content should be very rich in multimedia content to grasp the attention of users. Therefore, companies like Moovly should greatly benefit from this evolving opportunity. Exhibit 15 presents a timeline of live streaming launch in various social media platforms.

Exhibit 15: Timeline of Live streaming launch



Source: BI Intelligence

Along with the growth of social media, the advertising expenditure on these platforms is also expected to increase. These platforms attract marketers through reduced pricing or with the potential to reach more individuals. For instance, in the three months ended June 30, 2017, Twitter recorded a fall in the price quoted to marketers by 53%. Whereas, for the same period, Facebook’s pricing increased 24% as it has a large user base, which has also increased by 17% in the last quarter compared to the same period in 2016. Social media advertising grew 51% in 2016, and is expected to overtake printed newspaper ads in future. Zenith has forecast social media advertising expenditures to reach US\$55 billion by 2019.

Digital advertising in the US set to grow as viewership transitions from TV to online platforms

In the US, digital advertising expenditure accounted for about US\$70 billion in 2016, and surpassed TV advertising expenditure for the first time. eMarketer, a US-based market research company, has estimated the US digital advertising expenditure to US\$80 billion in 2017, with a 17% contribution from video advertisements. Further, this contribution is expected to grow to 24%, adding to the US\$121 billion advertising expenditure in 2020. Exhibit 16 presents estimated US digital advertising expenditure in 2017, and 2020. Digital video portals like Netflix, Hulu TV and Amazon prime video etc., have initiated the huge transition of viewership from TV to online platform, as viewers can now see TV programs through such over-the-top (OTT) services. According to a report by Freewheel, part of Comcast’s advertising solutions team OTT viewers complete 98 percent of video ads as compared to ad completion rates on other devices. Digital video viewership increased to 60.8% in 2016, and eMarketer estimates this viewership to grow to 62% in 2017. This, in turn, is expected to drive digital advertising expenditure significantly.

Exhibit 16: Estimated US digital advertising expenditure
2017 (in US Dollars) 2020 (in US Dollars)



Source: American Marketing association, eMarketer.

Online video platforms like YouTube have more than one billion users with one billion hours of video being watched every day. These users can host their own channels and can make videos which can be viewed and shared by other users of YouTube. The content in these channels primarily comprise ‘How to’ videos, reviews, tutorials, and others. Channel owners capitalize from the number of views, likes, shares and comments received, as it directly corresponds to engagement with other users. Creation of such engaging videos by both marketers and other video creators require powerful multimedia tools. Companies like Moovly benefit from these requirements by providing resources at competitive pricing.

SWOT Analysis

We now discuss the various strengths and weaknesses of Moovly. Further, we also explain various opportunities and threats the Company is exposed to.

Strengths

Moovly platform’s design attracts huge user base

Moovly’s platform is designed to be fast, simple, interactive, easy third-party integration and accessible to users whenever in need. The platform’s advanced API, cloud-based integration and HTML5 basis have significant advantages. All these features have attracted more than one million users to its products. This user base includes individuals working in Fortune 500 companies, governments and educational institutions around the world, with North America being the fastest-growing market. With updates to the platform made every two weeks, demands and needs of the user base are quickly addressed.

Functionalities and pricing of Moovly’s products should generate significant revenue

In addition to design, the functions offered by Moovly’s products greatly benefit businesses from various segments and diverse sizes. The products act as an effective tool to communicate, engage and market a firm’s products to customers. The Company’s products provide these services at a disruptive price of US\$300 per year, thereby reducing outsourcing costs and boosting the profitability of businesses. These factors should bring new customers and to retain service contracts with existing customers, which in turn, will generate revenue for the Company.

Qualified and experienced management team

Mr. Brendon Grunewald, the Chief Executive Officer (CEO) of the Company has huge experience in developing businesses from scratch. He has co-founded and ran many companies prior to Moovly. Mr. Geert Coppens, the Chief Technical Officer (CTO) of the Company, was also a co-founder of a futuristic multimedia content creation company. He comes with significant expertise in developing Company’s products aligned with market demand.

Weaknesses

Limited operational history

The Company has not been in existence for long. Currently, Moovly also does not have a strong financial position. The Company is also vulnerable to headwinds as it is difficult to predict a future growth path, due to continuous competition and innovation.

Negative cash flow from operations

Moovly generates revenue from its product but has not reported any profits so far. Further, the Company has recorded negative cash flow from operations of \$1.07 million for the six months ended March 31, 2017, primarily attributable to higher expenses.

