



Stakeholder

Quarterly Communication for SplashPlay, Inc.

ISSUE 1 JULY 2013

From the Top...

Welcome to the inaugural edition of SplashPlay's **Stakeholder** newsletter, the primary tool for providing our SplashPlay shareholders, stakeholders and strategic partners an up-to-date view of the Company's progress, challenges, and accomplishments. Our goal is to deliver **Stakeholder** on a regular basis based on achievement of material milestones.

As a stakeholder, we recognize that SplashPlay is your company and as such, you deserve timely and relevant information. Just as important is the need to ensure that you are adequately informed in order to contribute to the company's success by acting as effective ambassadors for our unique and "game changing" mobile location-based marketing and advertising solution.

By design, **Stakeholder** will be comprised of the following seven sections:

- **From the Top:** Perspective on market and industry forces
- **Business Development/News:** Marketing and Distribution Progress
- **Product Features:** Understanding the uniqueness of SplashPlay's services
- **The Industry:** Issues that Positively and Negatively Impact SplashPlay
- **Financial Snapshot:** Financial Snapshot and Progress
- **Company Spotlight:** Key personnel profiles
- **FAQ:** Frequently asked Questions

Call to Action....

As stakeholders in SplashPlay, your help is greatly appreciated. If you have relationships with potential partners, investors, restaurants or advertisers please feel free to introduce them to SplashPlay by sending an email to tbanks@splashplay.com

SplashPlay is your company. As such, the content of **Stakeholder** is as much up to you as it is to us. If you have questions or suggestions you believe relevant to all SplashPlay stakeholders, please feel free to email them to tbanks@splashplay.com or sdafnis@splashplay.com and they will be addressed in subsequent issues of SplashPlay **Stakeholder**.

Thank you for joining us in what we believe is more than a business, it is an opportunity to produce genuine and effective reform in the mobile arena that is measurable and more importantly, sustainable.

Sincerely,

Thomas Banks, Quiz Master

Steve Dafnis, Quiz Master

In this issue

From the Top	P.1
Product Features	P.2
Business Development	P.2
SplashPlay Game	P.3
SplashPlay Revenue	P.3
Company Spotlight	P.4
Financial Snapshot	P.5
The Industry	P.5
FAQ	P.6
Breaking News	P.6
Contact Information	P.6



Product Features

New Glass Design

In our ongoing effort to provide the most innovative and interesting product available, our graphic designers are continually exploring new and exciting glassware designs.

Illustrated here is our latest generation of the SplashPlay glass. The design objective was to minimize SplashPlay's corporate identity in order to not overshadow either the glassware sponsor's or the restaurant's brand.

Local Advertisers

The glass illustrated here incorporates local advertisers which are engaged by our national team of community-based Media Consultants.

Each of the three local advertisers enjoy two lines of text on the glass the first being the advertiser's name followed by a line of text that can contain the

advertiser's message or contact information.

Game Initiation

The SplashPlay gaming interface is easily initiated either by snapping a picture of the prominently displayed QR Code by any of the hundreds of free QR Code readers available for download or by simply texting the keyword (in this case SPLASH) to SplashPlay's short code (76274). Unlike mobile applications that must be pre-loaded onto an individual's mobile device, SplashPlay's game automatically loads into the mobile device's web browser. In doing so, game play can be initiated on demand right in the restaurant or bar.

Play the Game

SplashPlay is live and being enjoyed by thousands across the world. If you want



to experience SplashPlay first hand, just snap a picture of the QR Code with your phone's QR Code Reader or by simply texting the word SPLASH to 72674.

Business Development...getting to market

SplashPlay incorporates a multipronged approach to business development including: **National advertisers**, **local advertisers** and **strategic partners**.

National Advertisers

SplashPlay's primary objective is to develop relationships with national advertisers desiring their brands to be prominently displayed to our restaurants' patrons. Currently, SplashPlay is in discussion with numerous national brands evaluating SplashPlay as an integral component to their national brand initiatives.

