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Know when to hold-em!  
Know when to fold-em!  
Know where to set stops!  
Know when to run!  
Never count your portfolio  
Until the sells are done..

I promised a full report on Hatch and have been following them for some time. I believe now the timing is right as the stock came down in the late 2015 early 2016 correction and in that time the company has advanced to the point we should see lots of news flow in 2016 and the weeks/months ahead.

**Hatch is creating a very unique Social Media platform focusing on the largest and most enthusiast social group, the sports fan.**

Their platform called Fandom Sports is a fan engagement platform that gives users the ability to interact and challenge fellow sports fanatics to debate on various topics while being rewarded for their knowledge and debating skills. **The platform will provide competitive media coverage on sports and will have interaction from some the greatest professional athletes of our time.**

**I believe it is this endorsement and attention from numerous sport 'hall of famers' that will quickly build Fandom's user base to significant levels.** In Social media it is all about the size of your user base and it's value to advertising. Nothing attracts advertising \$\$ like sports!



[According to Plunkett Research](#) the world wide sports industry was valued at \$1.5 trillion in 2015. Annual Company Spending for Sports Advertising, U.S. was \$34.9 billion in 2015.

According to a [PwC](#) report on sports “Changing the Game” This was 3 of their 4 main points

- Sponsorship – sponsors are no longer just interested in raising profile, but about deeper engagement with the fans
- Media rights – sport is going social – are you ready?
- Merchandising — are you able to engage with your online, global fan base?

**This is exactly inline with what Hatch's Fandom Sports is all about**

Fan participation or social involvement is exploding. For example, [Fanduel](#) is a site where a Fan can build their own sports team in the NFL, NBA, NHL etc. based on a Salary cap and your team plays another Fan's team and a whole season is played out in 1 day. You place bets and know that evening how your team did for the season. **Fanduel paid out \$560 million to users in 2014.** There is some controversy because of the gambling aspect, but the point is – its big business!

[Excellent video about the sports market](#) by Jack Plunkett



**Hatch Interactive Technologies CSE:HAT OTC:HTTRF Recent Price \$0.06**  
**52 week trading range \$0.035 to \$0.23**

**Shares outstanding = 47 million**

Hatch Interactive Technologies Corp. is a producer of unique fan-based content offered on a social network and delivered through a companion mobile app. Hatch taps into the passion of sports fans by providing an engaging social platform for the world's most enthusiastic sports fan to share, compare, bitch, moan, whine, gloat and trash talk about the sports, teams, players, and owners they love, hate and love to hate. **Their unique approach will blend curated content with user-generated content while providing access to athletes and celebrities both on-line and at local sponsored events.**

Hatch has a very in depth management team that is very capable of executing their plan. I provided the LinkedIn profiles for further detail

## Management

[Blair Naughty: CEO, Director](#). Blair has over 25 years of experience in the securities industry, Blair has privately developed and launched over 150 e-commerce websites through Naughty Capital Ltd., raising over 100 million dollars to date.

[Bill McGraw: President, Director](#). A veteran mobile executive, Bill has launched over 20 mobile apps for companies such as Ford, Molson-Coors & Rawlings. He is also an Executive in Residence at Wavefront, a leading mobile early stage accelerator.

[Adrian Crook: Product Advisor](#), Director. Adrian has over 18 years of game production experience, including credits on 30 plus mobile games and titles. He was named Canadian Games Producer of the Year in 2006.

[Alex Helmelt: Chief Financial Officer](#), Director. Alex has over 12 years of experience in the Canadian capital markets and over 20 years in the technology sector, focusing on asset development.

[Tristan Brett: Director](#). Tristan has 18 plus years of creative experience in the video game industry, including international hits Need for Speed and Medal of Honour. He has credits on over 15 AAA Console/PC games.

[Jonna Birgans: Vice President, Content and Sponsorship](#). Jonna brings 20+ years of experience producing video and sponsorship campaigns in the media business as a senior executive for MTV, Billboard and Clear Channel.

