

Second Round Investment (August 2012) - Bubble Gum Interactive (BGI)

- The Sydney Angels Sidecar Fund recently invested \$300K in Bubble Gum Interactive's second round capital raise at a pre-money valuation of \$9 million. The Fund originally invested \$200K in BGI's first round capital raise at a pre-money valuation of \$3 million.

From BGI's Press Release

- The funds will be used to scale operations including bringing on board new key talent, cementing global distribution programs and expanding marketing as the business races towards its next milestones. A percentage will also be used to help accelerate development of new products and services including Little Space Heroes games for mobile devices, animated cartoons and global licensing program development.
- Phil Mason, CEO said "Little Space Heroes is experiencing incredible growth with tens of thousands of kids playing every day from over 80 countries. Closing our second round so quickly was a dream run, with plenty of capital to invest in rapidly establishing Little Space Heroes as the number 1 virtual universe for kids and families. In addition to the capital, we're very pleased to have brought on board investors with significant experience in gaming, entertainment and technology sectors."
- The new round saw key investors from Bubble Gum's previous raise continuing their investments, with new money from a mix of angel and VC's from Australia, Asia, Europe and the USA including Sydney Angels Sidecar Fund, Melbourne based Starfish Ventures and Tokyo based IT-Farm Corporation. Sizhao Yang, co-creator of Farmville and respected Silicon Valley investor Bill Tai also invested in Bubble Gum's adventures.
- Bill Tai said, "Very excited to add fuel to the rocket that is Little Space Heroes. This is a team that has done it before, and I've been very impressed with their product execution and user traction. Their organic user growth has been phenomenal and this financing should help Bubble Gum step on the accelerator."
- Nick Peace, Investment Director at Starfish Ventures said, "We recognised the great opportunity at Bubble Gum for the kids games space. We were very impressed at their technological innovation around security and safety, so we're not surprised they're the most highly accredited game on offer for kids."

Business Update (August 2012) - Bubble Gum Interactive (BGI)



Highlights

1. Little Space Heroes has passed 500,000 registrations and expect to reach in excess of 700,000 players by end August
2. Sales conversion is starting to increase in Australia, US and UK markets
3. Nickelodeon Addicting Games distribution is now live and driving North American traffic
4. Little Space Heroes was awarded 2012 Mom's Choice Silver Medal for excellence
5. Exciting new affiliate deal discussions are underway with Mini-clip and Terra
6. Virtual world engines have undergone a successful round of optimisation to increase accessibility and player experience, and also in readiness for porting to tablets later this year
7. Cartoon trailer production is now in full swing in preparation for MIPJunior in October

Market traction and growth

- Rapid growth in June and July saw us pass the 500,000 registered users milestone with organic growth contributing over 30% of our monthly acquisition totals
- Affiliate and direct marketing activity is projected to add 100,000+ additional Tier 1 users per month
- Premium member penetration of base is currently >3% of Tier 1 countries and growing (USA, UK, Canada, Australia, NZ, Western Europe) and growing as freebase grows towards catalyst point
- ARPU for Tier 1 subscribers currently stands at \$36 based on 6 months of premium memberships being available since launching in January 2012
- BGI expect to see a sales bump with up and coming premium member centric parties including the 'Super Heroes' party to take place later this month (during peak Northern Hemisphere summer play periods)
- Sales in Tier 2 markets are also expected to grow with internationalisation complete and additional payment methods from Matchmove

Business Development and Distribution

- Our Nickelodeon [Addicting Games](#) distribution agreement is now live and driving North American traffic
- We are currently in negotiations with Mini-clip with hopes of a major affiliate deal for September
- Negotiations are also underway with Terra in South America, and looking super positive pending further discussions this week
- The potential new affiliate deals with Mini-clip and Terra will mean substantial marketing uplift in North American, UK and South American markets
- The company is also in the final stages of the long-awaited Turner deal for EMEA, with a contract expected in the next fortnight.

Marketing and PR

- Little Space Heroes won the [Mom's Choice Silver Medal](#) – a great honor in a very prestigious and competitive US based competition.
- Little Space Heroes has been named a winner in the [Parent Tested, Parent Approved Awards](#) – another prestigious parenting competition. This will be publically announced next week by the PTPA
- Wired Magazine ran an [article and online video praising Little Space Heroes](#) – in particular our differentiators of story, safety and positive gameplay.

- Paul gave a presentation at Google Australia's Startup Do event which [can now be viewed online](#)
- Bubble Gum Interactive and Little Space Heroes will be featured on the [Channel One TV show "Save Point"](#) broadcasting and online in early September.
- Paul has been named a finalist on the Shoestring Startups Young & Influential List! We are not sure if he wins anything, but all votes are appreciated ;) You can vote for him here: <http://www.shoestring.com.au/young-and-influential-list-2012/>

Brand Licensing Development

- Licensing interest in the property/ brand has been growing, with Leigh meeting Wild Pumpkin last week who manage Rovio (Angry Birds) and Skylanders business in Australasia
- The promotional trailer for MIPJunior in Cannes in October is in full production and looking awesome, please enjoy the attached key shots
- Kidscreen Magazine [ran a short article about the company's cartoon plans](#), which has been great press leading up to Cannes

Mobile game development continues with some exciting releases to be announced in the coming months.