Opportunities

Future increase in digital advertising expenditure and use of online video

As discussed earlier, online video advertisements are found to engage more customers through social media platforms. Accordingly, businesses have also increased their advertising expenditures. Moreover, these digital advertisements need to be content rich to communicate effectively with its target audience. Moovly's should benefit from this opportunity as its products are packed with required functionalities.

Exploding US market growth

The North American market is growing fast, especially the US, which the Company has targeted as its top market. The digital advertising expenditures of the US are expected to grow to US\$121 billion by 2020, out of which, video advertisements are expected to contribute 23% of the total expenditure. The Company should benefit through increased subscription from the US market.

Threats

Competition

Moovly operates in a highly competitive industry with low barriers to entry. The Company faces competition from both new and established players in the market. These companies may have comparatively stronger financial position and experience. Hence, if the Company fails to make strategic plans to address its competitors, its market share, revenues and operations could be severely impacted.

Fall in exposure to digital advertisements

The Company's growth depends on creation of content rich video advertisements that are published on online portals. A fall in exposure or reach of audience through these online portals will lead to marketers shifting back to traditional advertisement portals. These portals may not require the same content that is created through the Company's products.

Technology

The industry in which the Company operates requires constant upgradation of technology to meet the demands of users of the technology. These upgrades need innovative ideas that have to be implemented with care, without any patent infringement. In addition, the introduction of a new disruptive technology from a well experienced developer could also threaten the Company's operations.

Financial Performance

We now present the financial performance of Moovly Media Inc. We begin with the latest income statements followed by the balance sheets and cash flow statements. All monetary units are expressed in Canadian Dollars (CAD), unless otherwise noted.

Exhibit 17 displays Moovly's income statements for the three months ended March 31, 2017 and March 31, 2016. The Company's revenue in March 31, 2017, increased 123% compared to the three months ended March 31, 2016 through increased subscriptions of Moovly's products. The Company's net loss increased to \$971,242 in March 31, 2017 from \$572,095 in March 31, 2016. The increase in net loss was mainly attributable to consulting fees, professional fees, share-based compensation, travel and advertising and promotion for the three months ended March 31, 2017.

Exhibit 17: Income Statements for the three months ended March 31, 2017 & March 31, 2016

Particulars	For the three months ended March 31, 2017	For the three months ended March 31, 2016	Y-o-Y (%)
Revenue:			
Revenue	\$199,139	\$89,221	123%
Expenses:			
Advertising and promotion	38,777	9,084	327%
Amortization	92,834	60,589	53%
Consulting fees	231,391	81,662	183%
Finance expense	16,959	84,797	-80%
Foreign exchange loss	(17,493)	19,953	-188%
Management fees	95,222	90,840	5%
Office and general	132,998	104,470	27%
Professional fees	145,088	26,495	448%
Regulatory and Shareholder's services	12,335	-	NM
Share-based compensation	172,325	-	NM
Travel	48,641	10,643	357%
Wages and benefits	201,304	173,221	16%
	(1,170,381)	(661,316)	77%
Loss for the period	(971,242)	(572,095)	70%
Items that are or may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations	(15,573)	111,170	-114%
Comprehensive loss for the period	(986,815)	(460,925)	114%
Basic and diluted loss per share	(\$0.01)	(\$0.01)	0%
Weighted average common shares outstanding:			
Basic	94,881,020	53,304,918	78%
Diluted	94,881,020	53,304,918	78%

Source: Company filings

Note: NM represents not meaningful

Exhibit 18 presents Moovly's balance sheets as of March 31, 2017, and September 30, 2016. Cash at the end of March 31, 2017, stood at \$315,882, compared to \$101,598 at the end of September 30, 2016. Further, during the period ended March 31, 2017, the Company's total assets increased to \$1.16 million due to increase in cash. The Company's total liabilities increased to \$1.9 million in the period ended March 31, 2017, compared to \$1.08 million in the period ended September 30, 2016. This increase is mainly attributable to increase in notes payable and deferred revenue in the period ended March 31, 2017.

