



## QUARTERLY OPERATIONS UPDATE

30 July 2015 – migme Limited (ASX: MIG, WKN: A117AB)

### HIGHLIGHTS: JUNE 2015 QUARTER (Q1)

- Monthly Active User (MAU) numbers exceeded 19 million and growth is ahead of our operating plan.
- Country managers appointed in India and the Philippines and early progress made in both markets.
- Cash receipts almost doubled quarter-on-quarter to \$2.2 million.

### Overview

During the June quarter, migme further advanced its business strategy in Indonesia and other emerging markets including India and the Philippines; consolidated its artist engagement model through the signing of additional artist and media partnerships; made substantial progress with the development of games for the migme platform and continued working in close consultation with handset manufacturers.

Financially, the Company saw another encouraging increase in cash receipts and in April completed a \$7 million share placement, further strengthening its balance sheet.

### Audience (Customerbase)

migme continued to see strong growth in Monthly Active User (MAU) numbers during the June quarter, finishing the period with more than 19 million MAUs. Whilst our operating plan and budgets are continually updated to reflect the current growth strategy of the Company, it is pleasing to note that as at the end of the June quarter the MAU's was ahead of plan. Since the end of the quarter, MAUs have increased to more than 20 million.

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Consistent with industry practice Monthly Active Users (MAU's) are independently provided by Google Analytics and are a measure of unique visitors to the Company's properties migme, Sold, and Lovebyte over the relevant period.

The majority of the audience growth during the June quarter came from Indonesia, India and the Philippines. Promotional and marketing efforts in the latter two markets have stepped up recently, and as such they are expected to be strong contributors to MAU growth going forward.

The upcoming season of Nepalese reality show Mega Models 3, which migme is sponsoring, has been delayed until the September quarter due to the recent earthquake in that country. During this reality show migme users will be able to engage with their favourite contestants via the migme platform in an extension of the artist engagement model that is gaining traction in Indonesia and elsewhere.

## **Platform & Product Development**

The June quarter saw the release of an iPhone client. Although not a critical development in the larger markets that migme is targeting (where Android and feature phone use is more prevalent) it is important from a point of view of reaching select key users and opinion leaders.

During the second half of 2015, migme will focus on adding platform polish, delivering improvements in discoverability and improving signal-to-noise ratio. Other projects will include updates to support premium activities, which are important for engagement and monetisation, and integrating previously announced games and apps.

## **Operations**

From an operational point of view, the June quarter saw consolidation of the business' growth in Indonesia and we anticipate further gains in that country in the future. At the start of the quarter, migme announced the launch of global music streaming service Deezer to the migme platform, with Indonesia being the initial focus.

During the quarter, migme's push into India and the Philippines began in earnest, with the appointment of country managers in both markets and the announcement of several artist engagement partnerships.

In India the Company entered into a partnership with CAA Kwan, one of the country's largest celebrity and sports management agencies and has already signed on several CAA Kwan artists. Subsequent to the end of the June quarter, migme has also signed a partnership with Sony Music India, which will see additional artists brought onto the migme platform.

In the Philippines, migme announced the signing of four artists: singer-songwriter BP Valenzuela, alternative rock band Save Me Hollywood, TV celebrity Fay Hokolani and well-known blogger Flow Galindez. This move is a precursor to building a larger presence in that country.

The partnerships are all in keeping with the migme artist engagement model, which allows artists and content creators to build a fan base on the platform with which they can share news, music, videos, photos and engage in other social media activities.

## Finance

Progress was made in monetisation during the June quarter, with revenue increasing to \$2.2 million, an improvement of almost 100 per cent on the March quarter.

This improvement came despite the effect of the earthquake in Nepal on monetising users in that region and the need to implement platform upgrades that will lead to better user engagement and monetisation.

In the medium to long term, migme believes it may be possible to achieve monetisation rates similar to those of comparable businesses in East Asia such as YY.com, Momo and 9158.com, which are typically around greater than 1% of MAUs and higher.

