Kerrisdale Capital

December 2020

fuboTV Inc. (FUBO)

Requiem for a Stream

We are short shares of Fubo, a $6bn company that has seen its share price increase 4x following its October 7th IPO on the NYSE. Remarkably, even after its recent retracement from truly nosebleed levels, Fubo still trades at valuations completely unmoored from reality: 14x 2021E sales, equivalent to $12,000 per current subscriber. We see no justification for these levels. Fubo is not Roku. Fubo is not the next NetFlix. Fubo is not the next DraftKings. Fubo is a streamier version of ***a pay TV distribution model that is going away, only with far worse underlying economics***.

Fubo is billed as being firmly seated at the intersection of cord-cutting, connected TV advertising, and online sports wagering – but during our exhaustive investigation, we were unable to find a single industry executive that believed any of this to be true. Can Fubo control its cost structure and drive better margins in its subscription business? Former managers at Fox Sports and SlingTV certainly don't think so. Can Fubo increase Connected TV advertising CPMs +50-75%, a crucial input for longer term ad forecasts? Not according to a current senior director at The Trade Desk, who called the notion "crazy" and explained why: ***Fubo has no special inventory, no special data, and no scaled audience.*** But the highest level of incredulity we encountered was reserved for Fubo's sports betting ambitions. ***Buying Balto Sports was nothing more than buying a TechCrunch article*** said a former FanDuel executive, and the notion Fubo will ever be a company that owns or operates a sports book is ludicrous.

With momentum now broken in the stock, we believe a flurry of near-term catalysts will add further downside pressure to shares: 1) the latest Fubo app download data from a 3rd party analytics provider suggests gross additions have ***collapsed*** since Election day and now sit at levels flat to last year, strengthening the view that the outperformance witnessed in 3Q20 was merely a function of a sports calendar that will never repeat, 2) with recent trading characterized by extreme volatility and shareholders sitting on massive gains after only a couple months, today's lock-up expiry of over 68m shares may lead to disorderly selling, and 3) Fubo burns significant cash and has ambitious growth plans. Having endured a near-death experience once before, Fubo will not be inclined to wait much longer before doing a dilutive equity offering.

Fubo's subscription revenue will never generate meaningful profits. Accordingly, we value Fubo solely on its advertising revenue stream. Applying a 10x EBITDA multiple to our 2025E estimate for advertising revenue, discounted to the present, yields a fair value of $10.00 (-74%), a price that coincidentally, Fubo deemed fair when it sold shares in its IPO only three months ago.

Table of Contents

I. Executive Summary

Fubo app downloads have collapsed late in 4Q. 3rd party data through the end of December show a dramatic decline in new sign-up activity. The unprecedented return of every major sport *all at once* drove an unusually large surge in September. After a brief bounce in November around Election Day, sign-ups have now fallen to the same level as this time last year – undermining the bull thesis of a more lasting level of adoption due to the proliferation of connected TVs and rising consumer awareness. If new sign-ups do not improve from these levels in a seasonally soft period for churn, expectations for first quarter subscriber levels and profitability may be in jeopardy.

Fubo's core subscription business is structurally unprofitable. Fubo is woefully subscale and no realistic level of growth in the coming years will alter this in a way that enhances its leverage in content negotiations. The pivot to becoming a mainstream content distributor now limits Fubo's ability to create innovative packaging while subjecting them to unavoidable cost escalation. Fubo's strategy of dropping content to manage costs is reactionary and destined to cause eventual spikes in churn and SAC. All Fubo can do is continue to raise price, take on more and more expensive tiers, thereby shrinking its addressable market. Fubo has effectively replicated many of the negative pressure points of the cable business but without a broadband pipe to lean on.

Fubo will never run a sports book. Fubo has used online sports betting as a buzzword to boost interest in its stock. Multiple industry experts interviewed all stated it would be foolish for Fubo to enter this already highly competitive space as a sports book operator. Rather than a "first step" toward sports wagering, the acquisition of Balto Sports, a company with 3 employees and no valuable IP, is proof the company is simply spinning a story around running a sports book, not actually preparing to deliver on it. The only way Fubo will capitalize on sports betting is as a marketing partner, the economics of which are immaterial relative to the current stock price.

Leading connected TV advertising experts do not believe Fubo can deliver on long-term advertising growth expectations. Interviews with The Trade Desk, boutique media research advisory firms, along with former executives from Fox Sports, Sling, and Hulu Live all yield skepticism Fubo can deliver on aggressive advertising forecasts. Fubo does not have any data or inventory that is differentiated and cannot provide the reach many advertisers crave. As a content aggregator rather than a creator, Fubo sits on the wrong side of programmatic trends where major brand advertisers increasingly go straight to the source. These structural limitations will hamper Fubo's ability to earn higher CPMs and increase advertising ARPU.

Large lock-up expiry followed by potential capital raise threatens to further lower shares. The expiration of large share lock-up agreements on December 30th and January 7th, pose significant near-term downside risk. The market appears blind to the relevance of Fubo's need to execute a reverse merger earlier this year: the strategic shareholders elected to let Fubo fend for itself rather than fund ongoing cash burn. They are *not* long-term holders and they are unlikely to be particularly price sensitive. As a perpetual cash burning company with lofty growth ambitions, we think odds of a capital raise are high once the January 7th lock-up expires.

Valuation is absurd. Fubo's core subscription business (~90% of total revenue) generates negative gross margins and yet the company is valued at 14x EV / '21E revenue. The most intellectually flimsy valuation comparison we have seen cites Roku as the basis for Fubo's value. When we spoke to IR, the first question we were asked was if we were Roku investors. Roku is featured in the comp tables of the biggest sell-side bulls to justify Fubo's inflated price. None of this makes sense. Roku is an aggregator of an immense range of content with dominant market share. With 50m accounts, its scale and market share is so significant, *content* pays *it* to be relevant. Roku's value is driven by a high margin platform division which represents 76% of total revenue. The equivalent for Fubo is its paltry 10% contribution from advertising revenue.

