KUUHUBB INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS AT AND FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2021

The following management's discussion and analysis of financial condition and results of operations (the "MD&A") has been prepared by management and provides a review of the activities, results of operations and financial condition of Kuuhubb Inc. (the "Company" or "Kuuhubb") based upon International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements as at and for the three and nine months ended March 31, 2021 (the "Interim Financial Statements") together with the MD&A and the audited consolidated financial statements of the Company as at and for the year ended June 30, 2020 as well as the notes thereto. All amounts are expressed in U.S. dollars unless otherwise stated.

This MD&A is dated May 31, 2021. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking statements. 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 growth of the Company's business and future plans and objectives of the Company) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are 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 statements, 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 things, risks related to the growth strategy of the Company, the early stage of the Company's development, competition from companies in a number of industries, future business development of the Company, the ability of the Company to manage expansion, the ability of the Company to complete the sale of Recolor OY on terms which are economic or at all, the ability of the Company to complete the commercial development of its products, uncertainties relating to the availability and costs of financing, and changes in equity markets. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, 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 statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

PRESENTATION CURRENCY

The functional currency of Kuuhubb Inc. and Kemojo Kuuhubb Studios Inc. is Canadian Dollars ("CAD"). Neybers AB functional currency is the Swedish Krona ("SEK"), Kuuhubb AG functional currency is the Swiss Franc ("CHF"), and all other subsidiaries of the Company use the European Union's Euro ("€") as their functional currency. The consolidated financial statements and this MD&A are presented in U.S. Dollars ("USD").

The material exchange rates used were as follows:

	March 31, 2021	March 31, 2020	June 30, 2020
CAD / USD exchange rate			
Closing at the reporting date	0.7952	N/A	0.7338
Three months ended	0.7896	0.7445	N/A
Nine months ended	0.7694	0.7531	N/A
EUR / USD exchange rate			
Closing at the reporting date	1.1736	N/A	1.1231
Three months ended	1.2054	1.1019	N/A
Nine months ended	1.1893	1.1069	N/A

COMPANY OVERVIEW

Kuuhubb is a publicly listed company focused on mobile games and applications ("apps"). Kuuhubb games and apps target female audience with bespoke mobile experiences. Kuuhubb's presence, investment and knowledge in electronic sports ("esports") enables us to bring emerging casual mobile esports to our apps and games portfolio. Kuuhubb creates games and apps targeted to a female audience with a focus on relaxation, expression, and entertainment segments. Kuuhubb's objective is to compete in the space of women's mobile gaming and casual esports.

During the three and nine months ended March 31, 2021, the Company incurred a combined net loss of $781,413 and $3,227,650, respectively (three and nine months ended March 31, 2020 – net losses of $1,243,295 and $3,924,029). The decreased net loss is due to various cost saving initiative and reduction of marketing expenses. During the nine months ended March 31, 2021 and 2020, the Company incurred negative cash flows from operating activities of $1,041,378 and $2,710,511, respectively. As at March 31, 2021, the Company had negative working capital of $7,971,066 and a deficit of $42,014,156 (as at June 30, 2020: negative working capital of $5,131,372 and a deficit of $38,786,507). The increased negative working capital is due to deferred repayments of various overdue loans and payables.

Due to the negative operating results, the Company has undertaken several costs reduction activities, is in the process of developing and launching new apps and actively seeking additional financing. However, the Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to generate revenues and positive cash flows from operations, and secure additional funding. These factors represent material uncertainties which cast significant doubt on the Company's the ability to continue as a going concern.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on the global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Finland and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. While certain restrictions are presently in the process of being relaxed, it is unclear when the world will return to the previous normal, if ever. This may adversely impact the expected implementation of the Company's business plans.

These interim condensed consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the interim condensed consolidated statements of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern. Such adjustments could be material.

Disputes and Settlement with Cherrypick Games

In June 2017, the Company announced that it had finalized an agreement with Cherrypick Games to become its global distributor for its "My Hospital" simulation game. In the fourth quarter of fiscal 2018, the Company acquired the full global rights and full revenue to the My Hospital game. The purchase price of €2.6 million was to be paid in monthly instalments between May 2019 and June 2021.

Pursuant to the acquisition (the "Acquisition") of the My Hospital Application from Cherrypick Games, Kuuhubb Oy acquired certain distribution and intellectual property rights (the "Acquired Rights"). Subsequent to the Acquisition, certain disputes regarding the Acquired Rights have arisen between Kuuhubb Oy and Cherrypick Games, and consequently Kuuhubb Oy has not made any payments in connection with the Acquisition.

In August 2020, an arbitration result was rendered by the Arbitration Institute of the Finland Chamber of Commerce. Pursuant to the arbitration result, Kuuhubb shall pay to Cherrypick €1,600,000 composed of the scheduled payments plus interest of 10% per annum thereon, in addition to court costs and fees, including the costs of the arbitrator. Kuuhubb shall also pay to Cherrypick legal costs of €297,984.

On October 7, 2020, the Company has agreed to settlement terms (the "CPG Settlement Agreement") with Cherrypick Games S.A. ("CPG"), in relation to the above dispute and arbitration result.

Pursuant to the CPG Settlement Agreement now reached between the parties, Kuuhubb shall pay to CPG €750,000 on October 6, 2020 (paid), €250,000 on November 15, 2020 (deferred by a 30-day grace period), and €1,059,707 December 15, 2020. In addition, CPG has agreed to give to Kuuhubb a discount of €450,000 on the remaining twelve €100,000 monthly instalments payable by Kuuhubb to CPG under the terms of the Acquisition, for an aggregate net payment of €550,000, payable on May 31, 2021 (the "Remaining Purchase Price"). In the event Kuuhubb does not pay the Remaining Purchase Price by June 30, 2021, Kuuhubb shall pay to CPG an additional €300,000.

Total future payments owing to CPG through the settlement agreement is $2,930,913 (€2,609,707). Through the settlement agreement, the Company settled $2,811,850 (€2,503,693) of loans payable to CPG. As at June 30, 2020, management has accrued the expected future cash outflows from this settlement agreement as a loan payable to CPG.

The differences between the liabilities settled and the consideration given is $117,189 (€106,014) and has been recognized in the Company's fiscal year 2020 consolidated statements of loss and comprehensive loss as a loss on settlement.

The parties have entered into an amendment (the "Amendment") to the settlement terms of CPG Settlement Agreement. Pursuant to the Amendment, Kuuhubb shall pay to CPG: (i) €100,000 on or before February 7, 2021 (paid) and €150,000 on or before February 15, 2021 (paid), which payments replace and supersede the second payment of €250,000 under the CPG Settlement Agreement; and (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 under the Settlement Agreement, as well as interest of €4,257 relating to the Second Payment as well as interest of €21,543.

Under the terms of the Settlement Agreement, CPG handed over development obligations concerning My Hospital to Kuuhubb on October 31, 2020. From October 31, 2020 to December 31, 2020, CPG provided assistance to Kuuhubb in maintaining the My Hospital application. After such interim transition period, Kuuhubb took over all development and maintenance responsibilities concerning My Hospital.