Local Advertisers

In order to reach "local" advertisers, SplashPlay created a unique and effective network of independent community-based sales representatives — **Media**

Consultants. The objective of each SplashPlay Media Consultant is to bring SplashPlay to restaurants in their community and in turn secure local advertisers to sponsor the glassware. In doing so, SplashPlay demonstrated that restaurants and local businesses recognize and appreciate our unique value proposition.

Strategic Partners

Fundamental to SplashPlay's deployment strategy is the creation of relationships with strategic business partners sharing common social engagement objectives. The first such relationship was tested in March with the reality television web site **Reality Steve** (www.realitysteve.com). Reality Steve is one of the nation's most frequented reality television blogs spotlighting shows like "The Bachelor",

"The Real Housewives of Orange County" and many more.

Reality Steve has approximately 330,000 unique visitors monthly averaging 11,000 visits per day. On the first day of the Reality Steve / SplashPlay test 5,204 visitors in 54 countries played SplashPlay each averaging 8.5 minutes per session totaling 737 hours of game play and answered over 120,000 trivia questions and viewed over 700,000 banner advertisements.

Each of SplashPlay's Business Development initiatives is structured to maximize each party's desire for greater reach in social media while enjoying the added potential of increased revenue.



SplashPlay Game

The Game

Basically, SplashPlay's gaming metaphor is simply a multiple choice trivia question and answer game. Trivia games are either created by SplashPlay or any individual or organization that desires to publish their own game.

As illustrated in the Game Home Page image to the right, SplashPlay trivia games are grouped under numerous topic buttons including celebrities, sports, music, etc. As a unique feature, primary glassware sponsors (e.g. national brands) or restaurants enjoy their own personal topic button on the game's home page (e.g. as illustrated by Disney Interactive).

Once a game category is selected, the player is presented with an unlimited list of games (Game List Page) to choose from.

Play the Game

Once a game is selected, the player is presented a Question, associated image, and up to four answer options. Each answered question rewards the player with timed points based upon how quickly a correct answer is entered (15 points counting down

to 1 point). The good news is even a wrong answer assures the player will earn at least one point (to be discussed in the next issue of SplashPlay Stakeholder).

Game Initiation

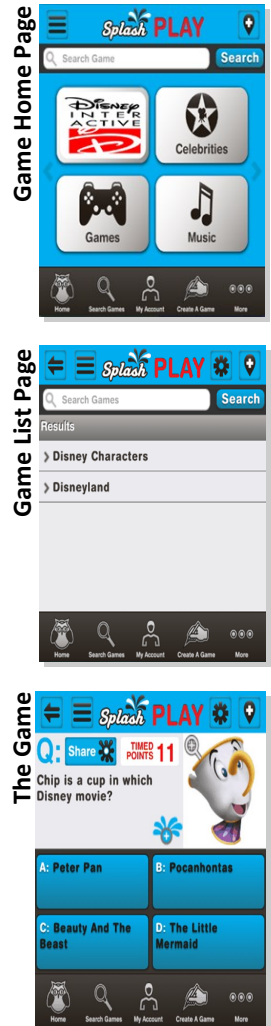
Games can be started in three ways:

QR Code: When in a restaurant, a patron can simply take a picture of the SplashPlay QR Code and the game automatically begins.

Texting: If a patron doesn't have a QR Code reader on their phone, they can start SplashPlay by texting a keyword on the glass (e.g. SPLASH) to SplashPlay's short code (76274) and the patron receives a text message with a link to start the game.

Browser: Anyone can play SplashPlay by simply visiting www.splashplay.com from their phone, tablet or desktop.

Next Topic: **SplashPlay Rewards**



SplashPlay and Revenue

SplashPlay incorporates an elegantly simple revenue model that can be easily explained by exploring projected revenue from a single restaurant. Let's walk through a simple "Single Restaurant" analysis.

