

Source: Stockwatch

Market Data (US\$, unless otherwise noted)

Price (as of May 7/19)	C\$0.60
Market Capitalization	24.7
Net Debt (as of Dec. 31/18)	4.3
Enterprise Value	29.1
Shares O/S (Basic)	55.5
Shares O/S (FD)	65.1
Avg. Daily Volume (M)	0.040
52 Week Range	C\$0.83 / C\$0.25
Dividend Yield	0.0%

Management

CEO	Jouni Keränen
CIO	Christian Kolster
COO	Pasi Piipponen
CFO Kuuhubb Oy	Arsi Rosengren

Top Institutional Ownership

Fidelity (Canada) Asset Management ULC	12.7%
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Total Insider Ownership
29.5%

Business Description

Kuuhubb is a publicly listed mobile game development and publishing company, targeting the female audience with bespoke mobile experiences. Kuuhubb's vision is to become a top player in the women's mobile gaming market. Kuuhubb creates games and apps that are designed to help its female audience relax, express and entertain themselves. Through games and partnerships, Kuuhubb explores new lifestyle trends that can be converted into games and apps.


Recolor


Kuuhubb 2.0 – A Renaissance in Female Gaming

Highlights

- **Strong Product Portfolio:** Over the next 12 months, KUU anticipates expanding its portfolio from two to six revenue generating apps, all addressing the most popular game segments for the female audience – enabling cross-selling between apps.
- **Female Audience Focus:** Female gamers as an audience are still under-served and the market is growing fast. KUU has established a highly experienced game development team in Helsinki, to develop new female targeted games and apps in-house to further improve the existing products.
- **Mobile Global Games Market:** According to Newzoo, the market is expected to grow from \$56B in 2017, to ~\$130B by 2025, for a CAGR of 9%.
- **Unique Growth Strategy:** KUU's growth strategy looks to discover, acquire, develop, integrate, grow user base, monetize and partner - enabling KUU to find the next billion dollar hit game or app.

Catalysts

- We believe FQ319 (Mar) will mark the bottom in terms of quarterly revenue. With the steady release of new products, we see revenues flat in FQ4/19 (June) and then increase sequentially throughout F2020.
- KUU plans to commercially launch new products over the next 12 months that should drive its growth in terms of revenue, MAU, and value per MAU – which in turn should support a higher company valuation.

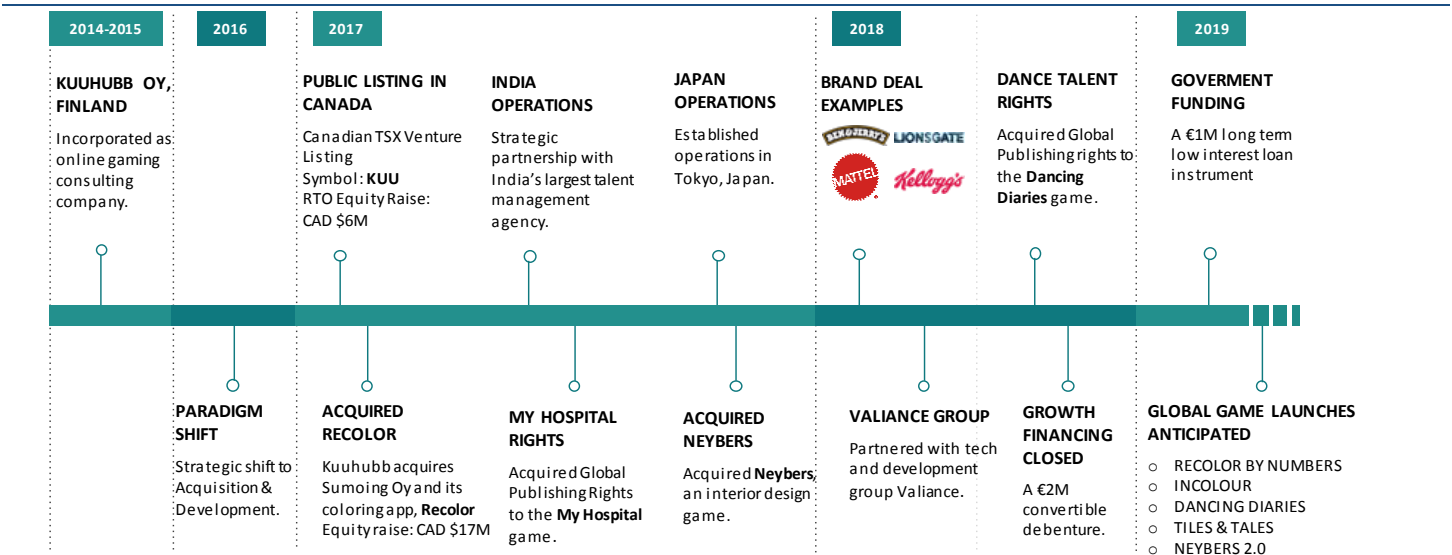
Valuation

KUU is trading at a significant discount to its peers - both Global/Nordic gaming and global social apps. Global and Nordic gaming apps are trading at 2019 EV/Sales of 4.9x/2.7x – valuing KUU in the C\$0.75-1.25 range. Comparable global social apps are trading on average (excl. FB) at a multiple of US\$65/MAU – valuing KUU in the C\$4-5 range.