In November 2017, the Company completed the acquisition of all of the outstanding shares of Neybers AB for a total purchase price of $133,348 (€112,549). Upon completion of the acquisition, Neybers AB has become a wholly-owned subsidiary of Kuuhubb Oy. Neybers, an interior design game where users can play with photo quality items from real brands, aligns with Kuuhubb's strategy of building a portfolio of female oriented niche lifestyle community and design applications. Neybers has a strong focus on aesthetics and female user base– attributes which the Company believes will complement its flagship app, Recolor. Previous releases of Neybers has been discontinued and the company is working on Neybers 2.0. However, due to financial constraints and prioritization of other products in the roadmap, Neybers 2.0 is progressing slower than expected and the Company does not plan for it to be launched during the 2020 calendar year.

In December 2017, Kuuhubb entered the Japanese gaming market, by working with an experienced team of management, business and product development professionals in the Japanese gaming community. Japan's growing mobile gaming market represents a great opportunity for Kuuhubb, especially in the lifestyle genre apps targeting the female audience. During the six months period ended June 30, 2018, Kuuhubb's Japanese team worked on creating local Japanese content and localized the Recolour app for Japan, as well as negotiated local partnerships including marketing and promotion. Due to financial constraints and focus on other markets, expansion to Japan market has currently been put on hold with no activities ongoing.

In January 2018, the Company announced that it has signed an agreement with Receptiv, a leading mobile video advertising company, on collaborating to bring new brands to the Recolor App. Collaboration with Receptiv brought highly successful brand campaign, with a global consumer goods company into Recolor.

In January 2018, the Company announced that it had signed a term sheet to acquire mobile esports platform developer Valiance UG ("**Valiance**"), a company based in Germany. The Valiance esports platform is designed to support both mobile esports competitors and content creators and provides them with opportunities to monetize their involvement playing esports titles. The Company has decided not to pursue Valiance acquisition further due to focusing purely on being a game developer also in the esports space.

At March 31, 2021, Kuuhubb Oy had loans receivable of $653,608 (€556,909), (June 30, 2020 - $692,957 (€617,014)) from Valiance UG ("Valiance"), at an interest rate of 10% per annum. The terms of these loans are one year in length, unsecured, and payable on maturity. As of March 31, 2021, $554,542 (€472,500) in principal have matured but remain unpaid (June 30, 2020 - $410,680 (€365,673)).

The Company adopted IFRS 9 on July 1, 2018, under which such loans receivable shall be classified as FVTPL. The fair value of the host contract is determined by calculating the expected cash repayments of the note considering the financial performance of Valiance, payment history as well as default provisions. Management has assessed the fair value of the financial asset to be $Nil (June 30, 2019 - $653,240) as Valiance had suffered significant operation difficulties due to COVID-19 and released all its players since October 2020.

In addition to esports, Valiance has a development entity division, Codecacao, in Zagreb (Croatia) with approximately twenty experienced software developers. In January 2020, Recolor Oy entered into a sale and purchase agreement with Codecacao. Pursuant to the Agreement, the Company will acquire 100% of the issued and outstanding shares of Codecacao in consideration for 1,000,000 common shares ("Kuuhubb Shares") in the capital of the Company. On February 24, 2020, the Company received conditional approval for the Codecacao acquisition. Closing is still subject to shareholder approval. However, due to the recent financial condition of the Company, the acquisition is put on hold.

In April 2018, the Company announced a creative cross-marketing collaboration with a global content leader; Lionsgate. Pursuant to the agreement, the Company will create and market suites of digital coloring tasks around Lionsgate properties through Kuuhubb's Recolor App. In addition, Lionsgate will support these campaigns by driving traffic through its marketing channels to Recolor. Recolor will feature a broad range of unique brand campaigns tying into the releases of Lionsgate movies and TV shows. There have been four brand partnership campaigns executed.

In February 2019, through its wholly-owned subsidiary, Recolor Oy, Kuuhubb signed a promotional partnership with a worldwide leader in toys and family products design, manufacture, marketing and content creation. The partnership covers a series of campaigns to be prepared for the partner's properties and executed in Kuuhubb's Recolor app. The first of these campaigns went live on the Recolor app in the first week of February, 2019. There have been two brand partnership campaigns executed.

In February 2019, Kuuhubb announced successful soft launch of a new mobile game Dance Talent: A Match3 Story ("Dance Talent", formerly Dancing Diaries). Dance Talent is a game that combines the popular "Match 3" core gameplay with a dancing meta game. Players advance through a story by completing immersive Match 3 puzzle levels while unlocking dance outfits and accessories and mastering their dance moves. Dance Talent has been in soft launch since early November 2018. The Company is continuing to develop Dance Talent based on data collected from thousands of early adopters in test territories (Canada, South Africa and Australia). Kuuhubb has commercially launched the game in the fourth quarter of calendar 2019. The app is available in app stores globally.

In March 2019, Kuuhubb announced the granting of up to approximately €1 million debt financing from Business Finland, the Finnish Funding Agency for Innovation. The loan is provisionally allocated to a game development project at Kuuhubb's headquarters in Helsinki, Finland. In February 2019, Kuuhubb Oy drew $329,575 (€289,000), September 2019 Kuuhubb Oy drew another $273,380 (€247,310) and in December 2020, Kuuhubb Oy drew another $273,380 (€243,391). The loans have a seven-year maturity period with an interest rate of 1%. In accordance with the loan agreement, the Company is expected to meet certain qualitative covenants throughout the term of the agreement.

In April 2019, Kuuhubb announced that it has soft-launched its new mobile game Recolor by Numbers. Recolor by Numbers is the most recent addition to Kuuhubb's growing portfolio of female-focused gaming apps and aims to replicate the global achievements of its flagship app Recolor, with over fifty million downloads to date. The color-by-numbers segment has traditionally focused on the children's demographic, featuring simple, retro-style pixel designs. In contrast, Kuuhubb's Recolor by Numbers is targeted to an older audience, offering a significantly different experience. An extensive collection of intricate designs and images, including two-dimensional and three-dimensional, objects will be available to paint in rich color palettes and numerous textures, all of which will be available in a subscription or ad-supported model. Kuuhubb had the global launch of Recolor by Numbers in October 2019.

In May 2019, Kuuhubb announced development of new game "Tiles & Tales", which features a unique combination of visual novels and Match 3 genres in a new story-based game format. The game will blend casual Match 3 game play with digital storytelling. The project was soft launched in the first quarter of calendar year 2020 and is expected to launch commercially during calendar year 2021.

The development team, located at Kuuhubb's headquarters in Helsinki, Finland, consists of experienced industry employees originating from Rovio Entertainment, RedLynx, Armada Interactive and Koukoi Games, all of whom have extensive experience in developing casual free-to-play games. "Tiles & Tales" is partially funded with the above mentioned non-dilutive loan of approximately €1 million, closed in March 2019.

Kuuhubb has also brought onto the "Tiles & Tales" project Brunette Games, a leading narrative design studio with special expertise in the visual novel genre. Studio owner Lisa Brunette, who brings to the project twenty-five years of experience as a published novelist and journalist in addition to a decade-plus in game writing. She will write one of the "Tiles & Tales" books. Currently, three other books are in development.

In March 2020, the Company soft launched "Tiles & Tales". "Tiles & Tales" is progressing with the polishing, fine-tuning, balancing and overall optimization typical to the soft launch phase in the mobile games industry.

