



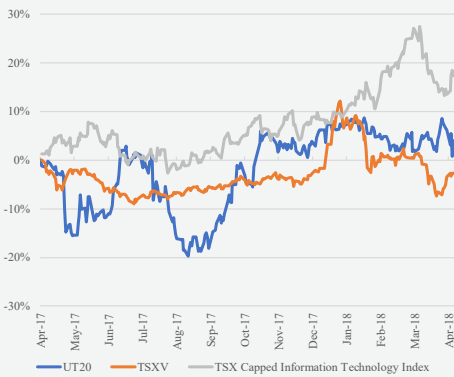
# Ubika Tech 20

April 23, 2018

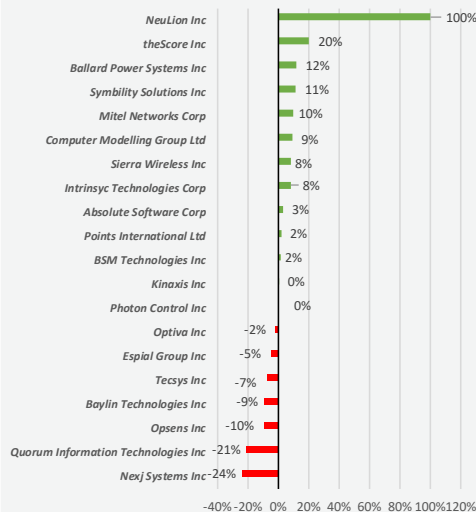
## Ubika Tech 20

February 16, 2018 - April 20, 2018

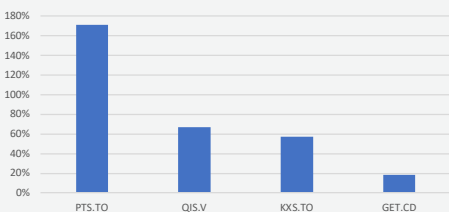
UT20: -0.3% (5.4% Y/Y)  
 TSX Venture: -3.3% (-1.5% Y/Y)  
 TSX Info Tech: -1.0% (16.7% Y/Y)



## Ubika Tech 20: Performance Distribution



## Top Volume Gainers (m/m)



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## Ubika Technology 20 Beats Its Benchmarks

The Ubika Technology 20 Index has stayed flat since our last report dated February 20, 2018, outperforming its benchmarks, the TSX-V and TSX Capped Information Technology Indices, which fell 3.3% and 1.0%, respectively, over the same period. Notable performers for this report include:

1. Intrinsyc Corp. (TSX:ITC), which rose 8% following the launch of new products and strong earnings
2. Opsens Inc. (TSX:OPS), which slipped 10% due to below-consensus Q1 results
3. theScore Inc. (TSXV:SCR), which climbed 20% due to a strong earnings report

## Industry Highlights

- **On March 19, it was revealed that Facebook (NASDAQ:FB) had given Cambridge Analytica access to the data of 87M users, including 600,000 Canadians, without informing them of the breach.** Cambridge Analytica is a research group affiliated with conservative political campaigns in the U.S. and U.K., and a subsequent video showed the CEO discussing controversial business practices. The scandal sparked the creation of the #DeleteFacebook hashtag, as well as government inquiries into Facebook's practices. Facebook's stock price has fallen 10% to-date.
- **Trump administration moves have set back a number of tech companies.** The Broadcom (NASDAQ:AVGO)-Qualcomm (NASDAQ:QCOM) merger fell apart after the Trump administration announced a presidential order blocking the move for national security reasons. The week prior, the Committee on Foreign Investment in the United States said it would investigate the deal on the same grounds. Amazon's (NASDAQ:AMZN) stock price fell X% after Trump criticized the Company's shipping practices on Twitter (NYSE:TWTR).
- **NeuLion (TSX:NLN), a member of this index, has been acquired by Endeavor for US\$250M in cash.** The acquisition was announced on March 26, and is expected close later in the quarter. Endeavor is an entertainment and media company, as well as the oldest-running talent agency. Endeavor aims to expand its digital content and services platform through the acquisition. NeuLion's stock price has soared 100% since our last report date.