II. Company Overview

Market Capitalization and Summary Financials

PF Capitalization	
Share Price	$38.74
Fully Diluted Shares (mm) (1)	157
Fully Diluted Market Cap.	$6,071
Total Debt	46
Past Due Payables to Vendors (2)	86
Minority Interest	16
Less: Cash (3)	(239)
Enterprise Value	$5,980

Financial Summary ($ mm)	2018A	2019A	2020E	2021E	2022E
Ending Subscribers (000's)	229	316	507	679	829
Subscription Revenue	$70.1	$133.3	$215.0	$388.5	$529.9
Advertising Revenue	4.1	12.5	27.5	47.3	76.0
Other	0.6	0.8	1.4	1.0	1.0
Total Revenue	$74.8	$146.5	$243.8	$436.8	$606.8
Subscriber Related Expense	98.9	201.4	257.7	429.3	570.8
Subscription Gross Margin ($)	(28.8)	(68.1)	(42.7)	(40.9)	(41.0)
Subscription Gross Margin (%)	-29%	-34%	-17%	-10%	-7%
Total Gross Profit	(48.4)	(88.0)	(53.1)	(37.4)	(12.5)
Total EBITDA	(129)	(144)	(164)	(151)	(130)
EBITDA margin	*-183%*	*-108%*	*-76%*	*-39%*	*-24%*
Trading Multiples:					
EV / Revenue	79.9x	40.8x	24.5x	13.7x	9.9x
EV / Subscriber	$26,063	$18,939	$11,799	$8,801	$7,212

Source: Fubo 3Q20 Form 10-Q, Kerrisdale estimates.

1. *Includes 16m shares from dilutive effect of options, employee EIPs, and warrants using treasury stock method at current share price.*
2. *Primary related to past due content licensing fees that will be paid in 4Q20 and 1Q21.*
3. *3Q20 ending cash adjusted for: October 2020 common stock offering ($183m), cash proceeds related to exercise of in-the-money warrants, and estimated negative 4Q20 operating cash flow (-$40m).*

Fubo was created in 2015 by co-founder and current CEO, David Gandler, as an online pay TV service for soccer fans. The commonly used industry term for Fubo's business is "vMVPD" which stands for virtual multichannel video programming distributor – a nod to how its business model is similar to that of traditional facilities-based cable, satellite, and telecom content distributors. The "virtual" label refers to the lack of physical infrastructure; Fubo does not own or operate a network, it delivers its service over the public internet through the subscriber's existing broadband connection. Fubo does not own or produce any material amount of content. It licenses for distribution a bundle of TV networks owned by the likes of Disney, Fox, CBS, and many others.

Subscribers can access Fubo through various streaming platforms like Roku using a player or device as well as through internet connected TVs. Like all other vMVPDs, Fubo offers service without a contract. The main marketed service plan is the Family Plan which starts at $64.99/mo (similar to peers, see Appendix: I). Fubo's strategy is to attract cord-cutting sports fans with a price point below that of cable and satellite and with a line-up that delivers more live sports than competitors. Fubo competes directly against services supported by deep-pocketed corporate parents such as SlingTV (Dish), Hulu Live (Disney), YouTubeTV (Google), AT&T TV Now. Little about Fubo's business is directly relatable to Roku, The Trade Desk, or Google, despite those companies often being featured in trading comparable tables.

Company Background

Fubo began as a $6.99/mo subscription offering live streams from soccer-centric channels such as GolTV and Benfica TV and emphasizing tournaments like the Copa America. Originally, half of Fubo's programming was in Spanish. It was a unique product. A "skinny bundle" which targeted an audience underserved by U.S. broadcasters who, when it came to soccer, were pre-occupied with delivering higher-profile English Premier League and FIFA World Cup matches. In 2016 Fubo expressed confidence in attracting 1 million subscribers three to four years later. They have come up well short.

Pivot to "Me-Too" Strategy

In early 2017, Gandler pivoted the business. In order to attract and retain more than just die-hard soccer fans, Fubo needed to carry more mainstream content and during the course of the year, struck agreements with Fox, CBS and NBC for a broader package of TV channels. While this decision set Fubo on a path for broader acceptance, it was also one that had irreversible, negative consequences.

The beauty of Gandler's original strategy was that 2nd tier soccer and news were relatively inexpensive and needed to be consumed live. Gandler's decision to chase scale by signing agreements for more mainstream content meant the business would be subjected to more of the same pressure points found in the very industry, traditional pay TV, he was trying to disrupt. Due to the existence of contractual MFN clauses embedded in the contracts of all major distributors, Fox cannot sell only one sports network like FS1 to Fubo (assuming it even wanted to). Fubo must take a whole package which includes less desirable general entertainment channels, all of which can be watched on-demand these days. This bloating of the original skinny bundle put Fubo on a path of needing to endlessly raise costs to preserve margin.

Gandler himself has acknowledged the problem high-value sports poses to distributors: "TV is a very expensive game. The expectations are that TV will acquire the most valuable sports rights because they offer the most scale. And the more scale you have, the more compelling your offering is with advertisers, *and the more you can draw from fees with distributors."* [emphasis added].

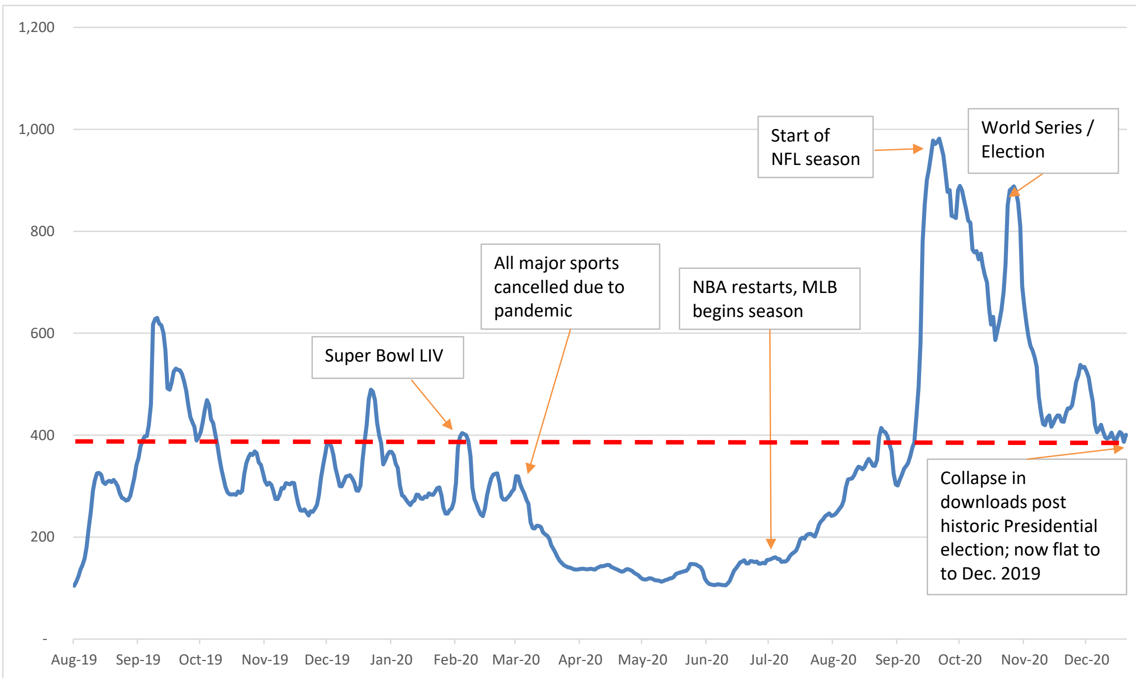
In 2016, Gandler was talking about a problem *other* distributors had. A couple years later he would be in the exact same position. By pivoting into major sports and entertainment, Fubo surrendered flexibility of the bundles it can create and the prices it can charge. Fubo's base package prices have increased at a 22% CAGR the past three years and the subscription still does not generate positive contribution margins. Fubo is trying to pull off something that is virtually impossible. It is trying to run a business that requires scale to generate positive economics from a woefully small starting point and without the advantage of large corporate parents which could lend leverage in content negotiations and can fund endless losses.