## Fandom Sports – Introduction

Hatch's most recent project, Fandom Sports is a fan engagement platform that gives users the ability to interact and challenge fellow sports fanatics to debate on various topics while being rewarded for their knowledge and debating skills. The digital product targets "super fans" who frequently comment on currently existing mediums, such as online posting boards.



Hatch's Fandom Sports utilizes its proprietary Argument Engine and e-Fight curation platform. Together, these two innovations coordinate to post relevant user developed topics for debate (e-Fight), and rank comments posted by users to declare a clear winner on each given debate topic. Users are incentivized to post e-Fight topics and comments on debate feeds in order to earn Fightcoin, the website's virtual currency, to ultimately purchase rewards distributed by the Fandom Sports platform. Rewards can be redeemed for tangible products offered by Fandom Sports' sponsoring brand partners. Fandom Sports can be launched across a variety of interfaces including online, Apple, Android and Windows platforms to ensure a high threshold for usability. **The platform holds the potential to become disruptive in the industry and be a primary product used by sports enthusiasts.**

The Fandom Sports digital platform is highly innovative and solves the problem of users not being able to effectively interact with fellow sports enthusiasts in an organized, curated manner. Further, sports fans will appreciate the platform's news and information sources derived from both professional and user driven content. Professional content written by established sports journalists on a daily basis, ensures that content posted on the platform is consistent with current information offered by competing sites. **The user driven content produced from comments within e-Fights, delivers the platform's true competitive advantage, particularly as it relates to fantasy sports. E-Fights offer customizable content that fantasy sports players will relish, as it enables them to post topics specific to their fantasy sport situation and receive opinions and insights from fellow users.**

To market this, most critical in this process is to attract the niche group of major sports enthusiasts first to ensure that they are early adopters of the platform, effectively legitimizing Fandom Sports' reputation and attract less inspired sporting fanatics. Hatch believes that the product will draw major sporting fans because they will jump at the opportunity to compete in e-Fights against sports journalists, celebrities, and their own enthusiast friends. Major sport enthusiasts will appreciate the ability to prove they have the most knowledge about sports topics compared to other users, and will remain on the platform to continuously prove their knowledge, earn Fightcoin, and redeem it for rewards.

## **Financials**

In my discussion with the company I expect they will have to raise another \$1.5 million and a good portion of this might be with pro athletes who may get involved on the Fandom Sports Platform.

## **Summary**

[CHICAGO, Sept. 10, 2015 /PRNewswire/](#) -- With the NFL regular season kicking off, new research from Mintel reveals that half of Americans are professional football fans (50 percent), making the sport a clear fan-favorite among US adults. Joining professional football at the top of sports fans' must-watch list are college football (35 percent), professional baseball (32 percent) and professional basketball (30 percent).

US population in 2015 was about 320 million, so 160 million are football fans

According to Mintel research, two thirds of US adults are sports fans (67 percent), individuals who watch at least half of their favorite team's games or events in at least one sport.

So Mintel describes a sports fan as somebody that watches at least half of their favorite team's games. I would say this is an avid sports fan!

**A full 46 percent agree that following sports is more about being social than anything else, including 59 percent of Millennials.**

**So Hatch's target in the USA alone is 160 million and only considering the Football fan.**

With Social Media, Internet or Mobile based user group companies - the valuation model is the same as the old Media based advertising model. A TV show is valued on it's viewership - in today's world Monthly Active Users (MAU) on Mobile or an Internet site is similar.

The Super Bowl attracts the most expensive advertising rates. On Mobile/internet, Face book is the Super Bowl.

