

Bubble Gum Interactive Update Apr 2012

Product Development

Highlights

1. In less than one month free player registrations have more than doubled to over 100,000 accounts; with 55,000 new free player accounts in March
2. On weekends we see a new player signing up every twenty seconds
3. March Sales are also up by 280% compared to February, with strong retention since we started to see early sales during our open beta in late November 2011.
4. [Matchmove](#) affiliate deal has been signed, marking the beginning of a distribution relationship with Yahoo Games and Matchmove's other partners with an estimated target demo reach in excess of 66 million
5. Girlpower, Mania and Hedzup magazines with Little Space Heroes features are in store, with a 9/10 review from Mania!
6. Parents' Choice Seal awarded to Little Space Heroes for excellence

Market traction and growth

- More than doubled free player base in March to reach > 100,000 registrations
- Conversions to premium members are ramping up – March sales were 280% above February sales a very positive early indicator as the community vibe builds and kids spend more time seeing the velvet rope in action in game .
- Free play and Sales retention is good and we are tracking well towards expected ARPU of \$56 based on an average 9-11 month tenure. Churn is low and insignificant at this stage.
- We have launched multi-currency billing, allowing parents to securely and conveniently purchase Little Space Heroes in eleven currencies.
- On the back of the credit card billing, localisation into 13 languages is reaching completion, with the aim being to extend reach to parents and caregivers navigating sales and purchase pages beyond any other direct competitor including Club Penguin (Italian, French, Dutch, German, Spanish, Portuguese, Dutch, Polish Arabic, Japanese, Mandarin, Indonesian, Vietnamese).
- New 'velvet rope' features have been introduced to encourage conversion to premium membership. These include additional elements for personalisation of hero, house, pets and also new members only locations such as the Party Rocker Starship that blasts off this month.
- We continue to receive great recognition from teachers and educators. The NSW Department of Education recently included Little Space Heroes as an activity in classrooms for teaching kids about games based learning. See article here: [Australian Students Beta Test Little Space heroes](#)
- We have been hosting VIP parties in game using 'celebrity kids' who have massive fan followings in the virtual worlds community. These parties drive thousands of players to the game and create a very strong buzz and lots of viral effect.

Business Development and Distribution

- The Company is preparing to launch Little Space Heroes across Yahoo! Asia via our partnership with [Matchmove Games](#), a global aggregator of games content that is delivered via leading media and entertainment portals in Asia, the Middle East and increasingly in North America With a reach of over 170 million and 66 million in our demographic as well as additional payment options including game cards, pay-to-mobile and paypal, this deal will greatly enhance distribution and ability to convert to paid members.
- The Bubble Gum business development team are also in negotiations with ABS-CBN, the Philippines' largest media company. The deal will begin with Game Card distribution and sales (expect to sign this week) and then be expanded to include books and magazines and later toys and other merchandise. To drive sales ABS-CBN have agreed to promote Little Space Heroes on free to air TV, cable, online, and through their magazines, retail partners and other channels.
- Discussions progressing with Nickelodeon for a North American online affiliate deal, Nick seeking COPPA compliant well targeted partners to monetise through their highly trafficked online portal www.addictinggames.com (20 million highly targeted U/B's per month) since opening a Virtual World channel in December.
- Discussions progressing with other media entities in EMEA including Turner/Cartoon Network.

Marketing and PR

- Little Space Heroes has been [awarded a Parent's Choice Approved Seal](#) – this is yet another leading independent endorsement of the game. Expect a lot more awards and recognitions to come in 2012!
- Little Space Heroes has also secured the [KidSAFE+ Seal of approval](#) – an invaluable privacy and COPPA compliant seal of approval from a leading kids safety organisation. This seal covers global markets and rounds off our already excellent reputation with parenting and safety bodies and groups. This will be announced publically via press release soon.
- We continue to secure great reviews (averaging 9/10) and coverage and recommend you view our [Kudos page](#) to see what everyone's saying about Little Space Heroes.

Brand Licensing Development

- Leigh Harrison attended the Australian Toy and Hobby Fair 2012 two weeks ago in Melbourne. There was strong interest and we are now in discussions with potential partners to investigate first opportunities in plush, figurines, books and magazines.

Round 2 Capital Raise

- Bubble Gum is currently raising a new round of investment totaling \$1 million at a pre-money valuation of \$9 million (the Sydney Angel Sidecar Fund invested at a pre-money valuation of \$3 million). Bubble Gum expects to finish the round by the end of April so key management can focus on driving current momentum to catalyst point and breakeven. Screen Australia and IMF Round 2 grant applications are also in their final phases of review, with the Company confident on the prospects of success.