The following quote regarding Fubo's evolution comes from an interview with a former senior marketing executive at SlingTV. It summarizes a view of Fubo's business strategy and positioning we heard consistently during our research:

> *What FUBO did was they became drunk with the excitement; that they had jumped the shark of being this niche player, to being entrants to a market which was growing quite rapidly at the time…and they took on all of this content. But in doing so they lost their way. Now, it's a "me-too" strategy…they don't have the additional products and services to be able to create growth. They don't have the leverage with the networks to be able to create packaging that is going to be innovative.*
>
> *Its truly unclear what they are doing. It's not just the price point is high, and <u>much</u> higher than a cord cutter is willing to pay. It's that the price has locked-in increases every year. These are multi-year deals with these big networks - and they are caught. All that they can do is continue to ramp up their price points and continue to take more and more expensive tiers which is exactly the trap the industry wants to get you in. They no longer really control their future and it's sad when I think about their prospects.*

III. Pandemic-Distorted Sports Calendar Drove Subscriber Gain, Global App Downloads Have Since Collapsed

Fubo Global App Downloads



Source: Third party data analytics provider

The chart above is a measure of the relative change in global Fubo app downloads indexed to an August 1, 2019 start date. The graph line clearly illustrates the seasonal, event-driven nature of a business like Fubo's that focuses on live sports and has no contracts. According to the data provider (widely followed by the institutional investment community), the data is highly correlated to Fubo's gross additions. From a forecast standpoint, the main concern for Fubo shareholders should not be that downloads have merely declined, but how quickly and how far. Downloads exiting 2020 are now trending *flat to slightly below* this time last year despite Fubo having a 60% larger subscriber base. This is a difficult early setup to meet bullish sell-side forecasts of flat sequential subscriber levels 1H21. The data also directly undermines the prevailing bull thesis.

Fubo bulls believe interest and adoption of streaming services have been permanently reset by the pandemic. While perhaps true for companies like Roku, the chart above suggests it is not true for vMVPDs with $65/month bundles tied to sports. If Fubo bulls were correct, especially with the benefit of newly added Disney channels and supposed higher levels of consumer awareness (a prominent bull has gone so far as to suggest Fubo's NYSE listing has raised the brand's perception), then downloads should exhibit *some* level of structurally higher activity. Instead, following the conclusion of the 2020 Presidential election, downloads have completely collapsed. Rather than the start of a new "megatrend," the data above suggests Fubo benefited from the never-to-be repeated jam-packed nature of the 3Q sports calendar and historic news cycle.

The Best Month in Sports History for TV

There will never be another quarter like the 3rd quarter of 2020 for Fubo. The NFL is the most watched sport in the US and every year as the start of the season approaches, Fubo ramps marketing spend to attract new subscribers and encourages former subscribers to reactivate. It is the most important period for the company all year. In the last two years (this year will be no different), all the annual subscriber gains were effectively accounted for in the third quarter; with modest sequential gains in 4Q offset by losses during the seasonally weakest first half of the year. The subscribers added during this period also represent the best performing cohort for the company due to the length of the NFL season versus one-time events like the Super Bowl, which attracts users who try the service and then churn before converting to a paid subscriber.

This year, owing to the disruption to the sports calendar caused by Covid-19, an unusually jam-packed September helped drive record subscriber additions. Instead of spring training beginning in March, MLB began an abbreviated 60 game baseball season in July. College football, which typically begins in late August, began this year in late September. The Masters golf tournament usually held in the 1st or 2nd week of April was held this year on November 12th. Instead of April to June, the NHL held the Stanley Cup playoffs from August to late September. The NBA playoffs, also usually in June, began in mid-August and concluded early October.

All four major US professional sports and college football have never overlapped in this manner. When the four major US professional sports leagues all play games on the same day it's referred to in certain circles as a "sports equinox." According to ESPN, prior to this past fall a sports equinox had occurred only 18 times in recorded sports history (typically in late October / early November with games of middling importance). This September it occurred 7 times *in the same month* and involved crucial games.

Lebron James and the Lakers faced the Rockets in the NBA Western Conference semi-finals, the NHL Western Conference finals featured a pivotal 3rd game between the Las Vegas Knights and the Dallas Stars, MLB had a full slate of games with playoff implications, and the NFL kicked off their season – *all on the same day* (September 10th). As sports news website Sportico described, this past September just might be "the best month in sports history." That is of course, unless you wanted to enjoy them in person. With attendance prohibited or significantly restricted, bars and restaurants with indoor capacity limitations, friends unable to gather as they normally would, many sports fans had no choice but to watch teams on TV, individually, at home. What set of circumstance could possibly be more conducive for a "sports centric" service like Fubo to sign-up customers?

As if the craziness in sports wasn't enough, the news cycle was dominated by the culmination of a Presidential election year that was the most engaged and polarizing in over a century.

To be clear, we expect Fubo and other vMVPDs to grow in the coming years. And the 3rd quarter is always the annual high water mark for Fubo downloads. But to downplay the contribution of the one-time effect the pandemic had on the sports calendar, and to believe Fubo's better-than-expected performance represents sustainable, structural change is misguided.

IV. FaceBank Merger – Red Flags Everywhere

The need to secure public market access through a reverse merger with FaceBank last spring provides investors all they need to know about the long-term viability of Fubo's business model. It also highlights the risk the lock-up expiry poses because from our vantage point it is clear that the large strategic shareholders, which bulls mistakenly believe are long-term holders (ViacomCBS, Univision, AMC Networks, et. al.), are in fact sellers.

Fubo's cash flow statement in the two years leading up to its merger with FaceBank paint a disturbing picture. FuboTV was burning higher and higher levels of cash. Highlighted as a risk factor in its October 5th S-1, Fubo was generating these losses even with the benefit of non-compliance with its payment obligations to its content partners, as seen with ballooning working capital deficits below.