Step 1: The Assumptions

For the sake of this analysis, let's assume the following:

- ◆ **Restaurant Patrons:** 10,000 patrons monthly.
- ◆ **Patron Engagement:** 3% of the patrons elect to play SplashPlay (300 patrons).
- ◆ **Trivia Question/Answer Pair:** Each Player answers 10 SplashPlay trivia Question/Answer pairs (Q&A Pairs).
- ◆ **Social Media Benefit:** Let's assume 25% of the 3% (75 patrons) share SplashPlay with their social media friends (e.g. Facebook, Twitter, Google+, etc.) of which 10 friends each answer 10 SplashPlay trivia Q&A Pairs.
- ◆ **Advertising Revenue:** SplashPlay Revenue is derived from displaying 6 advertisements for each SplashPlay Trivia Q&A Pair: 2 ads for each question, 2 ads for each answer and 2 ads for the results.

Step 2: Restaurant Results

Based on the assumptions, we get the following results:

Total Restaurant Players: 300

◆ $10,000 \text{ Patrons} \times 3\% = 300 \text{ Restaurant Players}$

Social Media Players: 750

◆ $300 \text{ Players} \times 25\% \times 10 = 750 \text{ Social Media Players}$

Total Players: 1,050

◆ $300 \text{ Restaurant} + 750 \text{ Social Media} = 1,050 \text{ players}$

Questions Played: 10,500

◆ $1,050 \text{ Players} \times 10 \text{ Q\&A Pairs} = 10,500$

Displayed Advertisements: 63,000

◆ $10,500 \times 6 \text{ Ads} = 63,000$

Monthly Advertising Revenue: \$126

◆ $63,000 \times \$0.002 \text{ per Ad} = \126

Annual Revenue / Restaurant: \$1,512

◆ $\$126 \times 12 \text{ months} = \$1,512$

**Estimated SplashPlay
Revenue per Restaurant
\$1,512 per Year**

Step 3: Multiple Restaurant Revenue

Clearly SplashPlay's objective is to establish more than a single restaurant. As such, let's take a look at the impact on revenue assuming SplashPlay establishes 5,000, 10,000 or 20,000 restaurants.

	5,000	10,000	20,000
Revenue	\$7.5 M	\$15.1 M	\$30.2 M

SplashPlay's revenue potential is linked directly with its unique "social" aspect of the company's social gaming platform.

As defined by SplashPlay, social gaming is the capacity to engage friends and family in SplashPlay gaming via the players' social media based community. This is important for the average Facebook user has 229 friends (Pew Foundation). As such, the assumption a player shares SplashPlay with 10 friends (4%) via social media is an extremely conservative estimate of social media's potential.



Company Spotlight

Media Consultant: Heather Weeks

Individual Media Consultants are SplashPlay's conduit to America's small businesses. Through their local efforts, SplashPlay is able to effectively and affordably reach local restaurants and businesses providing each the enormous benefits of SplashPlay. One such Media Consultant is Ms. Heather Weeks of Corona California.

Having recently relocated from North Carolina in mid-July 2013, Ms. Weeks became our newest Media Consultant focusing her attention on California's in-land empire. During her first week after receiving SplashPlay's orientation training, Ms. Weeks secured establishment agreements with four restaurants and consummated seven advertising contracts. According to Ms. Weeks, "SplashPlay is the easiest product to sell. For restaurants, SplashPlay is *free* and for businesses, it is the most affordable advertising alternative available."

Like so many Americans, Ms. Weeks found herself caught up in trying economic times where finding gainful employment seemed an insurmountable challenge.

By accident Ms. Weeks came across SplashPlay's Craig's List advertisement and decided to learn more. A week later Heather was trained and struck out on a new and exciting adventure.

Not only has Heather successfully closed her first restaurants and advertisers, she received her commission check the following week. According to Ms. Weeks, "If I had found a regular job, it would have been at least two weeks to receive my first paycheck. With SplashPlay, my performance was rewarded immediately. Which I so desperately needed and appreciated."