	30 Sept '14 (Q3)*	31 Dec '14 (Q4)	31 Mar '15 (Q1)	30 Jun '15 (Q2)
Monthly Active Users (MAU)**	>7m	>10m	>14m	>19m
Artists / Verified Users	>30	>150	>380	>400
Cash Receipts from Operations (\$'000s)	306	565	1,125	2,201
Net Operating Cash Inflows / (Outflows) (\$'000s)	(1,613)	(3,723)	(3,240)	(4,208)
Net other Cash Inflows/(Outflows)('000s)	801	(265)	339	6,497
Cash on Hand (\$m)	9.7	5.9	3.2	5.4

\* Partial quarter, August 11 to 30 September 2014.

\*\* Consistent with industry practice Monthly Active Users (MAU's) are independently provided by Google Analytics and are a measure of unique visitors to the Company's properties migme, Sold, and Lovebyte over the relevant period.

Operating outgoings remained relatively high in the June quarter as the Company, pursuant to its' growth strategy, continued to pursue initiatives to accelerate the growth of its user base and revenue. Higher margin services are expected to outweigh market development costs and activities in the first half of 2016.

With the assistance of BBY Limited and Paterson Securities and the support of several of our major shareholders, migme completed a share placement to raise \$7 million in April. The raising was to enable the Company to complete a number of transactions and continue towards our growth objectives.

migme is assessing the possibility of extending its capital markets presence into Europe and/or North America in the interest of ensuring the Company receives an appropriate valuation compared to its peers.

### **Staff and Consultant Options**

Migme manages an active option programme to both incentivise and reward staff and consultants to the Company. As a result of this proactive management, the Company has cancelled 2,812,101 options exercisable at \$0.20 and replaced them with 911,200 options each exercisable at \$0.70.

In addition, the Company has resolved to issue an additional 1,792,000 options to staff and consultants, each exercisable at \$1.20, and 300,000 Director options each exercisable at \$1.20.

The Director options are to be issued, subject to shareholder approval, to Stephen Llanwarne. Stephen has taken on a short term additional role with the Company within the engineering division.

### **Looking Ahead**

In the next two quarters, migme will seek to improve the quality of service, experience, operations and consolidate the growth in user numbers and cash receipts. We are planning on bringing more artists and media partners on board, building engaging experiences that grow the number of monetising users and revenues per user.

It's an exciting time for the Company and we are grateful to our users, our partners, and our shareholders for their support. Should you have any questions or inquiries, please do not hesitate to contact us through email at [investor@mig.me](mailto:investor@mig.me) .

Yours Sincerely

Steven Goh  
CEO & Cofounder

## ABOUT MIGME LTD

migme Limited (ASX: MIG | WKN: A117AB) is a global digital media company focused on emerging markets. We deliver social entertainment services through mobile apps migme and LoveByte, artist management website alivenotdead and ecommerce services through Sold. 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>

This announcement is for informational purposes only and is neither an offer to sell nor an offer to buy any securities, or a recommendation as to whether investors should buy or sell.

### **Special Note on Forward-Looking Statements**

This press release contains information that may constitute forward-looking statements and uses forward-looking terminology such as “anticipate” “propose” “expect” and “will,” negatives of such terms or other similar statements. You should not place undue reliance on any forward-looking statement due to its inherent risk and uncertainties, both general and specific. Although we believe the assumptions on which the forward-looking statements are based are reasonable and within the bounds of our knowledge of our business and operations as of the date hereof, any or all of those assumptions could prove to be inaccurate. Risk factors that could contribute to such differences include, performance of our shares, the performance of global capital markets and companies in our sector, as well as factors relating to the performance of our business, including intense competition we face; failure to innovate and provide products and services that are useful to users; our ongoing need for capital for investment in new and existing business strategies and new products, services and technologies, including through acquisitions; the potential for declines in our revenue growth rate and downward pressure on our operating margin in the future; increased regulatory scrutiny that may negatively impact our business; legal proceedings that may result in adverse outcomes; failure to maintain and enhance our brand; uncertainty as to our ability to protect and enforce our intellectual property rights; and uncertainty as to our ability to attract and retain qualified executives and personnel. The forward-looking information provided herein represents the Company's estimates as of the date of the press release, and subsequent events and developments may cause the Company's estimates to change. The Company specifically disclaims any obligation to update the forward-looking information in the future. Therefore, this forward-looking information should not be relied upon as representing the Company's estimates of its future intentions as of any date subsequent to the date of this press release. Our plans may differ materially from information contained in the forward-looking statements as a result of these risk factors or others, as well as changes in plans from our board of Directors and management