Increasing Cash Flow Burn

	Year Ended December 31, 2019	Year Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (173,701)	$ (129,312)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	616	440
Stock-based compensation	1,511	952
Change in fair value of convertible note derivatives	-	(4,697)
Non-cash interest expense	160	1,032
(Gain) loss on extinguishment of debt	(102)	4,171
Amortization of debt issuance costs	43	32
Changes in assets and liabilities:		
Accounts receivable	(2,108)	(3,211)
Prepaid affiliate rights	242	14,681
Prepaid expenses and other current and long-term assets	(625)	(294)
Accounts payable	14,490	20,093
Accrued expenses and other current and long-term liabilities	52,612	16,526
Deferred revenue	5,007	2,540
Deferred rent	(154)	(106)
Net cash used in operating activities	(102,009)	(77,153)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(136)	(434)
Net cash used in investing activities	(136)	(434)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	16,150	3,050
Proceeds from term loan	-	25,000
Repayment of borrowings	(5,000)	-
Issuance cost related to term loan	-	(204)
Proceeds from issuance of convertible preferred stock, net	90,549	46,294
Exercises of stock options	174	84
Net cash provided by financing activities	101,873	74,224
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(272)	(3,363)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	15,911	19,274
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 15,639	$ 15,911

Source: Prospectus dated October 7, 2020

Fubo funded these losses by selling ever-increasing amounts of preferred stock. A $15m Series B round? Chump change. $37m Series C round among large content friends? Wave it in. But then things seemed to take a turn. In 2018, the first full year after Fubo began playing the mainstream content game, Fubo needed to raise another $46m in a Series D round, this time accompanied by a further $25m loan from AMC Networks. In 2019, after yet another substantial increase in negative cash burn required $102m in a Series E round, investors must have begun wondering, "where is this all going?" Fubo was growing subscribers, but there didn't seem to be an end to the need to inject capital and this was starting to become real money.

Ever Growing Funding Needs

	December 31, 2019				
	Shares Authorized	Shares Issued and Outstanding	Net Proceeds	Liquidation Preference per Share	Liquidation Value
Series AA convertible preferred stock	1,641,024	1,641,024	$ 1,600	$ 0.9750	$ 1,600
Series A convertible preferred stock	1,059,204	1,059,204	3,065	2.9576	3,133
Series A-1 convertible preferred stock	101,430	101,430	—	2.5140	255
Series A-2 convertible preferred stock	33,721	33,721	—	2.3661	80
Series A-3 convertible preferred stock	292,562	292,562	—	1.8201	533
Series B convertible preferred stock	1,926,507	1,926,507	14,960	7.8008	15,028
Series B-1 convertible preferred stock	14,369	14,369	—	3.4796	50
Series C convertible preferred stock	2,495,291	2,495,291	37,446	16.0302	40,000
Series C-1 convertible preferred stock	1,600,000	1,543,051	—	10.0635	15,528
Series D convertible preferred stock	2,173,990	1,839,954	46,294	25.3000	46,551
Series D-1 convertible preferred stock	1,140,481	1,140,481	—	20.2400	23,083
Series E convertible preferred stock	4,667,595	3,056,951	101,699	29.7354	90,898
Series E-1 convertible preferred stock	471,100	471,100	—	23.7883	11,207
Total	17,617,274	15,615,645	$ 205,064		$ 247,946

Source: Prospectus dated October 7, 2020

We believe at some point the strategic investors must have met with Gandler and tried to hash out the true cost of getting the business to scale and become cash flow positive. Based on our best estimate of Fubo's cash flow needs, at the end of 2019, the strategic investors were probably looking at having to fund ~$800m over the next 4-5 years. They saw Fubo burning far more cash than they originally thought as programming costs rose higher and faster than anticipated. They saw Sony shut down PlayStation Vue in late October that year despite having twice the number of Fubo subscribers. They saw a whole host of challenges confronting the vMVPD business model as they began investing in their own direct-to-consumer offerings more aggressively. And judging by how Gandler soon ended up darkening FaceBank's door – it's clear they decided to stop giving Fubo any more money.

At the end of 2019 Fubo was in dire straits. Fubo ended the year with $15.6m in cash, enough to fund 1 quarter of negative of cash burn. In 1Q20, presumably after running the business on fumes and dropping Sinclair RSNs, Fubo burned exactly -$15.0m. Gandler needed to find 2 things quickly: 1) immediate liquidity to keep the lights on and, 2) eventual access to much more capital, i.e., the public markets. He didn't have time to find an ideal partner and he certainly didn't have the time or narrative for an IPO. Had this all transpired a few weeks later, we suspect he would have SPAC'd.

On March 19th, Fubo agreed to merge with FaceBank Group. FaceBank Group is a provider of "hyper-realistic digital humans" best known for a hologram of Tupac at Coachella in 2012. The press release announcing the deal stated, "The proposed merger is expected to create a leading digital entertainment company, combining fuboTV's direct-to-consumer live TV streaming platform for cord-cutters with FaceBank's technology-driven IP in sports, movies and live performances." The release also plugs a subsidiary of FaceBank, describing how "the merger will position fuboTV to continue its global expansion with FaceBank's Nexway AG, a global ecommerce and payment platform with a business presence in 180 countries." Nexway, for the record, has a 1 star rating from the BBB, which felt compelled to conduct a review of the company in January 2020 after receiving complaints from consumers who felt they had been scammed.

In the end, none of the reasons offered for the deal really matter. Less than 6 months after closing the merger, Fubo sold FaceBank back to its former owner (p.19). What did matter was as part of the merger, Fubo received a much needed $10m upon closing, April 2nd (at 11% per annum). The merger agreement also lays out what would take place later in the year, with shares of FaceBank Common Stock trading OTC under the ticker symbol "FBNK" until such a time as "FUBO" or another ticker symbol consistent with fuboTV would be confirmed as available for listing on either the Nasdaq or the NYSE.

There was one more interesting element to the merger. FaceBank managed to obtain a $100m secured revolving line credit line. This was no small feat in the midst of the pandemic and given the compromised financial conditions of both Fubo and FaceBank (both had zero cash and had recently received going concerns). The lender behind the credit facility is a Luxembourg registered investment holding company identified as HLEE Finance S.a.r.l. HLEE Finance S.a.r.l is not a bank, it generates no income, and the main assets held by the company according to its 2019 annual filing was €12.5m worth of FBNK shares and €6m in cash. Why and how is a Luxembourg investment holding company that also holds shares of FaceBank providing a $100m secured revolver? There are no disclosures in any filing that we are aware of that describes FaceBank's relationship with HLEE Finance S.a.r.l but there clearly is one.

HLEE Finance S.a.r.l Financial Assets

HLEE Finance S.à r.l. f.k.a. SagittariusStar S.à r.l.