## Upcoming Conferences

- **Viva Technology, May 24-26, Paris, France** – With 68,000 attendees, 6,000 startups, and prominent speakers from around the globe, Viva Technology is the premier global tech conference

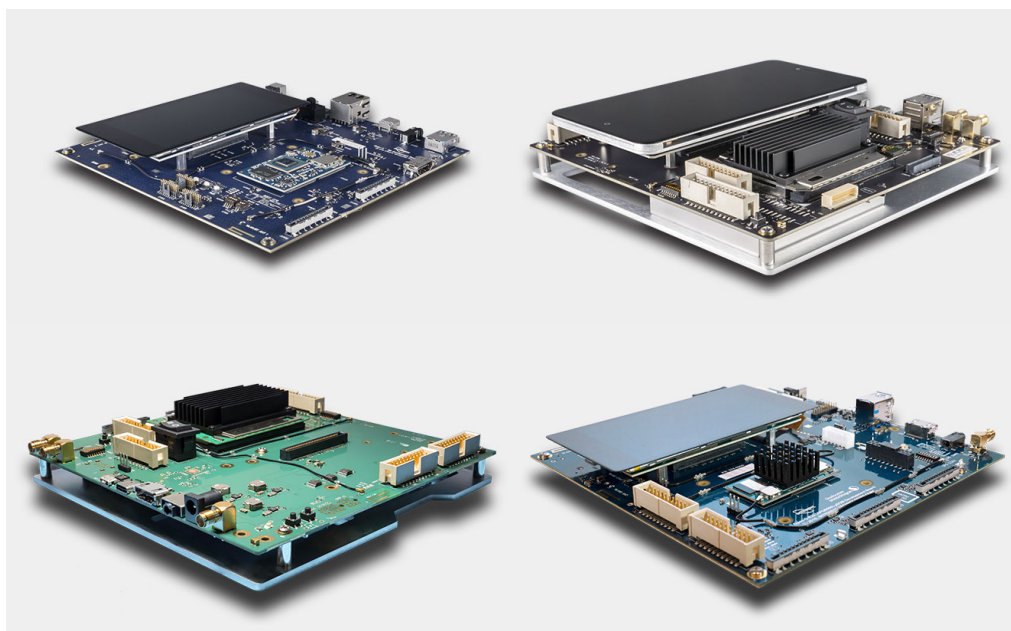
## Notable Performers:

### Intrinsyc Technologies Corp. (TSX:ITC)

Intrinsyc Technologies is a mobile device hardware manufacturer headquartered in Vancouver. The Company's stock price rose 8% since our last report date, driven by strong earnings results.

The Company focuses on the creation of mobile and embedded computing modules for Internet-of-Things(IoT) applications. Intrinsyc's Embedded Computing Hardware division currently offers 13 development kits, generally targeted at Android and Linux systems, as well as complementary peripheral boards. Below are some examples of the aforementioned development kits.