KUUHUBB 2.0 – A RENAISSANCE IN FEMALE GAMING

Founded in 2014 as an online gaming consulting company, Kuuhubb started in 2016 with a vision to acquire, develop and distribute high quality mobile apps for handheld devices. The company went public via a reverse takeover (RTO) transaction in June 2017 – raising C\$6.1M at C\$0.80/share. In August 2017, Kuuhubb acquired the lifestyle app entitled Recolor which became its flagship product. In conjunction with the acquisition, Kuuhubb raised C\$17.3M at C\$1.05/share. The management team started working actively with Recolor’s developers to transform the single-user coloring book experience into a *creative community*. The results were significant: Recolor’s monthly revenue grew almost 400% from December 2016 to December 2017.

Exhibit 1 – Corporate History



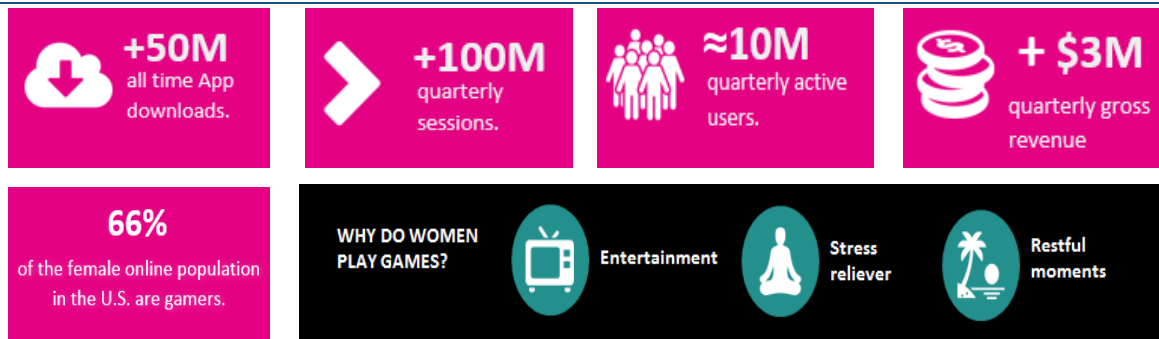
Source: Kuuhubb

A Great Start... Kuuhubb had a great start out of the gate as a public company posting two consecutive quarters of growing revenue peaking at US\$6.7M in revenue for FQ318 (Mar) – see Exhibit 7.

...Followed by a Year of Challenges. The next four quarters proved challenging for the Company, both from issues with a distribution platform to issues at the Board level. As a result, Kuuhubb’s struggles led to a potential proxy battle this past Spring that was averted at the last minute.

...And a New Beginning. With an upgrade to the Board of Directors, and an influx of non-dilutive financing (€2M debenture convertible at C\$1.05, and a €1M low-interest loan from Business Finland, the Finnish Funding Agency for Innovation), the Company is on solid footing to start *Kuuhubb 2.0 - A Renaissance in Female Gaming*.

Exhibit 2 – Quick Facts



Source: Kuuhubb, as of Dec 31/18

THE KUUHUBB PORTFOLIO

Kuuhubb’s portfolio of games aim to help its female audience relax, express and entertain themselves every day. Over the next 12 months, KUU anticipates expanding its portfolio from 2 to 6 revenue generating apps, all addressing the most popular game segments for the female audience – enabling cross-selling between apps.

Kuuhubb develops and markets mobile applications, which are available on iOS and Android. The marketing of these applications are done on social networking sites such as Facebook. All of Kuuhubb’s games are free to play and Kuuhubb generates revenue through the subscription business model (weekly, monthly or annually), the in-app purchases , advertising and brand partnerships.