Heather represents just one of a growing team of Media Consultants that are being engaged coast-to-coast each being a stakeholder in the future and success of our venture.



Glassware Advertising



Local Advertiser Cost

\$495 to \$1,995

Per Restaurant

For 6 Months

(\$83 to \$333 / Mo)

Media Consultant Income Potential

3 Ads per Glass

Revenue per Restaurant

\$1,495 to \$5,985

Media Consultant Commission

\$598 to \$2,394

Per Restaurant

\$1,196 to \$4,788 Annually

Financial Snapshot

Over the past eighteen months, SplashPlay's focus has been product and capital development. Toward this end, we are pleased to announce that we completed our initial \$500,000 Seed Round and are now in the middle of our \$500,000 Bridge Round. The purpose of the Bridge Round is to secure adequate funding to subsidize the company until completion of its C Round for \$5,000,000 which Management anticipates closing before year-end. The following table illustrates Management's plan for the use of proceeds from the C Round. Of the anticipated capital from the financing, 44% is earmarked for subsidizing 10,000 restaurants worth of glassware (approximately 2.4 million glasses) with 34% retained as Working Capital Reserve.

	Proceeds from C Round	\$5,000,000	100%
Glassware for 10,000 Restaurants	\$2,200,000		44.0%
Financing Expenses	\$100,000		2.0%
Legal	\$30,000		0.6%
6-Month Staffing Budget	\$270,000		5.4%
Long-Term Debt Service	\$140,000		2.8%
Short-Term Debt Service	\$500,000		10.0%
Corporate Offices	\$35,000		0.7%
Software Development	\$25,000		0.5%
Working Capital Reserve	\$1,700,000		34.0%

The Industry

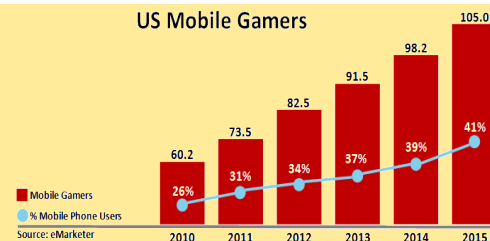
Growth of Mobile

"The latest research shows that merchants running mobile advertising campaigns see 10 percent of their digital purchases are coming from mobile devices", Mojiva

"In 2015, shoppers worldwide are projected to spend \$163 billion via mobile phones", ABI Research

"Mass outreach to local businesses to tap the potential of local mobile advertising that offers scale — *that is the Holy Grail* — and we don't know any company that is doing it really well...", Emerging Platforms, Google

US Mobile Gamers



Clearly, industry observers believe mobile advertising is poised to play an increased role in driving consumers to merchants and vendors, particularly in their local community. In light of this exciting trend, advertisers are committing in record numbers to reaching the mobile audience.

Mobile commerce boom

In the United States, mobile marketing rose from \$396 million in 2008 to \$1.2 billion in 2009 representing a threefold increase in only one year, fortifying the belief that consumers are receptive to mobile marketing messages.

According to ABI Research, by 2015 shoppers around the world are expected to spend upwards of \$119 billion on goods and services offered via mobile phones — representing 8 percent of the total ecommerce market. The mobile market is quickly approaching critical mass. More interesting, illustrated by the graph at the top of the page, 105 Million people are expected to be Mobile Gamers with 41% doing so on their smartphones.

Growth Predictions

Analysts and industry leaders seem unabashed about their enthusiasm for the future of mobile advertising. Mobile advertising revenues grew from \$8.4 Billion in 2012 and are projected to hit \$13.6 Billion in 2013 and are projected to continue to \$20.3 Billion in 2014 and continue aggressive growth to \$36.9 Billion in 2015.

The good news is the majority of advertisers consider 'reach', which is historically a weak

characteristic of conventional mobile thinking, to be their number one criteria.