Figure 1: Intrinsyc Development Kits

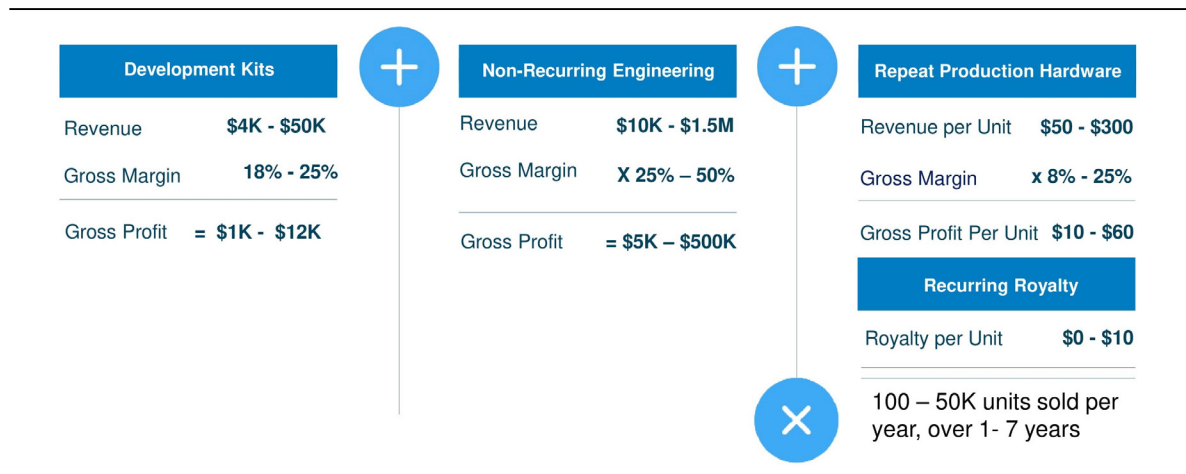


Source: Company Website

While some of these kits use Qualcomm's (NASDAQ:QCOM) Snapdragon processor, most use the Company's Open-Q technology or its new Open-X. Using these development kits, customers can use miniature computing modules to create a variety of small-scale products, such as wearable technology, robotics, and smart glass. The Company earns design royalties and sales on computing modules from products using their kits. The Company partners with two manufacturers in North America and China to allow for easily-scaled production at minimal cost.

The Company's Services and Software segment provides design and development services to silicon vendors, Original Equipment Manufacturers (OEMs), and Original Design Manufacturers. Intrinsyc offers design, testing, and certification services on the relevant operating systems, as well as telephony integration, power management, BSP and driver development, and product support. The Company generates 60% of its revenue from its hardware division and the remaining 40% from its services and software. Intrinsyc also offers its proprietary J-Integra solution, which connects Java to .NET, COM, and Exchange objects. Below is a diagram of the Company's revenue model.

Figure 2: Profits and Revenue Stream Diagram



Source: Company Presentation

In order to keep up-to-date with new operating systems and technologies, the Company employs and subcontracts 54 personnel in research and development. The Company holds a number of longstanding relationships with OEMs and technology vendors for continual development and sale of its products. In particular, Intrinsic's partnership with Qualcomm allows them to use the Snapdragon processor, a widely-used powerful processor.

On February 20, the Company launched the Qualcomm Snapdragon 845 Mobile Platform, which adds AI and immersion architectures and a new secure processing unit. On February 22, the Company launched its Open-X 8M product and development kit, a 55x35mm product with 4k UHD and HDR capabilities.

On March 7, the Company released its Q4 2017 earnings report. The Company's Y/Y revenue increased 18% to \$26.8M, and its Q4 2017 revenue increased 58% over the previous year quarter. Hardware sales increased 76% Y/Y. In addition, the Company secured a \$4.4M line of credit facility with a major Canadian bank, at 1.11% interest. Between March 5 and March 15, the Company's stock climbed 28%

On April 3, the Company announced the extension of a promissory note from Stream TV Networks, valued at US\$1.5M, to May 2. The Company's stock price dipped 8% over the week preceding the announcement and added 7% over the week following.

The Company has a price target of \$3.35, representing a 148% price upside. One analyst gives it a Buy rating.

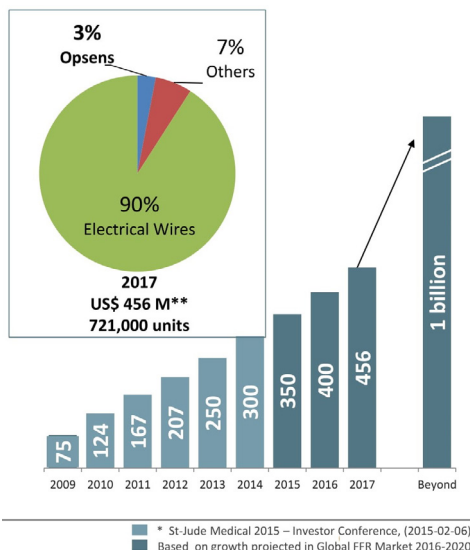
### Opsens Inc. (TSX:OPS)

Opsens is a technology company focused primarily on its OptoWire medical product. The Company's stock price eased 10% in spite of a client's FDA approval and strong earnings.

The Company's products hold medical, energy, and industrial applications. The Company's primary focus is the medical device market, featuring its OptoWire and OptoMonitor products. OptoWire uses fiber optics to measure Fractional Flow Reserve (FFR) to assess the severity of coronary blockages, and can be used to deliver stents in the treatment of a blockage. OptoMonitor uses OptoWire to monitor FFR as well as intravascular and intracatheter pressure. OptoWire is

more stable, can reliably re-connect, and has a longer reach than the peer products in its category. The Company believes FFR treatments are becoming more common, and could grow to 45% of relevant procedures from 15% today. The Company aims to market its products worldwide, partnering with over 30 distributors in Europe and Asia and using its own sales force for the U.S. and Canada. Below is a chart of FFR use over time and the Company's market share.