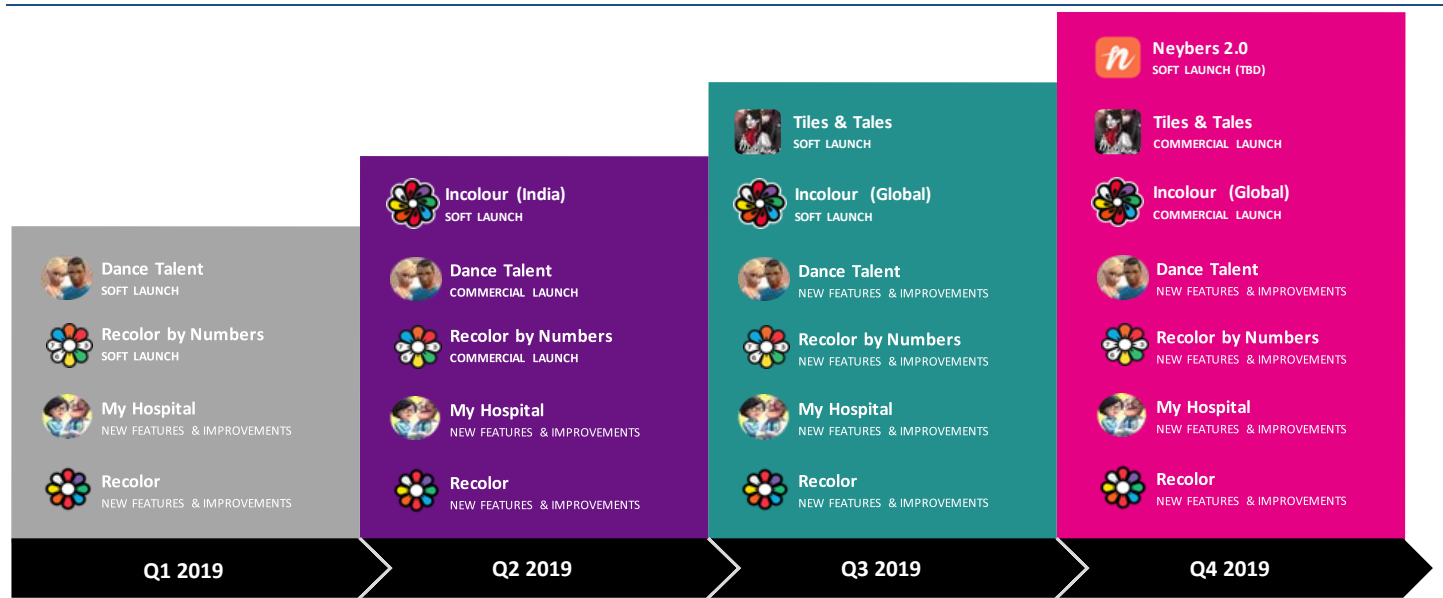
Under the terms of Kuuhubb’s existing or proposed agreements with these third-party developers and partners, Kuuhubb will generally share these revenues generated.

Kuuhubb generates revenue from its applications using both a “Subscription” and “Freemium” or “Free to Play” revenue model. Subscription is a business model where users unlock premium app features and content through weekly, monthly or yearly renewing subscriptions. Freemium is a pricing strategy by which mobile applications and services are provided free of charge, but money (premium) is charged for proprietary features, functionality, or virtual goods. Additionally, Kuuhubb earns advertising revenue through partnerships with various entertainment, media and consumer brands and advertising sold in connection with the use of its applications.

Moving on to its next growth phase, Kuuhubb’s product roadmap addresses the most popular game segments for the female audience. The next-generation growth products under development are *Recolor by Numbers*, *Dance Talent* and *Tiles & Tales*. In addition, the established *Neybers* interior design app is currently being rebranded and relaunched (likely in early 2020).







Within 2019, Kuuhubb plans to commercially launch four new products that will drive its growth in terms of revenue, monthly active users (MAU), value per MAU and support a higher company valuation.

Exhibit 3 – Product Roadmap



Source: Kuuhubb

Exhibit 4 – A Great Portfolio of New Games

Game		Description	Status
Recolor		One of the top coloring books with new pictures every day. Recolor features over 3,000 unique coloring pictures to help you rest your mind.	Live
MyHospital		Cure your way through the quirkiest and funniest diseases in My Hospital – the ultimate simulation game. Design, manage and maintain your own medical center!	Live
Recolor by Numbers		This app brings you the latest trends of coloring! Recolor by Numbers is a fun, easy way to relax while being creative.	Game in soft launch
Dance Talent		In Dance Talent the player takes a role as a manager of a female dance enthusiast, whom they lead through a dance career from their first dance steps to performing in tournaments around the world.	Game in soft launch
Incolour		Incolour will be a stand-alone app with global access. It utilized the best functionalities and learnings of our Recolor app. With the localized Indian content we get the attention of the Indian market, fans of Indian illustration across the globe and millions of Indian origins living abroad.	Soft launch in Q2 2019
Tiles & Tales		Tiles & Tales is the first game to combine casual match3 with visual novel-like stories, a unique mix of two massively successful genres. The game is targeted at 25+ year old women who enjoy relaxed and immersive gaming experiences.	Soft launch in Q3 2019
Neybers 2.0		Neybers 2.0 will offer a new and simple way to play with interior design. Whether you want to create a dream home, a magazine photoshoot or tell a story, Neybers lets you decorate rooms using a vast range of modern and stylish products from real brands and designers.	Soft Launch TBD

