



## ASX Release

21 December 2016

### **migme simplifies operations and reduces costs with view of being able to deliver cashflow positive operations in 2017**

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- As planned, integrated and rationalised acquisitions with the aim of achieving cash flow positive operations in 2017
  - Focused on integrating Hipwee with migme and completing the integration of AliveNotDead
  - Focus and simplicity over the quarter is yielding success
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Global digital media company **migme Limited** (“migme” or the “Company”) announced today that as planned, it has integrated many elements of its business and in the current capital environment, taken a harder approach to costs and integration. As such and subject to the Company finalising the previously announced \$6M convertible note financing within the next 90 days, the group will be discarding some web and mobile properties and focusing on the core elements of the platform with a view of being able to deliver a company that should be able to operate on a cashflow positive basis in 2017.

“We have completed a review of operations and, noting the changing capital environment, elected to take deeper cuts and rationalise business operations further. This represents a nearly 50 percent reduction in monthly operating costs over the past nine months,” Steven Goh, CEO of migme said. “We are mindful of a gap between how a company such as migme may be valued in international markets and, as such, are evaluating options to close that gap and reward our shareholders.”

#### **Focusing the business**

migme is focused on integrating Hipwee with migme and completing the integration of AliveNotDead into its platform. Applications such as Minime and Lovebytes and a number of micro sites will be excluded from the business in the future. The acquisition of Shopdeca has enabled the Company to establish ecommerce operations in Indonesia and build affiliate relationships with companies such as Lazada.

Focus and simplicity over the quarter is already yielding success, with more artists and content creators using migme on a regular basis and driving mutually beneficial returns. There has also been more consistent take-up of games through the Company’s flagship android client.

As a result of these measures, the monthly active users (“MAU”) for the Company is likely to finish at more than 31M at the end of the quarter. This decline from previous quarters is due to historical MAUs including over 10M MAUs from applications and microsites that it will be excluding from the business. The Company believes these users are unlikely to be profitable in the medium term. However, as an indicator of underlying growth, the comparable reach of the assets now reported by the Company has grown over the quarter from 24M to more than 31M.

#### **Lowering the bar to get to cashflow positive**

As part of the Company’s goal to achieve a cashflow positive position in 2017, it has implemented a cost reduction program. The cost reduction program will remove a further A\$300,000 of costs per month by March 2017 to the business, without material loss of business functionality.



Through this program, migme has closed its Singapore office, as it now has strong operations in Malaysia and Taiwan, and in-market capabilities in each of its focus markets of Indonesia, India and the Philippines.

Steven Goh, CEO of migme, has also taken a voluntary pay cut of 50% until the business improves.

As a result of all these measures, the operating cost profile of the Company will move to below \$1.1M per month, down by nearly 50 percent since March 2016. The top 40 artists and content creators are now consistently generating several hundred dollars per month and growing. In terms of games, initial data indicates that three to six percent of weekly active users on the Android client are playing games and the Company believes it is possible to increase this to 10 percent.

The Company is of the view that, subject to completion of the previously announced \$6M convertible note financing within the next 90 days it would be possible to achieve a cashflow positive position by securing as little as a few thousand active artists on the platform each creating several hundred dollars of value and up to 100k paying users on Android playing games. In the event that the convertible note financing is not finalised, then alternate financing/corporate considerations will need to be put in place.

Should you have any questions, please do not hesitate to email [investor@mig.me](mailto:investor@mig.me) or email Steven Goh at [steven.g@mig.me](mailto:steven.g@mig.me).

### Investor Conference Call – Thursday 22 December 2016 at 11:00am AEDT

migme invites investors to join a conference call hosted by CEO Steven Goh on Thursday 22 December 2016 at 11:00am AEDT to update investors and discuss this announcement in more detail.

To access the call please use the dial in details below:

Country	Number	Country	Number
Australia Toll Free:	1800 908 299	Australia Alt. Toll Free:	1800 455 963
Australia Local:	+61 2 9007 8048	Australia Alt. Local:	+61 7 3145 4005
New Zealand Toll Free:	0800 452 795	Ireland Toll Free:	1800 948 607
Auckland Local:	+64 9 929 3905	Japan Toll Free:	0066 3386 8000
Canada/USA Toll Free:	1855 624 0077	Malaysia Toll Free:	1800 816 441
China Toll Free:	1080 0140 1776	Singapore Toll Free:	800 101 2702
France Toll Free:	0800 913 734	South Africa Toll Free:	0800 984 013
Germany Toll Free:	0800 183 0918	Switzerland Toll Free:	0800 802 498
Hong Kong Toll Free:	800 968 273	Taiwan Toll Free:	0080 112 7377
India Toll Free:	000 800 100 8070	UAE Toll Free:	8000 3570 2706
Indonesia Toll Free:	007 803 321 8057	UK Toll Free:	0800 051 1453

**Conference ID: 134082**

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### **About migme Limited**

migme Limited (ASX: MIG | WKN: A117AB) is a global digital media company focused on emerging markets. Social entertainment services are delivered through mobile apps migme and LoveByte, artist management community alivenotdead, social news site Hipwee and ecommerce services through Sold and Shopdeca. The Company is listed and registered in Australia. Headquarters are in Singapore with offices in Malaysia, Indonesia, Taiwan and Hong Kong. For more information, please visit <http://company.mig.me>