Notes to the annual accounts as at December 31, 2019 (continued)

Note 3 – Financial assets

a) Shares in affiliated undertakings

On December 4, 2019, the Company acquired 100 nominal shares of Smith Circle Holdings AG, a Swiss company with its registered office at 29 Dufourstrasse, 8008 Zurich, for an aggregate purchase price of CHF 1,00.

b) Securities held as fixed assets

Securities held as fixed assets are composed of the following securities:

Security Type	ISIN / Ticker	Acquisition cost in EUR
Stock	CH0003583256	4,727,273.00
Stock	FBNK	12,500,000.00
Bond	DE000A2RYEB8	1,500,000.00
Total acquisition cost		**18,727,273.00**

DBSBIUX20200409T10595701_001

RCSL Nr. : B227200	Matricule : 2018 2450 155

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197	5	197	6.008.104,94	198	7.415,65
E. Prepayments	1199	2.2.7, 6	199	137.317,00	200	
TOTAL (ASSETS)			201	24.890.611,99	202	7.415,65

Source: Company report for HLEE Finance S.a.r.l, Registre de Commerce et des Societes.

The inclusion of this secured revolver did however feature prominently in news of the merger. Perhaps that was its primary purpose: to project calm to vendors, employees, and programmers that even during a pandemic and the cancellation of sports globally, Fubo had access to liquidity. Fubo never drew on the facility beyond the initial advance at merger close despite continuing to sell equity and take on expensive borrowings in the months that followed. We find that odd.

Fubo spent the balance of the late spring and summer taking several unusual steps to raise more cash. In April, Fubo obtained a $4.7m PPP loan to cover payroll. In a corporate version of a payday loan, it borrowed $10m from another odd source known only as *Fundigo LLC* on May 15th, repaying it with $3.1m in interest less than 4 months later. In July, Fubo yet again borrowed $10m, this time for 3 months at 13% annual interest to bridge itself to the eventual October common stock offering.[1]

In addition to these debt financings, during the early summer, Fubo sold common stock and warrants to various investors. By then it had become clear that the pandemic was having an accelerating effect on global streaming demand and engagement. Gandler acted quickly to capitalize on newfound investor appetite for all things streaming-related and further shore his company's financial profile. Between May 11th and June 8th, 3.7m common shares were sold at $7.00/shr. In August, an additional 5.1m shares were sold at $9.25/shr. Even with all these financings however, because of the rate in which Fubo loses money, we estimate the company ended the summer with about ~6 months of liquidity.

We invite investors to ponder – do any of the preceding activities sound consistent with a company valued at $6.5bn 6 months later?

V. Imminent Lock-Up Expiry and Potential Secondary Offering Poses Risk to Momentum Trade

Lock-Up Expiration Risk

We think pending lock-up agreements governing the sale of shares pose significant downside risk for the stock. According to Amended Form S-1 (p.143) on December 30th , a total of 68.6m shares of common stock will become eligible for sale in the public market (equivalent to 1.6x the current float). One week later, an additional 3.3m shares will be freely tradeable.

The majority of the shares (60.3m) are related to the conversion of Series AA Preferred Stock. A little over half (32m) are held by strategic content providers such as Disney, AMC Networks, Comcast, Viacom, and Discovery. We think bulls that are downplaying the likelihood of these shares being sold near-term have misread the situation. It would be an intellectual pivot to think strategic shareholders that declined to fund it in 2019 – convinced the investment would be throwing good money after bad, would then not be inclined to sell shares after receiving a massive windfall. AMC Networks is faced with a particularly interesting decision. Its stake is now worth approximately $143m, meaning Fubo is now ~10% of the market cap of the company. That clearly could not have been the original plan and for liability management's sake, we would think they'd be hitting the sell button.

[1] SEC Form 10-Q, dated November 16, 2020.

Of the 20m shares labeled in the S-1 as owned by executive officers and directors, two of the largest holders, John Textor and Alexander Bafer were senior executives of FaceBank that left Fubo months ago. Textor owns 8.1m shares while Bafer owns 2.8m. Judging by his Twitter account, Textor sounds like someone content (and smart) to book at least some of the profits in the "high risk tech" investment of a lifetime.

Time to Ring the Register

Source: Twitter.

All told we think over 50m shares that are becoming unlocked over the next 7 days may end up being monetized in a relatively brief time. Soon-to-be unrestricted shareholders are sitting on enormous capital gains and may not be inclined to be price sensitive in exiting positions. Trading conditions once entirely dictated by day trading chatrooms appears to be calming down. On December 22nd, Fubo traded over 35m shares, \$2bn worth of stock in a single session, 15x more than a month ago — clear evidence of the sharp increase in momentum and non-fundamentally based trading that has come to dominate daily volumes. More recently that volume has been cut in half, meaning the ability to absorb newly tradeable shares if done in an unorderly manner may cause the stock to rerate lower.

Lastly, our conversations with a range of market participants and boutique media research firms yielded strong skepticism of Fubo's business model and valuation among the institutional investment community. According to these sources, difficulty in locating a borrow on the stock has kept them from fully expressing their investment opinion to date. We expect post the lock-up expiry, the tradeable float will increase and borrowing conditions will ease, creating further potential downward pressure on shares.

Near-term Risk of Equity Capital Raise

Having stared into the abyss once before, we think Fubo will tap the markets soon after the final lock-up on January 7th. Fubo's core business burns significant amounts of cash leaving its ambitious plans for growth requiring additional funding. With a business model like Fubo's, it is always a matter of when, not if, Fubo will tap the markets to raise capital (there's a reason why the Street has written such fawning reports).

One of the primary uses of proceeds from the October offering was to pay off a mountain of overdue bills (\$86m) to programming partners and other vendors. We estimate post these payments, Fubo has enough cash on hand to fund cash burn for a year at best (the company has stated the IPO provided 12-18 months of runway). None of this liquidity forecast includes the massive investment necessary to fund any of their much-hyped growth initiatives like running a sports book or more recently, acquiring exclusive content. With the stock soaring since the IPO, in no small part because of Gandler's promotion of these very projects, it would be foolish of the company to not access the market soon.

VI. Profitability of Subscription Business is Permanently Impaired

Negative Gross Margin Subscription Revenue

The reason Fubo management emphasizes nascent and non-existent revenue streams like advertising and sports betting, is because Fubo's core business of selling pay TV subscriptions will never make any money. Below we walk though how even in a quarter where every subscriber metric was flattered by a once-in-a-century sports calendar, Fubo's subscription business had negative gross margins.

3Q Subscription Gross Margins

	3Q20A
Reported Non-GAAP Platform Bookings	$67,741
Avg. Daily In-Period Subscribers (000's)	334
Reported Total ARPU	$67.70
Less: Advertising ARPU	($7.52)
Non-GAAP Subscription ARPU	$60.18
Adj. Variable Content Costs per Sub (1)	$62.00
Subscription Gross Margin	-3%

Source: Fubo 3Q earnings press release, Kerrisdale analysis.