This is a table of a diverse set of companies in the mobile space and their MAU valuations in US\$

Type	Company	MAU	Market Cap	Value / MAU	Value (@ 10M MAU)
Public	<b>Linkedin</b>	97	\$29,224	\$302	\$3,018
Public	<b>Facebook</b>	1,441	\$272,371	\$189	\$1,890
Financing	<b>Snapchat (est.)</b>	100	\$10,000	\$100	\$1,000
Public	<b>Twitter</b>	302	\$20,981	\$69	\$695
M&A	<b>WhatsApp</b>	450	\$19,000	\$42	\$422
Public China	<b>Momo</b>	69	\$2,574	\$37	\$371
Public China	<b>YY</b>	117	\$3,173	\$27	\$270
M&A	<b>MyFitnessPal (est.)</b>	20	\$475	\$24	\$238
Public	<b>Zynga</b>	100	\$2,309	\$23	\$231
M&A	<b>Instagram</b>	50	\$1,000	\$20	\$200
Public China	<b>Weibo</b>	176	\$2,932	\$17	\$167
Public	<b>Yelp</b>	142	\$1,875	\$13	\$132
Public China	<b>Cheetah</b>	395	\$3,849	\$10	\$97
Average:				\$67	\$672
Average (without LinkedIn):				\$48	\$476

Linkedin is valued high, because their user base is mostly Professionals. Although LinkedIn is reported as 97 MAU, they have over 400 million users. Many use it to post their profiles/resumes or portfolio for job search so are not active. The average of the sample is \$67/MAU and \$48 without LinkedIn.

I have observed over the years - when the user base is growing fast, high double digits/triple digits - the value/user is high, around \$100 or more, but once growth slows as the user group matures the value will typically fall by 60% to 70%. There is many examples of this phenomena, Groupon, Quotient and even LinkedIn just this past February.

**Once Hatch's mobile app is finalized and launched this year, they could easily be valued at US\$20 to US\$50/user or C\$25 to C\$65.**

A very good value comparison to Hatch and Fandom sports is:

**THEScore INC -<http://www.thescore.com> It is Canadian and trades on the TSXV:SCR  
Recent Price \$0.28 295M shares out Market Cap C\$82.6 million**

theScore creates mobile-first sports experiences, connecting fans to what they love through an addictive combination of real-time news, scores, fantasy information and alerts while creating and curating content that is mobile optimized, comprehensive, customizable and seamlessly shareable.

Users of theScore's mobile applications reached a record 4.7 million average monthly active users, an increase of 10 per cent over the same period in fiscal 2015.

They have a good mobile app and I have used it. Their challenge is that they are competing in the same space as many others like ESPN and TSN, major and well known sport entities that also provide mobile apps that provide same type content. **Never the less with perhaps a better app they have carved out a piece with 4.7 million users as of November 31, 2015 but growth has slowed to 10% - so I would expect a low valuation per user.**

TheScore market cap of \$82.6 / 4.7 = C\$17.50 per user

**A year ago when theScore's user base was growing quickly, they were valued 3 times higher at over \$50 per user.**

**With Hatch we can expect a minimum valuation between C\$20 and C\$60 per user.**

Hatch will have it's own niche market with no competition at least for now. Another advantage is Hatch will have participation from sport celebrities that should go a long way in building their user base. All it will take is for one of these pro athletes to put out a Tweet about Fandom sports and it goes out to millions.

I would expect Hatch/Fandom could quickly get up to 10 million users.

\$20/user = \$200 million valuation and at \$50/user = \$500 million valuation.

HAT now has 47 million shares. Worst case - if they have to raise \$2 million at 5 cents/share is another 40 million shares. To be more conservative lets round up to 100 million shares.

At \$20/user we have a \$2 share valuation and at \$50 is \$5 per share. Even if they just hit 5 million users and cut the valuations in half we are looking at \$1 to \$2.50 per share.

**You can see the upside is high and at 6 cents there is not much downside – I like that**



On the chart we can see the down move in the market correction and since then the stock has built a pretty good base over the past 3 months between 4 and 6 cents. We could see a break out of that base at any time and there would not be much resistance until the 10 and 11 cent level.

<http://www.hatchitech.com/>

And one last thing. I do have some hands on experience with Sport arguments and tussles. This is yours truly wrestling with the Anaheim Mighty Duck in the 2007 Stanley Cup playoffs. There was not many Ottawa jerseys sitting in the seats. When the Duck came over to taunt me some, I said quietly, just play along and we sort of had a fake fight :)

On a more serious note, I do own 120,000 shares of HAT.



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