"Tiles & Tales" is making use of both of the attributes. Between the incorporation of visual novels with game-changing Match 3 play techniques and the dedicated and agile team of experienced industry experts, "Tiles & Tales" is poised to impress players.

The Company will also develop a game to tap into highly social and competitive casual esports games. These new games will build on the foundation of Kuuhubb's strengths; community, user experience, deep understanding of female users and strategic partnerships, and are a natural evolution for the Company's future growth.

On July 4, 2019, Kuuhubb Oy entered into a loan agreement with CT3 Issuer Limited ("CT3") to borrow $1,193,859 (€1,080,000). The loan is unsecured, bears interest at 7.50% per annum, and matures on June 28, 2021. The interest is payable quarterly commencing December 31, 2019. $34,489 (€31,200) in financing fees were incurred as a direct cost in the closing of the Financing. This balance has been capitalized and netted against the proceeds received from the issuance of the loan.

On October 23, 2019, Kuuhubb Oy drew another $668,766 (€605,000) private placement financing from CT3. The loan matures on June 28, 2021 and bears an interest rate of 7.5% per annum (payable at the end of each calendar quarter). $15,476 (€14,000) in financing fees were incurred as a direct cost in the closing of the Financing. This balance has been capitalized and netted against the proceeds received from the issuance of the loan.

In July 2019, the Company granted 2,750,000 options to directors, officers and consultant of the Company. The options can be exercised at C$0.59 per share, will vest on a monthly basis over a period of three years.

In October 2019, the Company released its in-house developed and produced mobile game, Recolor By Numbers.

In January 2020, the Company granted 625,000 options to directors, officers and consultant of the Company. The options can be exercised at C$0.62 per share, will vest on a monthly basis over a period of three years.

On February 3, 2020, the Company closed a non-brokered private placement offering of an unsecured convertible debenture totaling €2 Million in principal amount. The convertible debenture will mature 36 months from the date of closing and bear interest at a rate of 10% per annum. The convertible debenture will be convertible at the option of the holder, in whole or in part, into Kuuhubb Shares of the Company at a conversion price of CAD$0.80 per share.

In September 2020, Kuuhubb closed a non-convertible debenture financing (the "Offering") for aggregate gross proceeds of $1,300,000 on a non-brokered basis. The Offering is composed of secured debentures (the "Debenture"), each of which has a face value of US$29,500, a Maturity Date twenty-four months from the date of closing, and bears interest at a rate of 12% per annum. The financing was intended for business development and working capital. All of the net proceeds from the financing were used for working capital."

Subscribers to the Offering received a bonus of 50,000 common share purchase warrants (“Warrants”) of the Company per Debenture for an aggregate total of 2,200,000 Warrants. Each Warrant entitled the holder thereof to purchase one Kuuhubb Share (“Warrant Share”) for a period of twenty-four months after closing at a price of C$0.10 per Warrant Share. In addition if (i) the Debenture is redeemed or retracted in accordance with the terms therein; or (ii) the trading price of the Shares on the TSX Venture Exchange (“TSXV”) closes at a minimum of C$0.30 per Share for a period of ten (10) consecutive trading days, the Company may, upon the written consent of the holder of the Warrant, accelerate the expiry date of the Warrants to the date which is (a) thirty (30) days following the date upon which notice of the accelerated expiry date is provided to the holders of the Warrants, or (b) such other date as may be mutually agreed upon between the Company and the holders of the Warrants. In February 2021, 2,200,000 warrants (representing all outstanding common share purchase warrants of the Company) were exercised at a price of CAD$0.10 per common share. The Company received aggregate gross proceeds of approximately US$173,242 (C$220,000) upon the exercises of all of the Company’s outstanding warrants common share purchase warrants.

The Company defaulted on the latest interest payment for the above non-convertible and convertible debentures. However, the holders of these loans and debentures agreed to defer the repayments until the closing of the Company’s next financing.

During the year ended June 30, 2020, the Federal Trade Commission (“FTC”) alleged the Company, through its “Recolor” mobile app, has violated certain privacy protection act in the U.S. by gathering certain privacy information with the app.

While the Company denies the allegations, it has fully cooperated with FTC. The Company is in the final stages of settlement discussions with the FTC. As such, the Company has accrued and recorded a provisional settlement payment on the consolidated statements of loss and comprehensive loss and amount has subsequently been paid to our lawyer’s escrow account.

In January 20201, the Company has granted to employees, directors and consultants of the Company, pursuant to the terms of the Company’s stock option plan, a total of 1,675,000 stock options to purchase Kuuhubb Shares at a price of CAD$0.08 per Kuuhubb Share for a period of three years. The Company also cancelled of 1,875,000 Options previously issued to certain directors and officers of the Company.

In addition, Kuuhubb announced that, further to its announcements on February 12, 2020 and October 28, 2020, it presently anticipates that the proposed acquisition of Codecacao d.o.o. (the “Codecacao Acquisition”) will not proceed. In the event that the Company proceeds with the Codecacao Acquisition, completion shall be subject to the receipt of all regulatory approvals, including the approval of the TSX Venture Exchange and shareholder approval.

In February 2021, the Company issued 2,200,000 Kuuhubb Shares at a price of CAD$0.10 per share upon the exercises of those warrants issued as part of the $1,300,000 non-convertible debenture financing in September 2020.

In March 2021, the Company completed a non-brokered private placement offering of 8,705,334 Kuuhubb Shares at a price of CAD$0.09 per Kuuhubb Share for aggregate gross proceeds to the Company of approximately $618,602 (C$783,500). The Company has used the proceeds raised from this non-brokered private placement offering for working capital and general corporate purposes. Joki Capital Ou ("Joki"), a related party of the Company, wholly owned by Messrs. Jouni Keränen and Christian Kolster, purchased 1,700,000 Kuuhubb Shares under this for aggregate consideration of $153,000, representing approximately 2.64% of the then issued and outstanding Kuuhubb Shares. In addition, Mr. Charles Sung, Chief Financial Officer of the Company, purchased 555,556 Kuuhubb Shares through companies controlled by him. As related parties of the Company participated in the offering, it was deemed to be a "related party transaction" as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), requiring the Company, in the absence of exemptions, to obtain a formal valuation for, and minority shareholder approval of, the "related party transactions". The Company relied on an exemption from the formal valuation and minority shareholder approval requirements set out in MI 61-101 as the fair market value of the participation in the offering by Joki and Mr. Sung did not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report at least 21 days prior to closing, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the offering in an expeditious manner. Additional information relating to this offering can be found in the material change report filed by the Company on March 16, 2021, and in the early warning report filed by Joki on March 12, 2021, each of which is available under the Company's profile at www.sedar.com.

Recolor Oy

As part of the efforts to meet the Company's obligations, the Company explores strategic alternatives, including the divestiture of Company-owned assets such as shares of Recolor Oy. This can 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 consist of the Company's MyHospital operation.

The Company continues its efforts to secure a purchaser for Recolor and is in discussion with potential buyers.

RESULTS OF OPERATIONS

For the three months ended March 31, 2021, the Company reported a combined net loss of $781,413 (or $0.013 loss per share) compared to net loss of $1,243,295 (or $0.022 loss per share) incurred during the three months ended March 31, 2020.

For the nine months ended March 31, 2021, the Company reported a combined net loss of $3,227,650 (or $0.057 loss per share) compared to net loss of $3,924,029 (or $0.071 loss per share) incurred during the nine months ended March 31, 2020.