From SplashPlay's perspective, the *great news* is that reach is the strong point of the SplashPlay business model. By definition, reach is simply the number of individuals in the audience of a broadcast that is "reached" by a specific campaign or message. Since conventional wisdom governing mobile advertising is to ask an individual to text a keyword published in an ad to a phone number, it is easy to see that a small percentage will perform the task and receive the mobile message. SplashPlay, however, reaches "every" individual in a bar or restaurant via its branded glassware and then engages a portion of the establishment's patrons in SplashPlay's mobile trivia game, independent of their basic interest in the ultimate advertising message. The benefit to the advertiser is that he or she only pays to be a sponsor on the glassware and in-game mobile advertisements are delivered free of charge providing the only integrated out-of-home-print and digital advertising program available.

Conclusion

The population of mobile users is expected to grow dramatically in the near future. This huge potential market and its steady growth is clearly the fuel underlying Google's continuing desire to rule the mobile ad space and its commitment to rely heavily on its potential to drive Google's future growth, as illustrated by the following quote:

"The mobile Web is the recreation of the Internet, it's the recreation of the PC story and it is before us — and it very likely will happen in the next year.", Eric Schmidt, CEO Google

Mobile advertising has proven to be an effective tactic for influencing purchasing decisions and drive commerce. It is clear retailers and marketers are actively embracing the mobile channel for one simple reason, it drives sales. Rest assured, local businesses and merchants are growing increasingly aware of the benefit of reaching a mobile audience that is in possession of their phones 24/7. The fact is clear, mobile commerce is just starting to come into its own and early adopters, like Google and SplashPlay, will be the beneficiaries of an unprecedented windfall.

SplashPlay is uniquely positioned to exploit the Mobile Opportunity

Mobile Trends



Contacts

Thomas Banks, Quiz Master
tbanks@splashplay.com

Steve Dafnis, Quiz Master
sdafnis@splashplay.com



Office

SplashPlay, Inc.
27525 Puerta Real, Suite 100-114
Mission Viejo, CA 92691
877.286.9003 voice
www.splashplay.com



Frequently Asked Questions

What do restaurants pay for SplashPlay?

Participating restaurants not only receive glassware free of charge, they also enjoy a number of marketing and promotional programs as part of SplashPlay's free program.

How many glasses do restaurants receive?

Restaurants are divided into five categories (A through F) based on monthly patronage, illustrated in the table below. Every six months SplashPlay glassware is replaced for participating restaurants.

	Level A		Level B		Level C		Level D		Level E		Level F	
Monthly Patrons	1,000	4,999	5,000	6,999	7,000	9,999	10,000	14,999	15,000	24,999	25,000	35,000
SplashPlay Glassware	96		168		240		312		408		552	

Where is glassware manufactured?

SplashPlay exclusively uses American made glassware of the highest quality from either Libbey or Anchor Hocking.

Does SplashPlay have to be pre-loaded on a person's phone?

SplashPlay games are created in HTML5 in order for them to be platform independent. In doing so, SplashPlay can be enjoyed on any smartphone, tablet pc or desktop computer.

What type of restaurants are candidates for SplashPlay?

SplashPlay is most compatible with casual dining restaurants that are waiter/waitress served. Also, SplashPlay is uniquely suited for sports themed establishments as well as family restaurants.



Breaking News



May 2, 2013, Mission Viejo: After considerable planning and discussion with our business advisors, SplashPlay finalized its reincorporation from California into Nevada. Management believes that this decision provides considerable real-time tax benefits as well as potentially minimizing state corporate tax exposure in the event of a substantial financial transaction such as an asset sale.

Administratively, it is worth noting that all contracts and financing agreements have been assigned to and assumed by the Nevada corporation. Additionally, over the coming months SplashPlay, Inc. stock certificates previously issued by the California corporation will be replaced with certificates issued by the new Nevada corporation.

SplashPlay, Inc.