Source: Kuuhubb

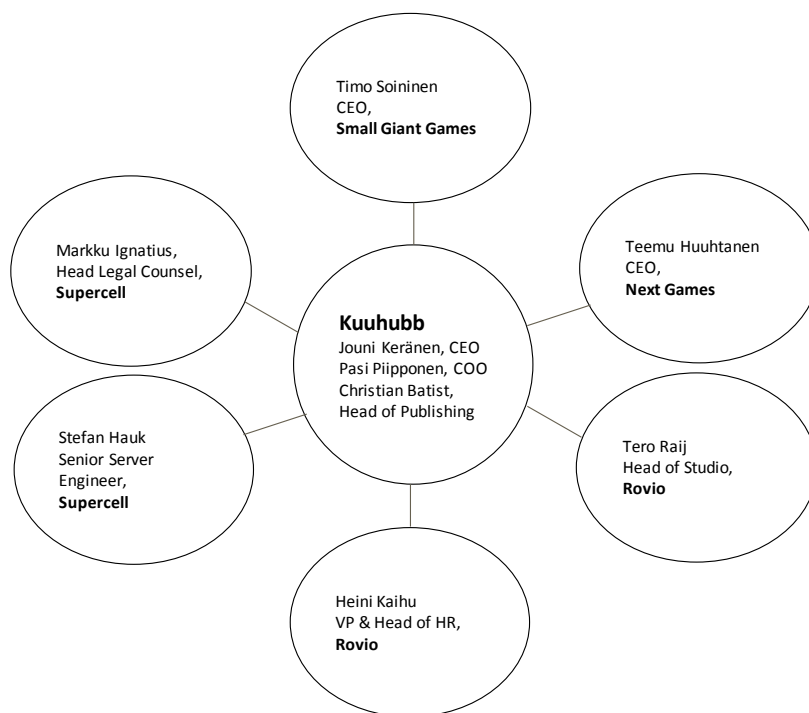
THE HABBO MAFIA

Kuuhubb CEO Jouni Keränen previously served as the Regional Director for Sulake Corporation Oy and, in this role, he was responsible for Habbo, the world’s largest virtual world, in China. COO Pasi Piipponen ran the operations in Northern Europe and later on as SVP of Global Advertising Sales.

Habbo is an online vintage pixel-art style virtual community, where you can create your own avatar, make friends, chat, build rooms, design + play games. Habbo was founded in 2000 and it was the first social game in the world. Many of the most successful game and app companies have utilized the learnings of Habbo in their game creations. Habbo and its unique group of talented people were the trailblazers in the digital mobile game industry.

After almost two decades since Habbo was launched, you can find numerous ex-Habbo’s in key positions in the most successful mobile game companies. Habbo was the pioneer company, leading the way to current superstar Finnish mobile game companies like Rovio, Supercell, Small Giant Games and many more.

Exhibit 5 – The Habbo Mafia; It’s All About the Community

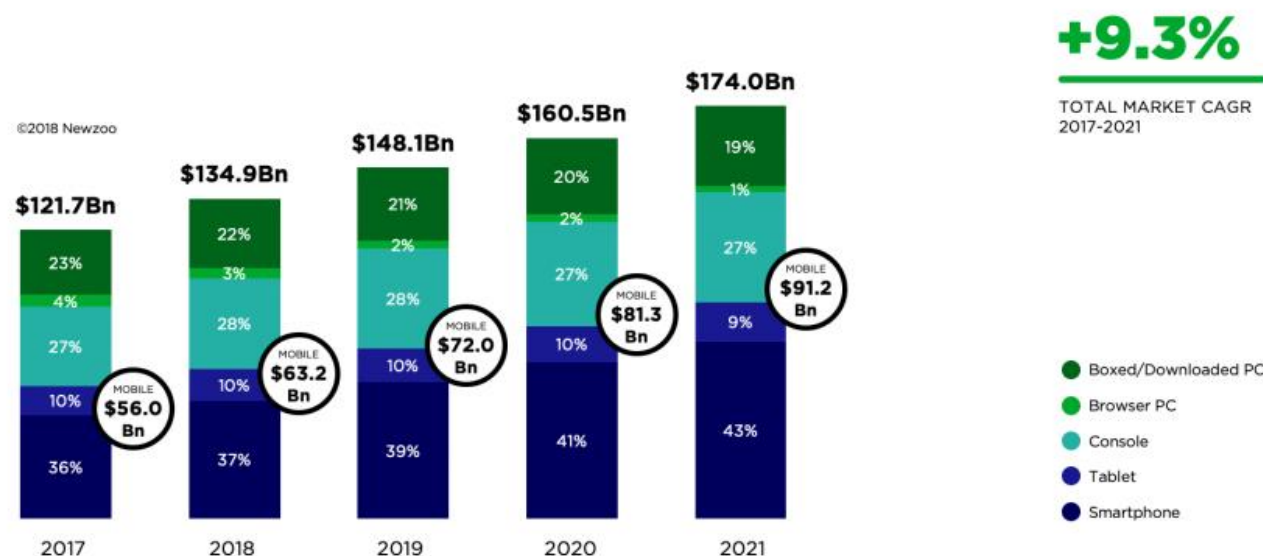


Source: Kuuhubb, www.habbo.com

GLOBAL GAMES MARKET

With the increasing number of smartphone users globally (from 2.5B in 2016 to 3.8B in 2021), Newzoo estimates that that app store revenues from games alone will increase from \$42.5B in 2016 to \$106.4B in 2021, for a six-year CAGR of 20.1%. Global revenues from non-game apps will increase at a higher rate as companies determine the best ways to monetize their services on app stores and within apps themselves. Global revenues from nongame apps are due to increase from \$12.0B in 2016 to \$33.3B in 2021, for a six-year CAGR of +22.7%. In 2018, direct consumer spending in the global app market will increase to \$92.1 billion. Of these revenues, the majority (76%) will come from mobile games, while 24% will come from non-game apps. Asia-Pacific alone will account for \$55.2 billion, or three-fifths, of total global revenues in 2018. Meanwhile, North America’s lucrative market will generate another \$18.4 billion, and Europe’s another \$10.4 billion.