As the Company is engaged in the app development business, the inflation and commodity price changes did not have and is not expected to have significant impacts on the operations of the Company.

Basis of financial discussion

The financial information presented below has been prepared to examine the results of operations from continuing activities. As such, due to the reasons cited above and in Note 14 of the 2021 second quarter interim condensed consolidated financial statements, the performance of Recolor Oy has been excluded unless otherwise indicated.

For the three and nine months ended March 31, 2021, the Company reported a net loss after tax from continuing operations of $1,171,050 (or $0.020 loss per share) and $3,620,893 (or $0.064 loss per share), respectively, compared to net loss after tax from continuing operations of $995,305 (or $0.018 loss per share) and $4,271,822 (or $0.077 loss per share), respectively, incurred during the three and nine months ended March 31, 2020. During the three and nine months ended March 31, 2021, variances in expenses occurred in the expense categories described below as compared to the three and nine months ended March 31, 2020.

Revenue

The Company's revenues, excluding the discontinued Recolor Oy operation, consists mainly MyHospital's subscription, in-app purchase and advertising revenues. For the three and nine months ended March 31, 2021, the continuing operations' revenue is $125,598 and $515,547, respectively, compared to the $228,157 and $840,215, respectively, revenues from continuing operations for the three and nine months ended March 31, 2020. The decrease of revenues from the MyHospital is attributable to the dispute in the past year in respect of the Cherrypick Game.

Cost of sales

During the three and nine months ended March 31, 2021, the Company incurred direct costs of $141,712 and $376,088, respectively, for the revenues generated, compared to direct costs of $161,233 and $485,186, respectively, for the same periods in 2020. The decrease corresponds to the decrease in sales. Cost of sales are mainly platform fees charged by Apple App Store, Google Play Store, other third-party platforms and other charges by third-party providers. The platform fees are usually approximately 30% of the revenues generated. However, due to the discontinued Recolor Oy, the revenues for the period is only from MyHospital. Therefore, the percentage is distorted as it also includes certain direct charges by third-party providers that is not proportional to the amount of revenues generated.

Consulting and professional fees

During the three and nine months ended March 31, 2021, the Company incurred $192,178 and $594,051, respectively, in consulting and professional fees compared to $287,660 and $881,974, respectively, incurred during the three and nine months ended March 31, 2020. The consulting fees were incurred in relation to various financing and listing matters. Therefore, the changes of the consulting and professional fees are corresponding to the financing and listing activities.

Foreign exchange gain or loss

The Company recorded a gain of $203,286 and $130,793 in foreign exchange, respectively, during the three and nine months ended March 31, 2021, compared to a loss of $149,406 and $73,981, respectively, recorded during the three and nine months ended March 31, 2020, due to fluctuations in the value of various currencies (United States dollar, Canadian dollar and European euros) that the Company transacts in.

Sales and marketing

During the three and nine months ended March 31, 2021, the Company incurred $15,189 and $148,607, respectively, in sales and marketing expenses compared to $140,344 and $198,762, respectively, incurred during the three and nine months ended March 31, 2020. The amount in prior year is lower due to the dispute with Cherrypick Games. The promotional efforts for MyHospital has increased due to the resolution of the dispute.

Share-based compensation

The fair value of employee and consultant share-based payment expense was $102,334 and $373,138, respectively, for the three and nine months ended March 31, 2021, compared to that of $243,244 and $870,953, respectively, for the three months ended March 31, 2021. This was related to share-based compensation options granted to employees, directors, officers and consultants of the Company. No options were granted or forfeited/cancelled during the period.

Office and general

General and administrative expenses of $638,543 and $1,941,877, respectively, during the three and nine months ended March 31, 2021 is comparable to that of $728,288 and $2,248,913, respectively, during the three and nine months ended March 31, 2020.

SUMMARY OF QUARTERLY RESULTS

The following table sets out certain unaudited consolidated financial information of the Company for each of the last eight quarters, beginning with the three months ended June 30, 2020. The Company's presentation currency is the U.S. dollar. The financial information is reported in accordance with IFRS.

Combined	Three months ended March 31, 2021	Three months ended December 31, 2020	Three months ended September 30, 2020	Three months ended June 30, 2020
Revenue	$ 1,207,400	$ 1,350,306	$ 1,485,348	$ 1,750,026
Net loss	$ (781,413)	$ (1,091,090)	$ (1,355,148)	$ (2,203,931)
Net loss per share (basic and diluted)	$ (0.013)	$ (0.020)	$ (0.024)	$ (0.040)
Continued Operations				
Revenue	$ 125,598	$ 223,030	$ 166,920	$ 168,364
Net loss	$ (1,171,050)	$ (1,095,809)	$ (1,358,274)	$ (2,319,013)
Net loss per share (basic and diluted)	$ (0.020)	$ (0.020)	$ (0.024)	$ (0.042)
Discontinued Operation				
Revenue	$ 1,081,802	$ 1,127,276	$ 1,318,428	$ 1,581,662
Net income (loss)	$ 389,637	$ 4,719	$ 3,126	$ 115,082
Earnings (loss) per share (basic and diluted)	$ 0.007	$ 0.000	$ 0.000	$ 0.002

Combined	Three months ended March 31, 2020	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019
Revenue	$ 1,794,638	$ 1,973,984	$ 2,285,184	$ 2,432,112
Net loss	$ (1,243,295)	$ (1,406,595)	$ (1,274,139)	$ (8,122,862)
Net loss per share (basic and diluted)	$ (0.022)	$ (0.025)	$ (0.023)	$ (0.146)
Continued Operations				
Revenue	$ 228,157	$ 283,982	$ 328,110	$ 308,713
Net loss	$ (995,305)	$ (1,770,771)	$ (1,349,251)	$ (9,103,409)
Net loss per share (basic and diluted)	$ (0.018)	$ (0.032)	$ (0.024)	$ (0.164)
Discontinued Operation				
Revenue	$ 1,566,481	$ 1,690,036	$ 1,957,074	$ 2,123,399
Net income	$ (247,990)	$ 364,176	$ 75,112	$ 980,547
Earnings per share (basic and diluted)	$ (0.004)	$ 0.007	$ 0.001	$ 0.018

Combined basis

During the three months period ended March 31, 2021, the Company's combined revenue is $1,207,400 and recorded a net loss of 781,413, compared to a net loss of $1,091,090 incurred during the three months period ended December 31, 2020. The decrease in net loss during the third quarter of fiscal 2021 is due to reduced marketing expenses. The Company also recorded favorable foreign exchange during the period. The Company also recorded a $203,286 foreign exchange gain because the US dollar denominated liability depreciated with the depreciation of US dollar.

During the three months period ended December 31, 2020, the Company's combined revenue decreased to $1,350,306 and recorded a net loss of $1,091,090, compared to a net loss of $1,355,148 incurred during the three months period ended September 30, 2020. The decrease in net loss during the second quarter of fiscal 2021 is due to receipt of payment from Valiance UG. The amount was previously value at $Nil. The Company also recorded favorable foreign exchange during the period. The Company also recorded a $35,993 foreign exchange gain because the US dollar denominated liability depreciated with the depreciation of US dollar.