Exhibit 18: Balance sheets as of March 31, 2017, and September 30, 2016

Particulars	As of March 31, 2017	As of September 30, 2016	Change (%)
ASSETS			
Current assets:			
Cash	\$315,882	\$101,598	211%
Accounts receivable	99,328	167,404	-41%
Prepaid expenses	34,560	113,543	-70%
Total Current Assets	\$449,770	\$382,545	18%
Equipment	14,725	12,764	15%
Intangible assets	699,822	487,696	43%
Total assets	\$1,164,317	\$883,005	32%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable and accrued liabilities	1,093,089	915,709	19%
Deferred revenue	235,475	161,017	46%
Notes payable (1)	24,397	9,713	151%
	1,352,961	1,086,439	25%
Notes payable (2)	561,845	-	NM
Total Liabilities	1,914,806	1,086,439	76%
Shareholder's equity (deficiency):			
Share capital	8,649,783	7,435,424	16%
Reserves	775,502	603,728	28%
Deficit	(10,175,774)	(8,242,586)	23%
Total shareholder's Equity	(750,489)	(203,434)	269%
Total Liabilities and Shareholders' Equity	1,164,317	883,005	32%

Source: Company filings
 Note: NM represents not meaningful

Exhibit 19 presents Moovly's cash flow statements for the six months ended March 31, 2017 and March 31, 2016. For the six months ended March 31, 2017, the cash used in operating activities was \$1.07 million, compared to \$877,837 during the same period in 2016. This was primarily attributable to higher net loss, due to higher expenses in the six months ended March 31, 2017 compared to the same period in 2016. Net cash used in investing activities was \$385,746 for the six months ended March 31, 2017, due to increase in intangible asset expenditures. Further, cash provided by financing activity was \$1.68 million, primarily due to proceeds from private placements, notes payable and exercise of warrants.

Exhibit 19: Cash flow statements for the six months ended March 31, 2017 & March 31, 2016

Particulars	For the six months ended March 31, 2017	For the six months ended March 31, 2016	Y-o-Y (%)
Cash Flow (used in) provided by Operating Activities			
Loss for the period	(\$1,941,256)	(\$1,109,182)	75%
Items not involving cash:			
Amortization	160,814	128,718	25%
Accrued interest expense	14,895	-	NM
Stock-based compensation	199,383	-	NM
Unrealized foreign exchange loss (gain)	57,384	(88,616)	-165%
Changes in non-cash working capital items:			
Accounts receivable	63,832	13,807	362%
Prepaid expenses	78,666	58,580	34%
Notes receivable	-	(3,811)	-100%
Accounts payable and accrued liabilities	213,469	82,199	160%
Deferred revenue	74,458	40,468	84%
Cash used in operating activities	(\$1,078,355)	(\$877,837)	23%
Cash Flow from investing activities			
Acquisition of equipment	(5,575)	-	NM
Intangible asset expenditures	(380,171)	(23,879)	NM
Cash used in investing activities	(385,746)	(23,879)	NM
Cash Flow from financing activities			
Proceeds from private placement	803,928	-	NM
Proceeds from notes payable	567,333	686,883	-17%
Proceeds from exercise of warrants	432,999	-	NM
Share issuance costs	(120,157)	-	NM
Net cash provided by financing activities	1,684,103	686,883	145%
Change in cash during the period	220,002	(214,833)	-202%
Exchange rate changes on cash denominated in a foreign currency	(5,718)	17	NM
Cash - beginning of period	101,598	218,867	-54%
Cash - ending of period	315,882	4,051	NM

Source: Company filings, Note: NM represents not meaningful

Key Risk Factors

Dependence on key personnel

Moovly's growth is greatly dependent on the performance of its key personnel and management. Their skills and expertise have a significant effect on the Company's profitability. Any departure or unexpected loss of such key personnel could impact future operations of the Company. The costs associated with retaining or hiring high skilled personnel has been increasing due to competition. If the Company fails to retain qualified personnel or attract new talent, the success of the business could be impacted.

Competition risk

The Company operates in a rapidly growing competitive industry. Governments, businesses and consumers have increased the use of multimedia products and services. This has brought many new players into the industry and entry of potential competitors to the Company. This could lead to reduction in sales and affect the Company's profits.

Software bug risk

The Company's software is highly technical and might contain a bug or error that was not discovered during development. This could lead to loss of revenue, loss of customers and brand name, which could directly affect the Company's functions. Under such circumstances, the Company is liable for the product and may face a lawsuit. This would add to the costs of the Company and hinder its growth.

Intellectual property risk

Being in the technology space, there is a high risk of infringing on intellectual property issues. The Company must have a reliable source to check intellectual property issues while developing its technology to avoid infringement. Use of a patented technology in the Company's product or the use of the Company's patented technology in competitor's products would lead to a series of litigation lawsuits. These legal issues may affect the Company's financial position, ultimately leading to the cessation of operations.