Exhibit 6 – Global Games Market (2017-2021)



Source: Newzoo

Exhibit 7 – Top Grossing Game Publishers (1H 2018)

Apple iOS

Rank	Publisher	Gross Revs (US\$M)	HQ
1	Tencent	2,006	China
2	Netease	1,028	China
3	King	560	Sweden
4	Bandai Namco	393	Japan
5	Supercell	346	Finland
6	Playrix Games	317	Russia
7	Aniplex	306	Japan
8	Xflag	287	Japan
9	Konami	208	Japan
10	Square Enix	187	Japan

Google Play

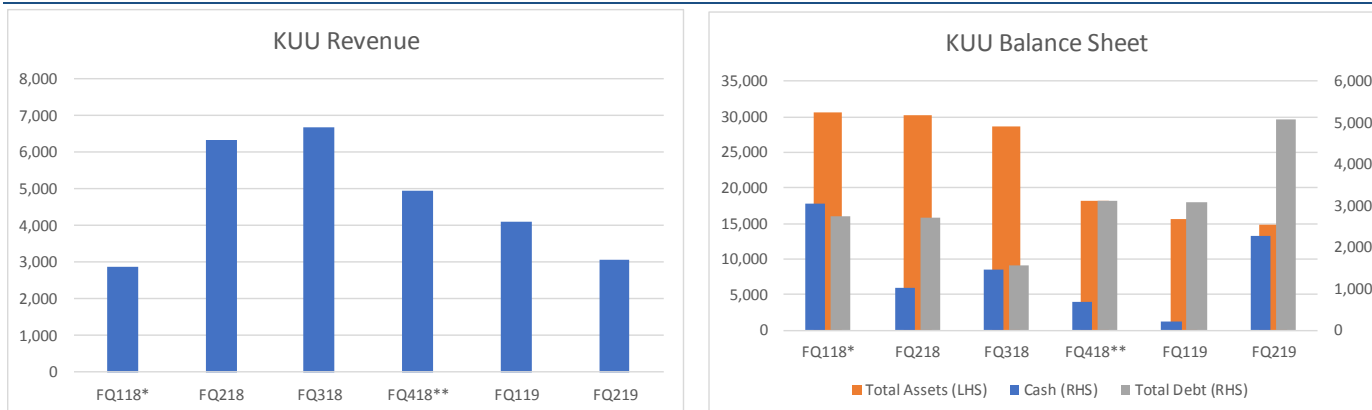
Rank	Publisher	Gross Revs (US\$M)	HQ
1	King	655	Sweden
2	Supercell	416	Finland
3	Bandai Namco	382	Japan
4	Playrix Games	317	Russia
5	Netmarble	286	South Korea
6	Niantic	244	US
7	Playtika	199	Israel
8	igg.com	180	Singapore
9	Aniplex	174	Japan
10	Square Enix	166	Japan

Source: Newzoo

FINANCIAL PERFORMANCE

Kuuhubb’s primary monetization strategy includes a solid path to gain revenue from freemium in-app purchases, in-app advertising, paid subscription and via global brand partnerships. Kuuhubb had grown revenues from \$200K per month to \$2M per month, before a “glitch” on one of the distribution platforms halted the momentum. KUU has settled back at the \$1M per month level; however, we expect this to re-accelerate as the company releases four new revenue generating apps over the next 12 to 18 months.