During the three months period ended September 30, 2020, the Company's combined revenue decreased to $1,485,348 and recorded a net loss of $1,355,148, compared to a net loss of $2,203,931 incurred during the three months period ended June 30, 2020. The decrease in net loss during the first quarter of fiscal 2021 is due to a one-time deferred income tax of $344,484 recorded in the fourth quarter of fiscal 2020 because the Company may not be able to utilize certain losses carryforward if the disposal of the assets held for sale is realized.

During the three months period ended June 30, 2020, the Company recorded a net loss of $2,203,931, compared to a net loss of $1,243,295 incurred during the three months period ended March 31, 2020. The increase in net loss during the fourth quarter of fiscal 2020 is due to increased financing transactions during the period. In addition, a deferred income tax of $344,484 was recorded in the fourth quarter of fiscal 2020 because the Company may not be able to utilize certain losses carryforward if the disposal of the assets held for sale is realized.

During the three months ended March 31, 2020, the Company recorded a net loss of $1,243,295 compared to a net loss of $1,406,595 incurred during the three months ended December 31, 2019. The decrease in net loss during the third quarter of fiscal 2019, when comparing to that of the second quarter of fiscal 2020, is because during the three months ended March 31, 2020, the Company recorded gains from fair value change of derivative liabilities. In contrast, the Company recorded loss from fair value change of derivative liability during the three months ended December 31, 2019.

During the three months ended December 31, 2019, the Company recorded a net loss of $1,406,595 compared to a net loss of $1,274,139 incurred during the three months ended September 30, 2019. The increase in net loss during the second quarter of fiscal 2019, when comparing to that of the first quarter of fiscal 2020, is because during the three months ended December 31, 2019, the Company incurred losses from fair value change of derivative liability and foreign exchange. In contrast, the Company recorded gain from fair value change of derivative liability and foreign exchange during the three months ended September 30, 2019.

During the three months ended September 30, 2019, the Company recorded a net loss of $1,274,139 compared to a net loss of $8,122,862 incurred during the three months ended June 30, 2019. The significant decrease in net loss during the first quarter of fiscal 2019, when comparing to that of the fourth quarter of fiscal 2019, is because during the three months ended December 31, 2019, there were no impairment recorded and the intangible balances that are subject for amortization was significantly lowered after impairment.

During the three months ended June 30, 2019, the Company recorded a net loss of $8,122,862, compared to a net loss of $ 2,665,002 incurred during the three months ended March 31, 2019. The significant increase in net loss during the fourth quarter of fiscal 2019 is due to the impairment of goodwill and intangible recorded in the period.

During the three months ended March 31, 2019, the Company recorded a net loss of $2,665,002, compared to a net loss of $2,073,772 incurred during the three months ended December 31, 2018. Net loss is significantly higher than prior quarter due to the preparation of the annual general meeting, change of the Board and the settlement as described in note 10 of the financial statements.

Continuing operations

The continued operations consist mostly MyHospital's operating results. Due to the dispute described previously, insufficient promotional efforts and maintenance of MyHospital resulted in decreasing revenues quarter over quarter. Significant quarterly losses came from amortization and during the fourth quarter of last two fiscal years, the Company would record significant impairment related to MyHospital's intangibles and goodwill causing larger than usual net loss in the fourth quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company relies on cash receipts from revenue generated and continuous financing as its sources of funding. The revenues increase from apps depends on the Company's ability to acquire and/or retain users for the existing apps and successfully launch of new apps. The Company's ability to secure new financings depends on the Company's ability to serve its old financings and future development.

With only limited marketing and user acquisition for the old apps, the revenues from our current apps are expected to stay relatively stable. However, with new apps being launched, the revenues and cash receipts are expected to increase. The Company also continues to secure additional financings as described previously.

As at March 31, 2021, the Company's continuing operation had cash of $113,604 and a combined negative working capital of $7,969,743 compared to cash of $458,714 and a working capital deficit of $5,131,372 as at June 30, 2020.

The Company's contractual obligations as at March 31, 2021 on a combined basis are described in the following table:

Contractual Obligation		***Payments due by period*** Total		Less than 1 year		1 - 3 years
Accounts payable and accruals	$	2,134,206	$	2,134,206	$	-
Loans	$	4,663,985	$	4,005,794	$	658,191
Non-convertible debenture	$	1,178,032	$	-	$	1,178,032
Convertible debenture	$	4,554,670	$	2,248,721	$	2,305,949
Related party loans	$	90,145	$	90,145	$	-
Total Contractual Obligations	$	12,621,038	$	8,478,866	$	4,142,172

The loans represent the debt financings the Company currently carries as described in Note 9 of the interim condensed consolidated financial statements.

The non-convertible debenture was entered in September 2020 as described in Note 10 of the interim condensed consolidated financial statements

The convertible debenture was entered in November 2018 and February 2020 as described in Note 11 of the interim condensed consolidated financial statements.

In addition to the funds generated from operations and the ability to refinancing, the Company has been conducting a process to explore strategic alternatives, including the potential divestiture of certain Company-owned assets to meet its working capital requirement and contractual obligations. While Kuuhubb's stated objective is to create sustainable shareholder value through the acquisition of proven, yet under-appreciated assets with long-term growth potential, management has an obligation to its stakeholders to carefully consider and review any options that may enhance shareholder value, including the possibility of realizing that future value now.

The Company defaulted on the interest payment of CT3 loans, convertible debentures and non-convertible debentures. These defaults may trigger immediate repayment requirement for the Company. The Company was able to postpone the payments until the closing of next financing. However, to meet all its obligations due within a year, the Company will have to complete its divestiture of certain Company-owned assets and/or restructure its debts.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares.

As at May 31, 2021, the Company had outstanding 66,658,043 common shares and 6,350,000 stock options.

The Company also has two convertible debentures with face value of €2,000,000 each. The debentures can be converted to approximately 6,408,727 common shares upon conversion.

Please refer to the Company's interim condensed consolidated financial statements dated May 31, 2021 for detailed conversion features.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key Management Remuneration

The Company's related parties include key management. Key management includes officers and directors. The remuneration of the key management of the Company as defined above, during the three months ended March 31, 2021 and March 31, 2020, was as follows:

	Three months ended March 31, 2021		Three months ended March 31, 2020		**Nine months ended March 31, 2021**		Nine months ended March 31, 2020	
Consulting	**$**	**134,608**	$	122,780	**$**	**393,507**	$	245,675
Director fees		**33,161**		18,186		**96,942**		54,533
Salaries		**-**		80,952		**124,580**		163,989
	$	**167,771**	$	221,918	**$**	**615,031**	$	464,197

Other Related Parties

As at March 31, 2021, an amount of $90,145 (June 30, 2020 - $90,145) was owing to former directors of the Company representing advances and consulting fees. The amount has no repayment terms and is unsecured and non-interest bearing.

Accounts Payable and Accrued Liabilities

As at March 31, 2021, amounts of $274,363 (C$345,024) (June 30, 2020 - $31,708 (C$43,210)) accumulated from unpaid fees to directors and officers are recorded under accounts payable and accrued liabilities.

Prepaid Expenses and Other Receivables

As at March 31, 2021, amounts of $6,684 (€5,695) (June 30, 2020 - $6,396 (€5,695)) relate to advanced salaries and expense allowances to certain officers of the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Estimates:

Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures, obligations or contingent consideration are the best estimate of the consideration required to settle the related liability, including any related interest charges, considering the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Average players playing time

The Company estimated the average player's playing time using third party retention rate report and the estimation of the average player playing time is 35 days.