Technology risk

The market to which the Company renders its products and services is characterized by rapid changes in technology. The Company must keep itself updated about the recent trends in technology and the demands of its consumers. Suitable integrations should be made to improve its technology. The Company might not be successful in satisfying all the required upgrades or integrating new services into its technology. The Company's technology could become obsolete and might lose its market share to its competitors.

Operational history

The Company has limited operational history and is in the early stages of development. Without consistent earnings and operational history, it is difficult to predict how the Company will develop its business when it faces financial headwinds. It is uncertain for the Company's future products to generate revenues and be profitable.

Service disruption

The Company provides its services to customers through third party facilities. The Company does not have any operational control over these facilities. These facilities are exposed to risks such as natural disasters, accidents, computer viruses etc. that might affect the services offered by Company's products. Hence, customers could face disruption of services and might terminate their contracts. This could further affect the Company's revenues, reputation and lead to financial penalties.

Shareholding Pattern

As of July 26, 2017, the Company had 117 million shares outstanding, 4.7 million stock options and 41 million warrants as shown in Exhibit 20.

Exhibit 20: Capitalization structure as of July 26, 2017

Share Structure (As of July 26, 2017)	
Issued and outstanding shares	117,176
Warrants	41,216
Options	4,700
Total fully diluted shares	163,093

Source: Company filings

Profile of Directors and Management

Brendon Grunewald, Co-Founder and CEO

Mr. Brendon Grunewald is a Co-Founder and the Chief Executive Officer (CEO) of Moovly. He has a Master of Business Administration (MBA) and B.Sc. (Hons) degree and has worked in Siemens for several years. He has co-founded and was the CEO of a company called Sinflo, which was later sold to Telenet in 2003. He has also run a venture capital fund called E6Ventures with the years of experience he gained while working for Private Equity, in areas such as Mergers & Acquisitions, interim management turnarounds and Corporate Finance.

Geert Coppens, Co-Founder and CTO

Mr. Geert Coppens is one of the Co-Founders and the Chief Technical Officer (CTO) of Moovly. He has also founded (in 2001) and has been the CEO of a Brussels-based digital agency named Instruxion. Instruxion focuses on ultramodern custom multimedia content creation for Fortune 500 companies. Before Instruxion, he was head of Cisco Systems' EMEA training organization.

Sean McGrath, CFO

Mr. Sean McGrath is the Chief Financial Officer (CFO) of Moovly. He has a Bachelor of Commerce (Hons) degree from Memorial University of Newfoundland. He also is a Certified Public Accountant in the US and a Chartered Professional Accountant (CPA) in Canada. He has wide experience in financial management, and has provided consulting services to public companies in the technology, oil and gas and mineral resources sectors. He also serves as a director of the board and/or officer in a few public companies listed on the TSX Venture Exchange.

Sources

- Company Website
- Company Press Release & Presentations
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- International Telecommunication Union
- www.marketingprofs.com,
- Zenith – The ROI agency
- eMarketer
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- Social Media Today
- FreeWheel

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"Forward looking statements" as defined under Section 27A of the Securities Act of 1933, Section 21B of the Securities Exchange Act of 1934 and the Private Securities Litigation Act of 1995 include words such as "opportunities," "trends," "potential," "estimates," "may," "will," "could," "should," "anticipates," "expects" or comparable terminology or by discussions of strategy. These forward-looking statements are subject to a number of known and unknown risks and uncertainties outside of the company's or our control that could cause actual operations or results to differ materially from those anticipated. Factors that could affect performance include, but are not limited to those factors that are discussed in each profiled company's most recent reports or company filings or registration statements filed with the SEC or other actual government regulatory agency. 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Over time RBMG has received cash fees equal to one hundred and thirty thousand USD from Moovly in exchange for RBMG consulting services. In this case, consulting services consist of corporate strategy formation, business development, market intelligence and research. These services include the preparation of this research report and RBMG helping Moovly communicate its corporate characteristics to applicable investment and media communities. In addition, RBMG and/or its respective affiliates, contractors, principals or employees may buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of Moovly at any time. In the past, RBMG's principal ("Principal"), through a separate investment fund that was controlled by Principal ("Fund"), collectively purchased 1,969,203 common shares plus 1,969,203 warrants to purchase 1,969,203 common shares of Moovly from Moovly. The common shares and warrants came with four-month trade restrictions. Currently, Principal, through Fund, indirectly owns shares and warrants of Moovly. Principal will directly or indirectly buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of Moovly at its lawful discretion and this can happen at any time.