1. *As per Fubo IR, ACPU in the 3rd quarter was approximately $60 after adjusting for the favorable effect of dropping Turner July 1st , but not adding Disney until August 1st. We then further adjusted ACPU to reflect the full distribution of Disney broadcast networks which will occur in 4Q, increasing the effective rate.*

Fubo's revenue stream is burdened by high variable content costs with contracted escalators. These are paid to a handful of conglomerates that dominate all major content in the country and wield immense leverage. Fubo's core subscription business is fundamentally different from other young tech companies that post losses because of heavy spending on R&D or sales and marketing. Those companies have the ability to drive operating leverage off of investments as the business scales. Fubo's subscription business loses money at the actual subscription level - *before* the cost to acquire the subscriber, infrastructure, and G&A. Each Fubo incremental subscriber comes with $62.00 in variable costs per subscriber per month. In 1Q21 it will step up due to contracted annual escalators. We expect that when the company engages with

ViacomCBS later this year in contract talks there will be little it can do to push back against a 10-20% increase from CBS and 5-7% increase for Viacom per our industry checks.

No Viable Long-Term Strategy to Manage Content Costs

As a distributor grows it should enjoy better content pricing; but at only 500k subscribers, Fubo is still many multiples away from enjoying volume-based discounts. Based on conversations with media consultants, Fubo could reach 2m in subscribers in the coming years and it would still not have meaningful leverage in negotiations, particularly given its focus on sports. Claiming to be a destination for sports after already losing March Madness and major-market baseball teams like the Yankees is not a recipe for playing hardball with CBS. Fubo will be forced into the same cycle of raising prices to offset the effect of bloated channel lineups and rising costs as everyone else in the pay TV industry.

Ironically, according to IR, Fubo has successfully used its *lack* of scale to a certain advantage in content re-negotiations. Over the past two years Fubo has withheld payment of contractually owed fees in exchange for more flexible terms and the removal of minimum guarantees – with the thinking being content providers would rather take what they can versus put Fubo out of business. That is a credible, crafty strategy for a company desperately needing to manage working capital as Fubo was earlier this year. It will not work however, for a company with a public market valuation of over $6bn.

Based on Fubo's decision to drop Sinclair-owned RSNs and Turner earlier this year, Fubo's other primary approach to managing costs centers around analyzing viewership data and dropping networks deemed to be underperforming upon renewal. None of the industry insiders we spoke with thought Fubo was any more adept at this strategy than every other distributor. This was also not viewed as a viable strategy longer-term. As a former media executive we spoke with explained:

> *If you fall too far into the web of MFNs from the networks, you no longer have control over your strategy. This is what's happening to them. [Dropping content] is not a reflection – no matter what they say – of anything strategic. This is a reflection of somebody saying, "we can only raise prices so much" so we have to pick and choose – but they're picking and choosing in a way that's different not better, different not strategic, different not aligned with a vision that they have for an audience.*

The handful of media conglomerates which dominate sports rights – ViacomCBS, Fox, Comcast/NBC, Disney – all insist on the broadest distribution and highest rate possible for its *complete* portfolio. If Fubo ever wanted to drop FS1 it would also lose Fox News. This means Fubo is prevented from offering packages that are materially different from what YouTube TV or Charter can offer and is therefore limited in how it can lower costs. The only way for Fubo to become profitable is to sell a lot of advertising at much higher rates and succeed in becoming a sports book, both of which should be viewed with a high degree of skepticism by investors.

VII. Sports Betting is a Pipe Dream

Balto Sports Acquisition: Pure Stock Promotion

> *I'm boggled by that acquisition. Why is a $4bn company buying a startup like that? That has zero traction? Like, zip. I can get fantasy sports software off the shelf and build it my damn self.*
>
> *— Veteran sports betting industry consultant (December 10, 2020)*

On December 1st, Fubo issued a press release stating "fuboTV Acquires Balto Sports as First Step Into Online Sports Wagering Market." They declined to mention what a trivial first step the acquisition truly represented. As confirmed by Fubo IR, Balto had 3 employees, a failed test product, and had mothballed operations during the pandemic. That Fubo would promote this move as an "instrumental" expansion of Fubo's sports betting ambitions is but one example of the way in which Gandler has a tendency to exaggerate the positioning of his company and the opportunities ahead of it.

We're not even sure how Fubo can with a straight face claim the Balto sports deal represents a "first step." In May 2019, Fubo announced a partnership that named FanDuel its "exclusive sportsbook, online casino, horse racing and DFS partner." Was *that* not a first step into online sports wagering? Apparently, that agreement was terminated after only a year for reasons that have never been publicly provided. For a company so promotional that it issued a press release over the acquisition of a company as insignificant as Balto, and makes repeated references to a $155bn TAM for sports betting, when that is an estimate of *global* sports betting (we weren't aware Fubo had operations in China) – we find it odd that Fubo has not publicly commented on its short-lived deal with a major US sports books.

Amazingly, Fubo's publicity stunt worked! In the days that followed several sell-side research firms (bookrunners and co-managers on the October public offering) raised price targets and began incorporating valuations for a completely non-existent sports-betting business.

So what do real sports gaming experts think of the Fubo sports wagering opportunity?

Online Sports Betting Opportunity is Immaterial

> *It would be absolutely, criminally crazy to try to become a sports book…That would require hundreds of millions of dollars of capital and you'd be competing against at least 10 companies that are much better positioned than you who could easily put you out of business very quickly…to think you're going to take the asset you have and go compete against these guys? That's silly.*
>
> *— Former Head of Strategy at Barstool Sports (December 2, 2020)*

At present valuations, the only way material value can be ascribed to Fubo is if one believes it will be a fully-fledged owner/operator of a sports book with accompanying economics. Three weeks ago, a sell-side analyst embedded over $5.00/shr of sports betting value to arrive at a $30 price target. He did so to capture the value and business model of DraftKings. For a litany of reasons however, this will never happen. It is cost prohibitive to the tune of hundreds of millions of dollars in technology, marketing, and licensing – cash that Fubo would have to raise in the market to simply get operations off the ground. According to a gaming expert, in Illinois it costs $20m to get a license before even taking a dollar of revenue. Fubo is already extremely late to the party – in New York for example, all the potential online sports betting skins are already filled.

In a recent presentation hosted by BMO, Gandler, seemingly tried to tamp down expectations for Fubo's sports betting ambitions, saying at one point, "No one should think of us as a wagering company, we're not competing with DraftKings." Later, Gandler says, "We're building our free to play strategy right now. Doing all the data mapping. Understanding which games work, and then eventually as we get into the second phase – this is where we're looking for an entry point into wagering in terms of *potentially* becoming a sportsbook." [*emphasis added*] This wishy-washiness was not lost on the BMO analyst who followed-up by point blank asking if Fubo was looking to become a licensed real money gaming operator, to which Gandler did not commit beyond saying it's a clear "option."