Estimated useful lives and depreciation and amortization of equipment and intangibles

Calculation of the net book value of equipment and intangible assets are dependent upon estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. The estimated useful lives and depreciation methodology are reviewed annually with prospective application of any changes, if deemed appropriate.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility, dividend yield, forfeiture rate and making assumptions about them.

Compound financial instruments

The Company previously entered into a convertible debenture as described in Note 11 of the Company's interim condensed consolidated financial statement. The fair value of the conversion option is estimated at the date of the transaction as the value of a similar liability that does not have an equity conversion option. Assumptions are made and judgments are used in applying valuation techniques. Such judgment is inherently uncertain. Changes in the valuation assumptions could materially affect the fair value estimates of the liability and equity components of the convertible debenture.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECLs") for all debt financial assets not held at fair value through profit or loss ("FVTPL") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Derivative liabilities

The conversion feature and the warrants component of convertible debentures and convertible note payable which contain contractual terms that result in the potential adjustment in the conversion or exercise price, are accounted for as derivative liabilities as their fair value is affected by changes in currencies exchange rate. The estimates, assumptions and judgments made in relation to the fair value of derivative liabilities are subject to measurement uncertainty. The conversion feature of the convertible debentures and convertible note payable is required to be measured at fair value at each reporting period. The valuation techniques used to determine fair value require inputs that involve assumptions and judgments such as estimating the future volatility of the stock price, expected dividend yield, and expected life. Such judgments and assumptions are inherently uncertain.

Valuation of loans receivable from Valiance UG

In determining the valuation of the fair value of the loans receivable from Valiance UG, management estimates were used such as the financial performance of Valiance, payment history as well as default provisions.

Judgments:

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Assets held for sale

The Company decided to discontinue Recolor. Operations of Recolor Oy are classified as a disposal group held for sale. The Company considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- Recolor Oy is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from
- the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage

For more details on the discontinued operation, refer to Note 14 of the Company's interim condensed consolidated financial statement.

Functional currency

Judgments that most faithfully represents the economic effects of the underlying transactions, events and conditions is required to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

Impairment of goodwill and intangibles

The carrying value of goodwill and intangibles is reviewed annually for impairment or more frequently when there are indicators that impairment may have occurred. The Company's impairment tests for goodwill and intangible assets are based on the comparison of the carrying amount of the CGU and the recoverable amount, which is the greater of value in use calculations that use a discounted cash flow model and estimated fair value less cost of disposal. The determination of the Company's CGUs are based on management's judgment.

The value-in-use calculations employ the following significant unobservable inputs: weighted-average cost of capital, revenue growth, working capital and platform fees. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost of disposal is based on assessment of comparable company multiples and precedent transactions.

Going concern

As described in the going concern note, management uses its judgment in determining whether the Company is able to continue as a going concern. The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to generate revenues and positive cash flows from operations, and secure additional funding. These factors represent material uncertainties which cast significant doubt on the Company's the ability to continue as a going concern. Refer to Note 1 of the Company's interim condensed consolidated financial statement.

Useful lives and residual values of property and equipment and finite intangibles

Management estimates the useful lives and residual values to calculate amortization expense. Significant judgment is involved in the determination of useful life for the computation of amortization of intangible assets. No assurance can be given that the actual useful lives will not differ significantly from current assumptions.

CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

During the three months ended March 31, 2021, the Company has applied the following new and revised IFRS in these consolidated financial statements:

IFRS 3 – Business Combination ("IFRS 3") was amended by the International Accounting Standards Board in October 2018, seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for acquisition transactions on or after January 1, 2020, although earlier application is permitted. The amended standard has a narrower definition of a business, which could result in the recognition of fewer business combinations than under the current standard; the implication of this is that amounts which may have been recognized as goodwill in a business combination under the current standard may now be recognized as allocations to net identifiable assets acquired under the amended standard (with an associated effect in an entity's results of operations that would differ from the effect of goodwill having been recognized).

The Company has evaluated the impacts from the adoption of IFRS 3 on its interim condensed consolidated financial statements and concluded that there is no material impact.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company must be considered highly speculative due to the nature of the Company's business. Prospective investors should carefully consider the information presented in this MD&A before acquiring any securities in the Company, and in particular should give special consideration to the risk factors below and in the section entitled "Forward-Looking Statements" above.

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer insignificantly.

COVID-19

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on the global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Finland and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time. While certain restrictions are presently in the process of being relaxed, it is unclear when the world will return to the previous normal, if ever. This may adversely impact the expected implementation of the Company's business plans.

Limited History of Operations

Kuuhubb has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, Kuuhubb's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. The continued growth of the Company will depend on its ability to regularly develop new applications or games and enhance the existing applications or games in ways that improve the experience for both paying and non-paying users while encouraging the purchase of virtual items within the applications or games. In the event the current game development model ceases to be effective so that an application or game's intellectual property that is popular with the players fails to be successful when adapted for mobile and social platforms, the current development costs would increase and the operating results would suffer. It is possible that only a small number of the applications or games, if any, become successful and generate significant purchases of virtual items.

Ability to Innovate and Differentiate

The ability of the Company to successfully develop new applications or games and enhance existing applications or games and their ability to achieve commercial success are subject to a number of challenges, including:

- the need to continually anticipate and respond to changes in the applications or games industry, particularly in the mobile and social platforms;
- the ability of the Company to compete successfully against a large and growing number of industry participants;
- the ability of the Company to develop and launch new application or game intellectual property and applications or games on time and on budget;
- the ability of the Company to develop new application and game formats that drive engagement and monetization;
- the ability of the Company to adapt to user preferences;
- the ability of the Company to enhance existing applications and games by adding features and functionality that will encourage continued engagement with the application or game;
- the ability of the Company to hire and retain skilled personnel as it seeks to expand its development capabilities;
- the ability of the Company to achieve a positive return on its advertising investments and continue to experience success with organic viral growth; and
- the need to minimize and quickly resolve bugs or outages.

Given the rapidly evolving gaming industry in which the Company operates, its historical operating results may not be useful in predicting future operating results. In addition, metrics developed by the Company or that are available from third parties regarding the gaming industry and the performance of the Company may not be indicative of actual financial performance. If the Company is unable to develop new and enhance existing applications or games that generate meaningful revenue, its business and financial results could be harmed.

Competition

The digital application and gaming industry is highly competitive, and Kuuhubb expects more competitors to emerge and a wider range of applications and games to be introduced. The Company faces competition from a number of competitors who develop applications or games on social networks, mobile, PC and consoles, some of which include features that compete with the applications or games offered by the Company and have community functions where game developers can engage with their players. Many new developers enter the gaming market on a regular basis, some of which see significant success in a short period of time. The Company could also face increased competition if large companies with significant online presences such as Amazon.com, Inc., Apple Inc., Facebook, Inc., Google, Inc., The Walt Disney Company or Yahoo! Inc., choose to enter or expand in the applications or games space or develop competing applications or games. Some of these current, emerging and potential competitors have significant resources for developing or acquiring additional applications or games, may be able to incorporate their own strong brands and assets into their applications or games or distribution of their applications or games, have a more diversified set of revenue sources than Kuuhubb does and may be less severely affected by changes in consumer preferences, regulations or other developments that may impact the online and mobile game industry.

