



Kuuhubb Reports Fiscal Q2 2021 Financial Results

Toronto, Canada – March 2, 2021 - Kuuhubb Inc. (“**Kuuhubb**” or the “**Company**”) (TSX- V: KUU), a mobile game development and publishing company targeting the female audience with bespoke mobile experiences, has reported its unaudited financial results for the three and six months ended December 31, 2020. The Company’s unaudited consolidated financial statements as at, and for the three and six months ended December 31, 2020 and related management’s discussion and analysis can be found on the Company's SEDAR profile at www.sedar.com. The Company’s financial year end is June 30.

Highlights for the Three and Six Months Ended December 31, 2020:

- Revenues of US\$1,350,306 and \$2,835,654, respectively, on a combined basis for the three and six months ended December 31, 2020, from continuing and discontinued operations⁽¹⁾.
- Recolor recognized revenue of US\$1,139,846 and US\$2,445,705, respectively, for the three and six months ended December 31, 2020; with trailing twelve-month revenue of \$5,593,908. Recolor revenue was classified as part of the discontinued operations⁽¹⁾.
- The Company continues its efforts to secure a purchaser for Recolor.
- The production and development of Kuuhubb’s upcoming new flagship product Tiles & Tales has progressed well during this time period and is planned for commercial launch later this year .

CEO’s Message:

Jouni Keränen, CEO of Kuuhubb Inc., commented, “We continue our focus on divestment of Recolor and investment in the Match-3 genre through our proprietary game engine . We remain steadfast with our cost cutting initiatives, which has translated to improved profitability at the start of this calendar year. Continuous improvement of Key Metrics in the game has enabled us to be optimistic about our upcoming flagship product Tiles & Tales, which is progressing through soft launch stages and towards commercial launch later this year.”

Financial Results for the Three and Six Months Ended December 31, 2020:

- The Company generated a total of US\$1,350,306 and US\$2,835,654, respectively, combined revenues for the three and six months ended December 31, 2020, from continuing and discontinued operations⁽¹⁾.
- The Company recognized revenue of US\$223,030 and US\$389,949, respectively, for the three and six months ended December 31, 2020 from its continuing operations; with trailing twelve-

month revenue of \$786,410. This revenue was generated mainly from the subscriptions to, in-application sale of virtual goods from its “My Hospital” game and related advertising revenue.

- Recolor Oy recognized revenue of US\$1,139,846 and \$2,445,705, respectively, for the three and six months ended December 31, 2020. Recolor revenue was classified as part of the discontinued operations⁽¹⁾.
- The Company incurred cost of sales of US\$109,750 and US\$234,376, respectively, during the three and six months ended December 31, 2020 in its continuing operations. The cost of sales is predominantly related to the application marketplace (such as Apple App Store and Google Play) fees and other third-party direct costs.
- The Company incurred consulting and professional fees of US\$239,834 and US\$401,873, respectively, during the three and six months ended December 31, 2020. These fees were related to Kuuhubb’s audit fees, general legal counsel and other professional services.
- The Company’s subsidiary Recolor Oy showed EBITDA of US\$6,105 for the three months ended December 31, 2020 by adjusting the net income before tax from discontinued operations of US\$509 with the following items:
 - Add back of:
 - non-cash depreciation and amortization of US\$1,326;
 - net interest and accretion expenses of US\$4,269;
- The Company’s subsidiary Recolor Oy showed EBITDA of US\$7,428 for the six months ended December 31, 2020 by adjusting the net income before tax from discontinued operations of US\$3,606 with the following items:
 - Add back of:
 - non-cash depreciation and amortization of US\$2,627;
 - net interest and accretion expenses of US\$7,300;
- On a combined basis, the Company showed EBITDA of negative US\$845,028 for the three months ended December 31, 2020 by adjusting the net loss before tax from continuing operations of US\$1,091,090 with the following items:
 - Add back of:
 - non-cash depreciation and amortization of US\$9,361;
 - non-cash share-based compensation of US\$117,268;
 - net interest and accretion expenses of US\$263,424;
 - and deduct:
 - non-cash fair value change of loan receivable from Valiance UG of US\$104,666;
 - foreign exchange loss of US\$35,993
 - the fair value change of derivative liability of US\$3,332;
- On a combined basis, the Company showed EBITDA of negative US\$1,669,520 for the six months ended December 31, 2020 by adjusting the net loss before tax from continuing operations of US\$2,446,238 with the following items:
 - Add back of:

- non-cash depreciation and amortization of US\$15,195;
- non-cash share-based compensation of US\$270,804;
- net interest and accretion expenses of US\$526,794;
- foreign exchange loss of US\$72,493
- and deduct:
 - non-cash fair value change of loan receivable from Valiance UG of US\$84,766;
 - the fair value change of derivative liability of US\$23,802;

⁽¹⁾ Classification of Recolor Oy as held for sale and discontinued operations

As part of the efforts to meet the Company's obligations and build growth, the Company announced it is exploring multiple strategic alternatives, including the divestiture of Company-owned assets such as shares of Recolor Oy. This may be completed within twelve months and as such the associated assets and liabilities within Recolor Oy are presented as held for sale and the net income attributable as discontinued operations in the consolidated financial statements. Unless otherwise indicated, the analysis and discussions herein are based on the Company's continuing operations consisting of the Company's "My Hospital" operation.