Pricing in the discounted *option value* of creating a sports book is fine. At $38, however, the market is pricing in its full-fledged realization.

We believe Fubo will eventually earn higher margin revenues (its hard not to beat zero) from sports betting-related activities, but this will be as a marketing affiliate or lead generation service for a sports book, not an operator. We developed the following analysis based on conversations with 3 gaming industry consultants. As a marketing affiliate, which nearly every major sports-related media company already engages in, Fubo can collect a bounty of $300-$500 for subscribers that open an account with a sports book. Even if we assuming Fubo reaches 2m subscribers (we think it won't) in the next 4-5 year, and assume the percent of US adults living in states where online sports betting (OSB) becomes legal reaches 50%, and 1/5 of those who are eligible are actually inclined to bet (in the UK the ratio is 1/6), and Fubo gets a 15% attachment – what trickles down to Fubo in non-recurring revenue is simply immaterial to a $6.5bn company.

Fubo's Online Sports Betting Opportunity

	2024E
fuboTV Subscribers	2,000,000
% of Population w/ Legalized OSB	50%
OSB Eligible FuboTV Subs	1,000,000
% of Eligible Who Will Place Bet	20%
fuboTV OSB Subscriber TAM	200,000
Attachment Rate	15%
fuboTV Affiliate Revenue per Sub.	$500
fuboTV OSB Revenue ($mm)	$15

Source: Kerrisdale analysis.

VIII. Advertising Goals Face Significant Hurdles

CPMs Will Not Rise

> *There's a massive rise in supply. Maybe that's coming from publishers like Fubo - that narrative that CPMs will rise? In my opinion that doesn't seem correct. Advertisers are already like "Man, this is already so expensive."*
>
> [Response to the sell-side/Fubo's belief that CPMs will 50-75% from low $20s to $30-40]: *That's interesting / kinda crazy to me.*
>
> *Their data isn't any better than anybody else's and because they're a content distributor not a content owner, there's nothing special about the inventory they sell.*
>
> *Its really funny honestly that Fubo is comparing itself to Hulu, almost comical to me.*
>
> *— Sr. Director of Business Development, The Trade Desk (December 22, 2020)*

As the only current source of high margin revenue, Fubo's profitability is tied directly to its ability to sell more advertising at higher rates (CPMs). The Trade Desk is one of the largest demand side platform operators in the world offering agencies, aggregators, and their advertisers best-in-class technology. They are a leading player when it comes to Connected TV (CTV) advertising. On the most recent quarterly call, analysts with the highest price targets on the street referenced Connected TV datapoints provided by The Trade Desk twice. It should concern investors (and the analysts) that a senior director at The Trade Desk, intimately familiar with all vMVPD Connected TV advertising inventory, sees no reason to be optimistic about Fubo's ability to increase advertising rates.

Across the industry average CTV CPMs, which have been *declining* the past two years will be flattish in the coming years in his opinion, as a massive increase in ad inventory matches demand. With nothing to differentiate itself, Fubo does not have any levers pull to meaningfully improve its pricing.

The problem is structural. Fubo is by orders of magnitude too small and it is merely a content aggregator, not a content producer. After moving slowly at first, content broadcasters are now leaning in and selling inventory they own programmatically. DSPs like The Trade Desk increasingly encourage brands and agencies to purchase inventory directly from producers to know precisely what they are getting. These direct deals are typically sold as programmatic guaranteed (PG) deals where a buyer agrees to buy a fixed number of impressions, and the publisher agrees to deliver the exact amount of impressions for a guaranteed price. PG deals can be sold against specific shows.

Hulu's ownership of content, its ability to deliver massive reach, its direct relationships with brands and advertisers all contributes to its ability to sell out of inventory, which in turn allows it to charge a premium. Fubo has no ability to do any of this. Fubo cannot guarantee X number of impressions on Shark week because it doesn't own the content and has relatively few relationships with brands and agencies. Fubo sells its inventory through private market place

(PMP) deals where, as the Trade Desk executive put it, agencies are bidding on “leftover” inventory priced at a discount to PG.

Inventory is Structurally Challenged

Fubo will take the position that they know viewership and can really use its data to target football fans, or political conservatives, or viewers more interested in Toyota vs. Mercedes, with their 2-3m of advertising inventory per hour but there are flaws with that argument:

1. Fubo is no different from every other distributor in the world and Hulu+ Live, DTV, Comcast, and Charter – all reach many millions more homes. A former senior executive at Fox who evaluated the company’s original investment in Fubo stated there was no “special sauce” in Fubo’s targeting ability.
2. Distributor inventory is the least valuable 2 minutes of every hour. Content owners retain the most valuable inventory for themselves and local broadcast affiliates. Fubo will never get ad slots right before the start of a match, it will get spots after the final score.
3. High profile sports are increasingly being streamed on DTC platforms like ESPN+

The combination of inferior inventory, undifferentiated targeting capabilities, Fubo’s positioning as content aggregator rather than a content owner are all deep, structural challenges to lifting advertising rate and volume to the levels needed to hit bullish forecasts of an *8x fold* increase in ad revenue in just three years.

IX. Valuation

Our price target for Fubo is based on the only part of its business that generates any economic value: CTV advertising. Slapping a high multiple on the flywheel that underpins this advertising: a cash-burning, high-churn, profitability challenged subscription business – would be rewarding a bug, not a feature, of the financial model. We assign no value to its online sports betting project.

We believe applying EV / sales multiples based on the trading levels of Roku, Lemonade, DraftKings, and The Trade Desk to the *entirety* of Fubo’s business makes zero sense; none of those are true peers and the revenues generated from their core subscriptions/accounts actually come with positive, expanding gross margins.

We assume Fubo will continue to grow subscribers at a consistent pace, hitting ~1.5m subs by 2025E – a reflection of continued cord-cutting and flat market share given its undifferentiated offering and various competitive disadvantages versus the likes of Google and Hulu. We assume ad ARPUs rise to $11.00 per sub per month, coming up short versus rosy company forecasts due to the inability to meaningfully increase CPMs as per checks with The Trade Desk and others. The result is a business that generates ~$175m in advertising EBITDA in 2025E. Applying a 10x EBITDA multiple and discounting back at 10% (appropriate given the range of potential business and forecasting risks) yields a price target of $10.00, which, coincidentally is the same price Fubo saw as fair value for its stock less than 3 months ago during its equity offering.

X. Conclusion

Fubo’s economic model simply does not work without scale. Fubo could quadruple its subscribers and it still would be a rounding error among the corporate giants it competes against for ad dollars and on whom it is relies on for programming. That vast gulf between where Fubo is today, and the execution and cost required to bring Fubo to that level of scale, is why we believe its strategic partners ultimately decided to walk away last year. It’s also why we believe they will be more than happy to take their gains when their lock-up expires and why soon after that, the company will be quick to sell shares in the market once again.