Threat of New Entrants

As there are relatively low barriers to entry to develop a mobile or online application or game, Kuuhubb expects new competitors to enter the market and existing competitors to allocate more resources to develop and market competing games and applications. Kuuhubb also competes with a vast number of other small companies and individuals who are able to create and launch applications or games and other content for these devices and platforms using relatively limited resources and with relatively limited start-up time or expertise. Increased competition could result in loss of players or the Company's ability to acquire new players cost-effectively, both of which could harm Kuuhubb's business.

Enforcement of Judgments Against Certain Persons and Foreign Affiliates

Certain members of the senior management of the Company reside outside of Canada. In addition, majority of the Company's assets are located outside of Canada and the Company is organized pursuant to the law of a jurisdiction other than Canada. It may not be possible for investors to enforce judgements obtained in Canada against such persons.

There is some doubt as to the enforceability in foreign jurisdictions by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. Courts in foreign jurisdictions may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the United States agrees to hear a claim, it may determine that the local law in in foreign jurisdictions, and not Canadian law, is applicable to the claim. If the laws of Canada are found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

Dividends

The Company does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's board of directors may deem relevant. As a result, investors may not receive any return on an investment in the Units unless they sell their shares of the Company for a price greater than that which such investors paid for them.

New and Rapidly Changing Industry

The gaming industry, through which the Company derives its revenues, is a new and rapidly evolving industry, which presents significant uncertainty and business risks. The growth of the gaming industry and the level of demand and market acceptance of the Company's products are subject to a high degree of uncertainty. In addition to factors affecting gaming in general, the future operating results of the Company will depend on certain factors specific to the online gaming industry, many of which are beyond the control of the Company, including the continued worldwide growth in the adoption and use of social networks, mobile platforms, legal and regulatory developments, data privacy laws and regulation and other factors that the Company is unable to predict, including the ability of the Company to effectively monetize games on mobile devices and across multiple platforms and devices. Given the dynamic evolution of these industries, it can be difficult to plan strategically, and it is possible that competitors will be more successful than the Company at adapting to change and pursuing business opportunities. To keep pace with the technological developments, achieve product acceptance and remain relevant to users and therefore attractive to customers and advertisers, the Company will need to continue developing new and upgraded functionality of its offerings and adapt to new business environments and competing technologies and offerings developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Company is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, this could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

The Company has developed and is continuing to develop a number of offerings incorporating advanced technologies and it will pursue those offerings that it expects to have the best chance for success based on the Company's expectations of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Company will be able to develop new offerings and technologies to keep up-to-date with developments in the industries within which it operates and, in particular, to launch such offerings or technologies in a timely manner or at all. There can be no certainty that such offerings will be popular with end-users or that such offerings or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Risks of Undetected Errors

The Company's products and solutions are complex and, accordingly, they may contain defects or errors, particularly when first introduced or as new versions are released. The Resulting Issuer may not discover such defects or errors until after a product or solution has been released and used by end-customers. Defects and errors in the Company's products and solutions could materially and adversely affect its reputation, result in significant costs, delay planned release dates and impair the ability to sell products in the future. The costs incurred in correcting any product or solution defects or errors may be substantial and could adversely affect operating margins. Furthermore, there can be no assurance that efforts to monitor, develop, modify and implement appropriate test and processes for the Company's products or solutions will be sufficient to permit us to avoid a rate of failure in products or solutions that results in substantial delays, significant repair or replacement costs or potential damage to reputation, any of which could have a materially adverse effect on the Company's business, results of operations and financial condition.

Cybersecurity and Breach of Privacy Risks

Security breaches, computer malware and computer hacking attacks are prevalent in the technology industry. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems or cause malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could harm the Company's business, financial condition and operating results. The Company's games involve the storage and transmission of players' personal information in the Company facilities and on Company equipment, networks and corporate systems. Security breaches could expose the Company to litigation, remediation costs, increased costs for security measures, loss of revenue, damage to its reputation and potential liability. Player data and corporate systems and security measures may be breached due to the actions of outside parties, employee error, malfeasance, a combination of these, or otherwise, and, as a result, an unauthorized party may obtain access to the Company's data or players' data. Additionally, outside parties may attempt to fraudulently induce employees or players to disclose sensitive information in order to gain access to players' data. The Company must continuously examine and modify security controls and business policies to address the use of new devices and technologies enabling players to share data and communicate in new ways, and the increasing focus by players and regulators on controlling and protecting user data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures. Though it is difficult to determine what harm may directly result from any specific interruption or breach, any failure to maintain performance, reliability, security and availability of the Company's network infrastructure to the satisfaction of our players may harm the Company's reputation and ability to retain existing players and attract new players.

If an actual or perceived breach of the Company's security occurs, the market perception of the effectiveness of the Resulting Issuer's security measures could be harmed, the Company could lose players, and the Company could suffer financial exposure due to such events or in connection with remediation efforts, investigation costs, changed security, and system protection measures.

Risks relating to Protection of Intellectual Property

The Company's business is significantly based on the creation, acquisition, use and protection of information technology platforms, trade secrets, systems, know-how, continuing technology innovation and in some cases, intellectual property. The protection of the Company's systems, information technology and intellectual property is critical to its success. The Company's intellectual property may be insufficient to properly safeguard its technology and brands. The Company holds trademarks and other intellectual property rights. Its success may also depend on its ability to obtain trademark protection for the names or symbols under which it markets products and to obtain protection of proprietary technologies, intellectual property and other game innovations.

The Company relies and will rely on various methods to protect its proprietary rights, including confidentiality agreements with its consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of its confidential information. However, despite efforts to protect the Company's intellectual property rights, unauthorized parties may attempt to copy or replicate its technology. There can be no assurance that the steps taken by the Company to protect its technology will be adequate to prevent misappropriation or independent third-party development of its technology. It is likely that other companies can duplicate a platform similar to the Company's. To the extent that any of the above could occur, the Company's revenue could be negatively affected, and in the future, it may have to litigate to enforce its intellectual property rights, which could result in substantial costs and divert management's attention and the Company's resources.

Risks of Claims of Infringement

Companies in the Internet, technology and mobile app industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. The Company may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent the Resulting from offering its products and services to others and may require that it procure substitute products or services for these members.

With respect to any intellectual property rights claim, the Company may have to pay damages or stop using technology found to be in violation of a third party's rights. The Company may have to seek a license for the technology, which may not be available on reasonable terms and may significantly increase its operating expenses. The technology also may not be available for license to the Company at all. As a result, the Company may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Company cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively. Any of these results could harm the Company's brand and prevent it from generating sufficient revenue or achieving profitability.

Risks of Foreign Operations Generally

The Company's operations may be adversely affected by changes in government policies and legislation and other factors which are not within the control of the Company, including, but not limited to, renegotiation or nullification of existing contracts or licenses, regulatory requirements or the personnel administering them, currency fluctuations, exchange controls, economic sanctions and royalty and tax increases, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims. The Company's operations may also be adversely affected by laws and policies affecting foreign trade, taxation and investment. If the Company's operations are disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, its business may be harmed.