Exhibit 8 – HISTORICAL REVENUE & BALANCE SHEET

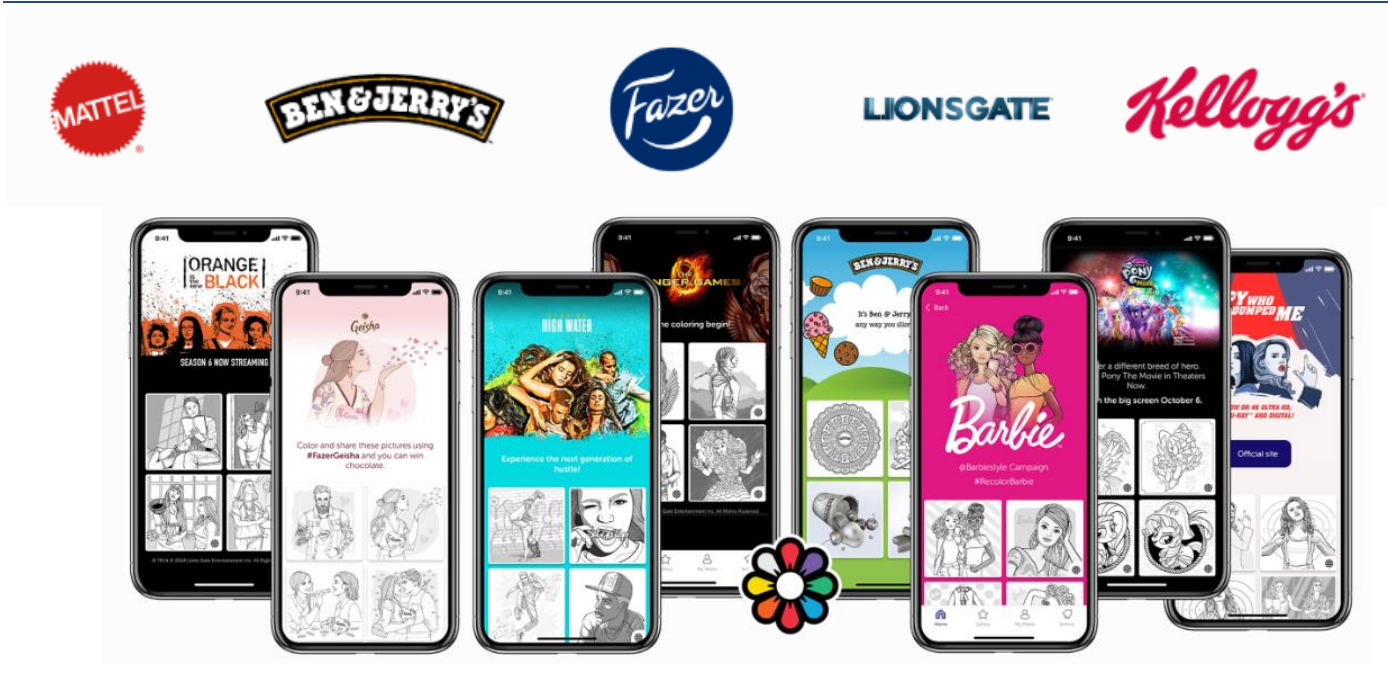


Source: Kuuhubb

Brands have recognized the value of brand campaigns that Kuuhubb features to its users. Average active engagement with branded content (i.e. coloring time) of custom illustrations is 11 minutes; with 60.7M banner impressions, 383,000 clicks, 3.3M unique banner impressions, 356,700 coloring tasks, and 104,300 shares in the Recolor app.*

*One month campaign averages in 2018.

Exhibit 9 – BRAND CAMPAIGNS



Source: Kuuhubb

VALUATION

KUU is trading at a significant discount to its peers - both Global/Nordic gaming and global social apps. Global and Nordic gaming apps are trading at 2019 EV/Sales of 4.9x/2.7x – valuing KUU in the C\$0.75-1.25 range. Comparable global social apps are trading on average (excl. FB) at a multiple of US\$65/MAU – valuing KUU in the C\$4-5 range.

Exhibit 10 – Global Gaming/Social Comparables

	Ticker	Price (Local)	Mkt Cap. (US\$)	LTM Rev (US\$)	EV/Sales			EV/EBITDA			P/E		
					2018	2019	2020	2018	2019	2020	2018	2019	2020
KuuHubb Inc	KUU-CA	0.60	22	19	1.2	1.7	NM	NM	NM	NM	NM	NM	
Tencent Holdings Ltd.	700-HKG	380.80	461,935	47,256	10.1	7.9	6.2	26.8	23.8	19.1	39.6	35.3	
Activision Blizzard, Inc.	ATVI	46.68	35,757	7,332	4.7	5.3	4.8	13.0	14.9	12.7	18.0	21.6	
Electronic Arts Inc.	EA	92.73	27,782	5,316	5.0	4.6	4.4	15.7	13.9	12.6	23.6	20.6	
Netmarble Corp.	251270-KR	122000.00	8,931	1,912	4.1	3.4	3.0	26.6	17.2	14.0	54.2	33.7	
KONAMI HOLDINGS CORP	9766-JP	4930.00	6,408	2,304	2.1	2.0	2.0	8.6	7.9	7.4	19.1	17.4	
Zynga Inc. Class A	ZNGA	6.09	5,651	964	5.6	3.7	3.3	28.6	19.8	16.0	55.6	27.7	
Capcom Co., Ltd.	9697-JP	2407.00	2,953	902	2.2	2.2	2.1	9.1	8.3	7.9	19.5	17.8	
Gungho Online Entertainment, Inc.	3765-JP	337.00	2,906	834	1.8	1.5	1.7	6.1	5.4	6.4	14.5	12.1	
PearlAbyss Corp.	263750-KR	167300.00	1,867	101	NM	NM	2.8	NM	NM	6.5	NM	NM	
Glu Mobile Inc.	GLUU	9.18	1,333	381	3.6	3.0	2.6	NM	NM	15.9	NM	NM	
Rovio Entertainment Oyj	ROVIO-HEL	7.08	631	360	NM	NM	NM	NM	NM	NM	NM	18.0	
Facebook, Inc. Class A	FB	189.77	541,707	58,949	8.9	7.2	5.9	14.9	14.0	11.6	25.1	25.9	
Twitter, Inc.	TWTR	38.62	29,685	3,164	8.6	7.4	6.5	21.9	19.9	16.8	44.9	37.0	
Match Group, Inc.	MTCH	60.37	16,968	1,730	11.1	9.6	8.4	29.4	25.2	21.0	37.5	37.8	
Snap, Inc. Class A	SNAP	11.17	14,999	1,270	11.7	8.7	6.7	NM	NM	NM	NM	NM	
ANGI Homeservices Inc Class A	ANGI	18.31	9,268	NM	8.2	6.8	5.6	NM	32.2	23.5	NM	NM	
Meet Group Inc	MEET	5.65	426	179	2.4	2.1	1.9	13.6	11.2	9.8	NM	NM	
theScore, Inc. Class A	SCR-CA	0.36	89	22	3.7	3.5	2.7	NM	NM	NM	NM	NM	
Averages:					5.9	4.9	4.1	17.9	16.4	13.4	32.0	25.4	20.4