We believe Fubo’s remarkable journey from unloved vMVPD, forced to do a reverse merger at $600m to stay alive in March, to the plaything of daytraders which pushed valuation at $10bn in December is coming to an end. 4Q12 Fubo app download data suggests seasonal churn and not a new level of interest. Subscriber gains will once again moderate for the industry as the positioning of an over-priced bundle of linear channels loses ground to more attractively priced and compelling DTC bundles. The headfake of 3Q20 was never sustainable, much a $62 stock price.

Appendix I: Channel Line-up is Undifferentiated

One of the more remarkable aspects to recent sell-side coverage is how unquestioningly analysts repeat the faulty idea that the company is differentiated when it comes to sports. Below we lay out the sports content offerings of Fubo versus its peers. There is no meaningful; differentiation to speak of beyond BeIN Sports and its sister channels being in Fubo's base package (available with SlingTV) as well as Univision Deportes, both a function of Fubo's soccer and Spanish language origins. When it comes to mainstream sports, all of the vMVPDs exhibit a high degree of overlap and all are priced similarly around $65/mo. AT&T TV Now's Max plan is priced at $80 because it includes HBO Max, a $14.99 value. SlingTV is priced slightly less as it does not include free-to-air local broadcast channels which it encourages subscribers to use a digital antenna to receive. YouTubeTV includes unlimited DVR and twice the number of streams as Fubo.

vMVPD Sports Channels

fuboTV	Hulu+ Live TV	AT&T TV Now Max	SlingTV Orange and Blue + Sports Extra	YouTube TV
$64.99/mo.	**$64.99/mo.**	**$80.00/mo.**	**$60/mo.**	**$64.99/mo**
ACC Network	ACC Network	ACC Network	ACC Network	ACC Network
BeIN Sports	Big 10 Network	Big Ten Network	BeIN Sports	Big 10 Network
BeIN Sports espanol	CBS Sports Network	CBS Sports Network	Big 10 Network	CBS Sports Network
BeIN Sports La Liga	ESPN	ESPN	ESPN	ESPN
BeIN Sports Xtra	ESPN College Extra	ESPN2	ESPN 2	ESPN 2
Big 10 Network	ESPN U	ESPNews	ESPN 3	ESPN U
CBS Sports Network	ESPN2	ESPN U	ESPN U	ESPNews
ESPN	ESPNews	FS1	ESPNews	FS1
ESPN2	FS1	FS2	FS1	FS2
ESPN3	FS2	Golf Channel	FS2	Golf Channel
FS1	Golf Channel	Longhorn	Golf Channel	MLB Network
FS2	NBCSN	MSG	Longhorn Network	NBA TV
Fubo Sports	Olympic	MSG+	MLB Network	NBCSN
Golf Channel	SEC Network	NBCSN	MLB Strike Zone	NFL Network
MSG	SNY	Olympic	NBA TV	Olympic Channel
MSG+		SEC Network	NBCSN	SEC Network
NBCSN		Tennis	NFL Network	SNY
NFL Network		YES	NHL Network	
Olympic			Olympic	
SNY		HBO Max	Outside TV	
TUDN (Univision Deportes)			PAC 12 Network	
TVG			Redzone	
			SEC Network	
			SEC+	
			Stadium	
			Tennis	

Source: Channel line-up homepages for New York City zip code, Kerrisdale analysis.

Full Legal Disclaimer

As of the publication date of this report, Kerrisdale Capital Management LLC and its affiliates (collectively "Kerrisdale") have a short position in the stock of fuboTV Inc. ("Fubo"). In addition, others that contributed research to this report and others that we have shared our research with (collectively with Kerrisdale, the "Authors") likewise may have a short position in the stock of Fubo. The Authors stand to realize gains in the event that the price of the stock decreases. Following publication of the report, the Authors may transact in the securities of the company covered herein. All content in this report represent the opinions of Kerrisdale. The Authors have obtained all information herein from sources they believe to be accurate and reliable. However, such information is presented "as is," without warranty of any kind – whether express or implied. The Authors make no representation, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results obtained from its use. All expressions of opinion are subject to change without notice, and the Authors do not undertake to update or supplement this report or any information contained herein. This report is not a recommendation to short the shares of any company, including Fubo, and is only a discussion of why Kerrisdale is Fubo.

This document is for informational purposes only and it is not intended as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. The information included in this document is based upon selected public market data and reflects prevailing conditions and the Authors' views as of this date, all of which are accordingly subject to change. The Authors' opinions and estimates constitute a best efforts judgment and should be regarded as indicative, preliminary and for illustrative purposes only.

Any investment involves substantial risks, including, but not limited to, pricing volatility, inadequate liquidity, and the potential complete loss of principal. This report's estimated fundamental value only represents a best efforts estimate of the potential fundamental valuation of a specific security, and is not expressed as, or implied as, assessments of the quality of a security, a summary of past performance, or an actionable investment strategy for an investor.

This document does not in any way constitute an offer or solicitation of an offer to buy or sell any investment, security, or commodity discussed herein or of any of the affiliates of the Authors. Also, this document does not in any way constitute an offer or solicitation of an offer to buy or sell any security in any jurisdiction in which such an offer would be unlawful under the securities laws of such jurisdiction. To the best of the Authors' abilities and beliefs, all information contained herein is accurate and reliable. The Authors reserve the rights for their affiliates, officers, and employees to hold cash or derivative positions in any company discussed in this document at any time. As of the original publication date of this document, investors should assume that the Authors are short shares of Fubo stand to potentially realize gains in the event that the market valuation of the company's common equity is lower than prior to the original publication date. These affiliates, officers, and individuals shall have no obligation to inform any investor or viewer of this report about their historical, current, and future trading activities. In addition, the Authors may benefit from any change in the valuation of any other companies, securities, or commodities discussed in this document. Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of the Authors' operations and their affiliates. The compensation structure for the Authors' analysts is generally a derivative of their effectiveness in generating and communicating new investment ideas and the performance of recommended strategies for the Authors. This could represent a potential conflict of interest in the statements and opinions in the Authors' documents.

The information contained in this document may include, or incorporate by reference, forward-looking statements, which would include any statements that are not statements of historical fact. Any or all of the Authors' forward-looking assumptions, expectations, projections, intentions or beliefs about future events may turn out to be wrong. These forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors, most of which are beyond the Authors' control. Investors should conduct independent due diligence, with assistance from professional financial, legal and tax experts, on all securities, companies, and commodities discussed in this document and develop a stand-alone judgment of the relevant markets prior to making any investment decision.