Settlement Agreement with Cherrypick Games:

As previously announced on February 8, 2021, the Company has entered into an agreement with Cherrypick Games S.A. ("Cherrypick") to amend (the "Amendment") the settlement terms to the settlement agreement (the "Settlement Agreement") relating to the acquisition of the My Hospital application from Cherrypick. Pursuant to the Amendment, Kuuhubb shall pay to Cherrypick: (i) €100,000 (approximately CAD\$153,700) on or before February 7, 2021 (already paid) and €150,000 (approximately CAD\$230,550) on or before February 15, 2021 (already paid), which payments replace and supersede the second payment (the "Second Payment") of €250,000 (approximately CAD\$384,250) under the Settlement Agreement; (ii) €1,085,507 (approximately CAD\$1,668,424) on or before the earlier of a sale of Recolor Oy and August 31, 2021, which payments replace and supersede the third payment of €1,059,707 (approximately CAD\$1,628,770) under the Settlement Agreement, as well as interest of €4,257 (approximately CAD\$6,543) relating to the Second Payment as well as interest of €21,543 (approximately CAD\$33,112); and (iii) the date of the remaining outstanding payment of €550,000 (approximately CAD\$845,350) remained unchanged on or before May 31, 2021.

Further details on the arbitration award to Cherrypick and Kuuhubb's Agreement with Cherrypick can be found in the Company's consolidated financial statements for the year ended June 30, 2020 and news release dated August 19, 2020 and February 8, 2021, under the Company's profile at www.sedar.com.

Exploration of Strategic Alternatives to Enhance Shareholder Value

On September 30, 2020, the Company announced that it has been conducting a process to explore strategic alternatives, including the potential divestiture of certain Company-owned assets, including the sale of Recolor Oy within the next twelve months. To date, the Company has executed confidentiality agreements with several parties who expressed an interest in receiving information about Recolor Oy

and its business in connection with a possible transaction. There can be no assurance that the strategic alternatives review process will result in any strategic change or outcome and the Company does not know the exact timetable for the conclusion of its review of strategic alternatives. There can be no certainty that any potential transaction will emerge from this process. The process may result in a variety of outcomes or no outcome at all, and there can be no assurance that the Company will pursue or execute any specific action or transaction. The Company continues to operate in the normal course during the on-going process.

EBITDA - Non-IFRS Measure

EBITDA is intended to provide additional information to investors and analysts. The Company calculated EBITDA as set out on page 2 and 3 of this press release. EBITDA does not have any standardized meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate EBITDA differently.

About Kuuhubb

Kuuhubb is a publicly listed mobile game development and publishing company, targeting the female audience with bespoke mobile experiences. Our Mission is to become a top player in the female mobile game space. We believe in empowering women by creating games and apps that will have our female audience relax, express and entertain themselves every day. Through our games and partnerships with select developers, we explore new lifestyle trends that can be converted into games and apps which will bring value to our users, employees, and shareholders. Headquartered in Helsinki, Finland, Kuuhubb has a global presence with a strong focus on U.S. and Asian markets.

Cautionary Note Concerning Forward-Looking Information

This press release contains forward-looking information, including regarding the potential sale of Recolor OY. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to future revenue and development, growth of the Company's business) are forward looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other thing: risks related to the growth strategy of the Company; the possibility that results from the Company's growth plans will not be consistent with the Company's expectations; the early stage of the Company's development; competition from companies in a number of industries; the ability of the Company to manage expansion and integrate acquisitions into its business, future business development of the Company; the ability of the Company to complete the sale of Recolor OY on terms which are economic or at all; the ability to predict and counteract the effects of COVID-19 on the business of the Company, including but not limited

to the effects of COVID-19 on its business segments, capital market conditions, restrictions on labour and international travel and supply chains; and the other risks disclosed under the heading "Risk Factors" in the Company's management discussion and analysis for the twelve months ended June 30, 2020 filed on SEDAR at www.sedar.com. Forward-looking information speaks only as of the date on which it is provided and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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