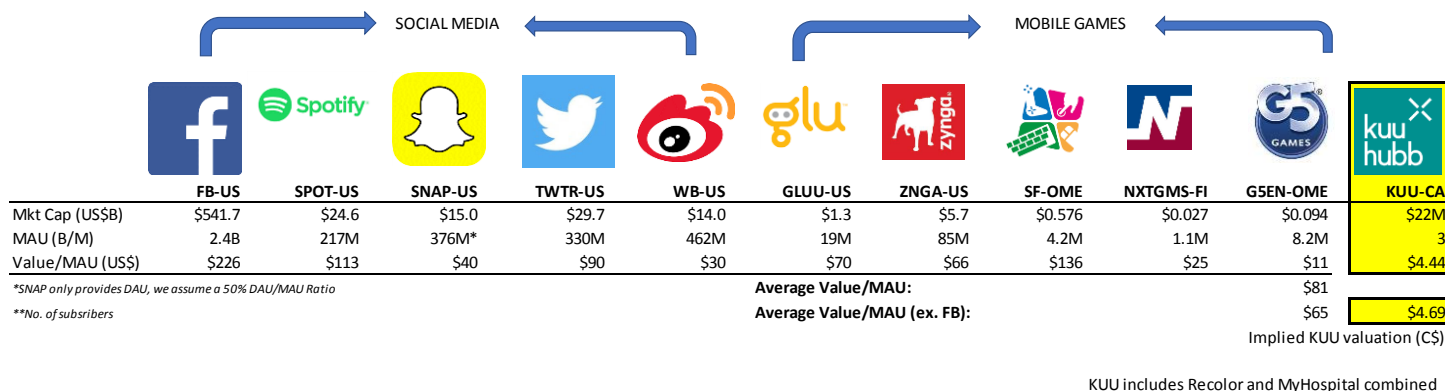
Source: Factset, Consensus Estimates (as of May 7/19)

Exhibit 11 – Nordic Gaming Comparables

	Ticker	Price (Local)	Mkt Cap. (US\$)	LTM Rev (US\$)	EV/Sales			EV/EBITDA			P/E		
					2018	2019	2020	2018	2019	2020	2018	2019	2020
KuuHubb Inc	KUU-CA	0.60	22	19	NM	1.2	1.7	NM	NM	NM	NM	NM	
THQ Nordic AB Class B	THQN.B-SE	213.80	2,288	474	3.7	3.5	3.3	14.5	11.3	9.6	39.2	28.8	
Paradox Interactive AB	PDX-SE	145.00	1,598	130	13.3	10.7	8.9	23.0	18.3	14.4	43.3	33.9	
Rovio Entertainment Oyj	ROVIO-FI	7.08	631	331	1.6	1.4	1.3	9.4	8.6	6.7	22.8	18.0	
Stillfront Group AB	SF-SE	229.50	576	152	4.5	3.5	3.2	12.5	9.7	8.4	28.9	19.4	
Funcom NV	FUNCOM-NO	16.00	141	34	6.9	NM	NM	16.2	NM	NM	23.6	NM	
Remedy Entertainment Oy	REMEDY-FI	8.00	108	17	4.1	NM	NM	29.0	NM	NM	NM	11.3	
G5 Entertainment AB	G5EN-SE	100.50	94	154	0.5	0.6	0.6	3.3	3.3	3.0	6.9	7.4	
MAG Interactive AB	MAGI-SE	11.35	31	26	0.5	0.7	0.6	13.5	NM	NM	NM	NM	
Starbreeze AB	STAR.B-SE	0.84	29	40	1.6	1.4	0.9	NM	NM	NM	NM	NM	
Next Games Corp	NXTGMS-FI	1.30	27	37	0.6	0.5	0.4	NM	NM	NM	NM	NM	
Bublar Group AB	BUBL.MTF-SE	4.70	20	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Toadman Interactive AB	TOAD.MTF-SE	10.99	19	NM	NM	NM	NM	NM	NM	NM	NM	NM	
WeAreQiiwi Interactive AB	QIIWI-SE	11.90	10	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Nitro Games Plc	NITRO-SE	13.90	5	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Gaming Corps AB	GCOR-SE	0.14	4	2	NM	NM	NM	NM	NM	NM	NM	NM	
5th Planet Games A/S	FIVEPG-NO	0.86	4	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Gold Town Games AB	GTG.MTF-SE	2.31	4	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Star Vault AB Class B	STVA.B-SE	0.06	1	0	NM	NM	NM	NM	NM	NM	NM	NM	
Three Gates AB	GATE.MTF-SE	1.85	1	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Averages:					3.7	2.7	2.3	15.2	10.2	8.4	27.5	21.5	16.6

Source: Factset, Consensus Estimates (as of May 7/19)

Exhibit 12 – Global Social Media Apps Valuation using MAU



Source: Factset, Consensus Estimates (as of May 7/19)

We note that the industry continues to consolidate as seen by some recent acquisitions.

Zynga (ZNGA-US) has completed three acquisitions over the last 18 months: (1) acquired a 80% majority stake in Small Giant Games Oy for €537.6M (US\$614M); (2) acquired Gram Games Teknoloji AS, for US\$299M; and (3) acquired the assets related to the mobile card game business from Peak Oyun Yazilim Ve Pazarlama AS, for US\$100M.

