

## Bubble Gum Interactive Update May 2012

### Highlights

- We passed 200,000 registrations in early May and are accelerating acquisition as additional advertising networks drive more traffic to our site.
- Last weekend we had an average of one new player sign up every twelve seconds
- Our Member-get-member campaign is currently delivering approximately 60 new registrations per day and this is growing in line with overall free-base
- Sales are ramping up particularly in the UK and USA
- Phase I of the Matchmove affiliate deal integration is scheduled for go live end of month with the deal expecting to drive a projected 500,000 free play registrations per month once it has been deployed in major markets
- We are upgrading our server capability so that we can handle this ongoing rapid growth path
- The official Little Space Heroes Fan site launched, giving the Community team another powerful communication channel, and it's already a big hit with our growing fan base

### Market traction and growth

- Growth is accelerating thanks to focused advertising, increasing viral effects and publicity driven by fan blogs and game reviews
- Conversions to premium members are ramping up with 25% of sales being 6 monthly and annual memberships showing good acceptance of the value proposition by parents
- 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. In June a major update release will add the Party Rocker Starship, exclusive members only rooms and locations and new clothing catalogues for players. We are also finalising the production of the Ocean Planet expansion as a members only release for August.
- We are migrating to the industry's most advanced server architecture to ensure we can accommodate our rapid growth and peak periods that already see several thousand unique visitors per minute to our site and game

### Business Development and Distribution

- The Company is finalising integration of Little Space Heroes across Yahoo! 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 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 other media entities including Nickelodeon in the US
- We continue research into mobile device and tablets and are scoping project to ensure device-agnostic capability.
- Recruiting new talent with job ads out in market and receiving kudos as Australia's fastest growing games studio – see MMGN article

### **Marketing and PR**

- Little Space Heroes has been selected as honoree in two Webby Awards 2012 categories – games and youth
- Paul was a guest speaker on a panel at TechConnect2012 held in April at UTS.
- Paul is a guest speaker at Vivid Sydney's Gaming Showcase at the Museum of Contemporary Art on May 28th. This is a free event and tickets are available so we invite you to attend if you are free.
- Phil and Paul are speaking at GameTech in June
- 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 games-based learning activities in primary schools. Discover more at their site.

### **Brand Licensing Development**

- Cartoon production progressing – these short-form animations are being built with intention to use as a brand-building tool initially but also serve as basis for future discussions around long-form cartoon development
- Leigh is in Melbourne this week to continue discussions with licencing organisations to scope plan for the Little Space Heroes official merchandise program to launch later in 2012

### **Round 2 Capital Raise**

- The company has raised \$1.5 million (at a pre-money valuation of \$9 million) from existing round 1 investors and new investors. Key new investors are from Australia, Europe, Asia and North America with several very high profile experienced investors in the games and mobile space. A press release will be issued in due course.