Figure 3: FFR Use, 2009-2017, Opsens FFR Market Share



Source: Company Presentation

The Company's industrial segment focuses on fiber optic sensor products, including temperature, pressure, strain, and displacement sensors, as well as extensometers and signal conditioners/OEM boards. Applications include monitoring composite reservoir structures for the aerospace industry, temperatures for semiconductors, and pressures for oil wells. In FY 2017, the industrial segment amounted to 8.4% of the Company's revenue.

On April 3, the Company announced that its client, Abiomed, had its Impella Cardiac Pump approved by the FDA. The product incorporates Opsens' pressure sensor technology. The Company's stock price fell 9% over the following week.

On April 12, the Company released its Q2 2018 earnings report. Consolidated products sales increased 44% from the previous year, due primarily to a 976% increase in other medical revenues, largely from Abiomed. However, the Company still lost \$1.3M on its product sales, from sales of \$5.4M. The Company's stock price jumped 7% the day of the announcement.

The Company has an average price target of \$2.50, representing a 172% upside. The Company has 3 Buy ratings, and no Hold or Sell ratings.

### theScore Inc. (TSXV:SCR)

theScore is a sports and esports media company operating in Toronto. The Company's stock price jumped 20% since our last report date, driven by strong earnings.

The Company operates a sports news platform with ~4.1M average monthly active users, with each user visiting the site an average of 85 times per month. The Company receives users primarily through its award-winning iOS and Android mobile apps, with iOS app users up 9% Y/Y and Android users down 11% over the same period. theScore provides users customizable news for all major leagues and sports,

using push notifications, multimedia articles, and social media sharing. In addition to its app, the Company operates theScore.com, which offers many of the same features as the mobile application. theScore also operates several side applications. The iOS app Squad Up is a fantasy sports league with cash prizes, using the performance of athletes in several major sports leagues. theScore operates a chatbot in Facebook Messenger and Kik Messenger, allowing for real-time scores and news through a new platform.

The Company also operates an esports app, covering popular video games such as League of Legends, DOTA 2, and CS:GO, the first offering of its kind by a major media company. As for regular sports, the Company provides news, scores, statistics, and notifications, through the app as well as theScoreesports.com.

The Company derives its revenue from advertisements in its app and website. As a sports site, it appeals to a highly-focused target audience. Below is a chart of selected user demographics.

Figure 4: theScore Selected Demographic Profile

theScore Mobile Users – Selected Demographic Profile		
	United States Audience	Canadian Audience
Between the ages of 18-44	60%	54%
Male	88%	86%
Household Income >\$100,000	45%	61%
College Education	67%	65%

Source: Company Annual Information Form

On April 12, the Company released its Q2 2018 earnings report. The Company increased its Q2 revenue by 6% from the previous year, and maintained its user base on its core app. theScore's esports platform more than tripled its video views, and its Facebook Messenger bot reached over 500,000 monthly users. The Company's stock price has surged 23% since the release.

The Company has an average price target of \$0.27, representing a 100% upside. The Company has two Buy ratings, one Hold rating, and no Sell ratings.

## Upcoming Catalysts:

**Will social media platforms be forced to re-examine how they operate?** We mentioned the Cambridge Analytica scandal earlier. Facebook (NASDAQ:FB) will release its quarterly earnings report on April 25, providing a good snapshot of the extent of the scandal. In our last report, we discussed changes to EU privacy regulations, which companies must follow by May 25. A U.S. bill, called SESTA, could make companies liable for the content their users post, which would force severe changes in content review and moderation.

**Some companies are turning away from uses of AI.** Elon Musk of Tesla (NASDAQ:TSLA) said he overly relied on AI on its Model 3 plant, which is now delayed. Mark Zuckerberg of Facebook said during his Congressional hearings that he aimed to use AI to manage fake news and monitor content, to little success during the 2016 election. Uber and Tesla have had their self-driving cars malfunction, killing a pedestrian and the driver, respectively. Although AI is an attractive idea to many tech entrepreneurs, slower-than-expected development and further high-profile failures could hamper its use in the near-future.

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