Playtika acquired Wooga for US\$100M. Wooga GmbH is located in Berlin, Germany and develops and markets on-line games for social networks.

Pearl Abyss (263750-KR) acquired Iceland-based CCP Games from Sumo Digital Ltd, for US\$425M. The Eve Online developer's new parent is best known for the popular MMO Black Desert Online, which has 9.5M players worldwide, with 3.1M in the West.

THQ Nordic AB (THQN.B-SE) recently acquired Warhorse Studios for US\$48M, and Coffee Stain Holding for US\$94M.

SUMMARY

Kuuhubb's strategy to focus on the female audience is based on key insights made by its experienced management team:

- There is a shortage of apps and games that are appealing to the female audience;
- Mobile games are roughly equally appealing to both men and women: 52% of men and 48% of women play mobile games;
- Women are more open to complete their first mobile purchase;
- Female audiences cost considerably less to acquire compared to the heavily-competed male segments.

To execute on its growth plan, Kuuhubb has established a highly experienced team of 70 professionals in the fields of management, finance, business development, user acquisition, publishing, production, game development, graphical art, content, customer service, live operations etc.

Kuuhubb's growth strategy looks to discover, acquire, develop, integrate, grow user base, monetize and partner - enabling the Company to find the next billion dollar hit game or app. We believe FQ319 (Mar) will mark the bottom in terms of quarterly revenue. With the steady release of new products, we see revenues flat in FQ4/19 (June) and then increasing sequentially throughout F2020.

KEY MANAGEMENT

Jouni Keränen, Co-Founder & CEO. Mr. Keränen has 20 years of international business and management experience, including +10 years in China, he previously held senior positions at T Dispatch Ltd., a German technology firm; Apple Toon Inc., a children's entertainment company and developer of online games; and iLemon Group Inc., a company located in Shanghai, China, which specializes in the design, development and creation of flash and web-based kids virtual communities and online games. In China, Mr. Keränen also previously served as the Regional Director for Sulake Oy and, in this role, he was responsible for Habbo, the world's largest virtual world, in China.

Christian Kolster, Co-Founder & CIO. Mr. Kolster has 25+ years in international investments, from early stage companies to public listings. He previously served as managing director of C&M Capital and Lago Invest.

Pasi Piipponen, COO. Mr. Piipponen has 15+ years of management experience in the games, media and marketing sectors. He previously held the positions of COO at Dingle Oy and of the Senior VP at Sulake Oy (Habbo).

Arsi Rosengren, CFO Kuuhubb Oy. Mr. Rosengren has 12+ years experience in corporate finance and business development roles in gaming, technology, equity funds, media, SaaS and biotechnology industries.

Kristoffer Rosberg, GM Apps & Games. Mr. Rosberg is a tech executive with 19+ years in start-ups and corporate environment who created and executed multiple global mobile digital business strategies in Nokia, JIPEQ and his own ventures.

Marco Sandrini, CTO. Mr. Sandrini is a software professional with 20+ years experience in a wide spectrum of technologies, from embedded software to TLC components, from mobile applications to B2B systems.

BOARD OF DIRECTORS

Jouni Keränen, Co-Founder & CEO. See bio above.

Christian Kolster, Co-Founder & CIO. See bio above.

Garner Bornstein. Mr. Bornstein is the founder and CEO of Breethe, a meditation lifestyle app, which has grown to several million users. Mr. Bornstein previously co-founded Airborne Mobile, one of North-America's first mobile content developers and publishers. Airborne was sold in 2005 to Cybird Co. Ltd., a publicly traded Japanese mobile content publisher.

Elmer Kim. Mr. Kim is currently the President of Uclid Inc., a privately held investment and consulting company. Mr. Kim is also the Chief Investment Officer of the Hyatt Bangia Family Office in Toronto. Prior to his current role, he was Vice President of Growth Equity at the Business Development Bank of Canada (BDC) from 2016 to 2017. From 2011 to 2016, Mr. Kim was the Managing Director of Roynat Equity Partners, an operating division of Roynat Inc., a wholly owned subsidiary of the Bank of Nova Scotia. Mr. Kim has held a variety of progressive investing and financial executive roles with Whitecastle Investments Limited between 1995 and 2011 and was the Co-Founder of Whitecastle Private Equity Partners in 2004.

André Lüdi. Mr. Lüdi has 30+ years experience in the financial sector, both in investment banking and private banking. After completing his banking apprenticeship at Swiss Bank Corporation (SBC) in Basel, he worked for 14 years until 1996 as a precious metals & foreign exchange trader for different banks in Basel, Geneva and Toronto. In 1998, Mr. Lüdi started working in private banking. During 8 years he advised wealthy private clients from Scandinavia as a client advisor at UBS AG and VP Bank (Switzerland) Ltd. In June 2006, he founded an asset management company that he operated 9 years as a managing partner and was also member of the Aquila Group. Since April 2015 André Lüdi is a Senior Partner and Board Member of ACT Asset Management AG, Zürich. André Lüdi completed several training programs in finance and acquired the certificate Risk & Return of the Swiss Institute of Banking and Finance at the University of St. Gallen.

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