In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where the Company conducts its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of British Columbia or enforcing British Columbia judgments in such other jurisdictions. The Company's activities in foreign jurisdictions could be substantially affected by factors beyond the Company's control, any of which could have a material impact on the Company.

To expand into new jurisdictions, the Company may need to be licensed, obtain approvals of its products and/or seek licensure of its officers, directors, major shareholders, key employees or business partners. Any delays in obtaining or difficulty in maintaining regulatory approvals needed for expansion within existing markets or into new jurisdictions can negatively affect the Company's opportunities for growth or delay our ability to recognize revenue in any such jurisdictions.

Foreign Currency Rate Risks

The Company's revenue, through its wholly-owned subsidiaries will be earned in various currencies. Fluctuations in the exchange rate between the Canadian dollar and those currencies may have an adverse effect on the Company's business, financial condition and operating results.

Risks Relating to the Divestiture of Recolor and Solvency Risk

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.

Even if the Company enters into a binding agreement for the sale of Recolor, the completion of such transaction could be subject to certain conditions. The Company cannot provide any assurance that the conditions for such transaction would be met. A failure to consummate such transaction could have a material adverse effect on the Company's business and results of operations.

If no transaction emerges from the sale process, or if the process does not result in a transaction on favorable terms, or if a transaction is not ultimately consummated, the Company might not be able to meet all its obligations due within a year.

FINANCIAL INSTRUMENTS & OTHER INSTRUMENTS AND ITS RISK MANAGEMENT

a) Fair value of financial assets and liabilities

The Company's non-derivative financial instruments include cash, accounts receivables, other receivables, accounts payables and accrued liabilities, dues to related parties, promissory note, loans, non-convertible debenture and convertible debenture. Non-derivative financial instruments are recognized initially at fair value. As at March 31, 2021 and June 30, 2020, the carrying value of cash is carried at fair value. Accounts receivable, other receivables, accounts payable and accrued liabilities, due to related parties and promissory note approximate their fair value due to their short-term nature. Derivative liability and loans receivable from Valiance UG are carried at fair value.

Long-term financial instruments of the Company carried on the interim condensed consolidated financial statements are carried at amortized cost. There are no significant differences between the carrying amount of derivative financial instruments and their estimated fair values as at March 31, 2021 and June 30, 2020.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and Level 2 during the reporting periods. The fair values of financial assets and liabilities carried at amortized cost are approximated by their carrying values. Cash is measured as a Level 1 risk. Derivative liability and loans receivable from Valiance UG are measured as a level 3 risk.

The following table reconciles level 3 fair value measurements from July 1, 2020 to March 31, 2021:

As at	**$**
Balance as at June 30, 2020	**(23,164)**
Fair value change in derivative liability (Note 11)	24,226
Interest accrued on loan receivable from Valiance UG	(91,712)
Fair value change in loan receivables from Valiance UG	91,712
Balance as at March 31, 2021	**1,062**

b) Risk Management Policies

The Company is sensitive to changes in foreign currency fluctuations. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Although the Company has the ability to address its price-related exposures through the use of options, futures and forward contacts, it does not generally enter into such arrangements.

c) Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from its platform partner such as Apple App Store and Google Play Store. However, these counterparties are economically stable organizations with whom the Company transacts with on a regular basis, further reducing the overall credit risk.

The Company reviews its receivable accounts regularly and writes down these accounts to their expected realizable values, by making an allowance for doubtful accounts, as soon as the account is determined not to be fully collectible. The allowance is charged to the interim condensed consolidated statement of loss and comprehensive loss. Shortfalls in collections are applied against this provision. Estimates for allowance for doubtful accounts are determined by a counterparty-by-counterparty evaluation of collectability at each balance sheet reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern issues. Normal credit terms for amounts due from customers call for payment within 30 to 45 days.

The Company's aged accounts receivables are as follows:

As at	**March 31, 2021** **$**	June 30, 2020 $
Less than 1 month	**47,851**	105,486
1 to 3 months	**-**	-
Greater than 3 months	**-**	-
	47,851	105,486

None of the Company's accounts receivables are impaired at March 31, 2021. The maximum credit risk exposure associated with the accounts receivables is the carrying value of $47,851 (June 30, 2020 - $105,486).

The Company also has loans receivable from Valiance UG and VAT/other receivables reported at $211,019 (June 30, 2020 - $162,882) (Note 3). The maximum credit risk exposures associated with loans receivable from Valiance UG and VAT receivables are $211,019 (June 30, 2020 - $162,882).

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company attempts to ensure that there is sufficient cash to meet its liabilities when they are due and manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet any capital commitments in a cost-effective manner. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company's liquidity requirements are met through a variety of sources, including debt financings and equity capital markets.

The following amounts are the contractual maturities of financial liabilities as at March 31, 2021:

	Total	1 year	2 - 5 years
	$	$	$
Accounts payable and accrued liabilities	**2,134,206**	2,134,206	-
Loans	**4,663,985**	4,005,794	658,191
Non-convertible debenture	**1,178,032**	-	1,178,032
Convertible debenture	**4,554,670**	2,248,721	2,305,949
Dues to related party	**90,145**	90,145	-
Derivative liability	**63**	63	-
	12,621,101	8,478,929	4,142,172

e) Market Risk

Market risk is the potential for financial loss from adverse changes in underlying market factors, including foreign-exchange rates and interest rates.

- Interest rate risk

  Interest rate risk is the potential impact on any Company earnings due to changes in bank lending rates and short-term deposit rates. The Company has some exposure to interest rate risk due to its outstanding interest-bearing loans discussed in Note 9, 10 and 11. However, the interest rates are fixed and therefore the Company does not have significant interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

- Foreign Currency Risk

  Foreign currency risk is the risk that a variation in exchange rates between the United States dollar, Canadian dollar, European Union Euro or other foreign currencies will affect the Company's operations and financial results. The Company is also exposed to the impact of currency fluctuations on its monetary assets and liabilities. The majority of revenues are transacted in USD and Euros and majority of expenditures are transacted in Canadian dollars and Euros. The Company maintains the majority of its cash in Canadian dollars and Euro but it does hold balances in United States dollars as well. Significant foreign exchange gains or losses are reflected as a separate component of the consolidated statement of loss and comprehensive loss. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

  The following table indicates the impact of foreign currency exchange risk on net working capital as at March 31, 2021. The table below also provides a sensitivity analysis of a 10 percent strengthening of the foreign currency against functional currencies as identified which would have increased (decreased) the Company's net loss by the amounts shown in the table below. A 10 percent weakening of the foreign currency against the functional currencies would have had the equal but opposite effect as at March 31, 2021.

	USD
	$
Cash	4,603
Receivables	575,727
Payables and other	(554,640)
Loans	(3,426,753)
Total foreign currency financial assets and liabilities	(3,401,064)
Impact of a 10% strengthening or weakening of foreign exchange rate	(340,106)

f) Capital Management

The Company manages its cash, common shares, warrants and stock options as capital. The Company's main objectives when managing its capital are:

- to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level of risk while providing an appropriate return to its shareholders;
- to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- to safeguard the Company's ability to obtain financing; and
- to maintain financial flexibility in order to have access to capital in the event of future acquisitions.

The Company manages its capital structure and adjusts it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets.

There were no significant changes to the Company's approach to capital management for the nine months ended March 31, 2021.