



OPERATIONS UPDATE – Steven Goh CEO

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

HIGHLIGHTS: DECEMBER QUARTER (Q4, 2014)

- Over 10 million monthly active users (MAU) at the end of Q4 (up from over 7 million at the end of Q3).
- Mobile Handset pre-installations and shipments commenced in Indonesia. Looking to extending the programme further in that country as well as regionally.
- Agreed new collaborations with music labels Sony Music, Warner Music, E Motion Entertainment and GP Records in Indonesia to grow our presence.
- Opened the migme platform to applications and games developers, including partnering with Night Spade Mobile Game Studio, Tweensoft, and additional games through an equity investment in MatchMe.
- Partnered with electronic payment provider DOKU to expand payment reach into Indonesia to grow the number of monetising users.

Building Our Future

Over the final quarter of 2014, we continued to make gains with building out the platform, growing the audience, acquiring complementary assets that are great in their own right but accelerate the group's capability and strategic interests, and extending our reach into key markets as a precursor to monetisation.

Audience

By December 31, we successfully grew our monthly active userbase to over 10 million (up from over 5 million in August 2014) – this growth rate and number is above our business model expectations. Growth has been driven primarily through platform enhancements, and marketing and audience building activities. We are seeing encouraging results from handset pre-installations, and music and artist collaborations and expect to see both influencing our user numbers in 2015 as we expand both programmes both within Indonesian and to other countries.

We executed a range of initiatives to build engagement and move the service to a more contemporary feel, by improving content quality for our miniblog and exploring community formation through on-the-ground activities with students in Indonesia, and empowering interest-group meet-ups (e.g. costume play group Cosplay), in the Philippines, Singapore and many other countries.

Collaborations in Indonesia with Universal Music, Sony Music, Warner and many others has grown the artists on the platform. For example, Slank, which is one of Indonesia's most popular groups with over 6 million likes on Facebook and over 1 million followers on Twitter, was activated on the mig platform in December and is now growing a fan base on our platform.

We are making continuous improvements to the platform to deepen engagement ahead of monetisation, and looking to extend the model to other countries.

Platform & Product Development

We made progress with the product and platform with the release our Android Client and updates to MWEB and Web. We have commenced development on IOS and plan to make a release to Apple's App Store in Q2 2015 along with updates to our feature phone clients.

The release of the games and applications API means that over the first half of 2015 we can extend the functionality of both mig.me and the family of applications and services across the group (lovebyte, sold.sg, alivenotdead.com, etc) and bring other audiences, games and applications to the platform.

We envision a platform where mig becomes a lightweight and playful social network with a family of applications and services and connecting to regional ecosystems on the basis of local commercial terms. Ultimately, users of mig.me will be able to chat and play, be close to Stars or be a Star, play games competitively for the Artists attention or with each other, buy memorabilia or tickets through an auction in a chatroom and participate intimately in many other applications.

Operations

We have established a development and operational team in Taiwan. We have made progress with our teams in Singapore and Indonesia, and we're moving to develop our markets in India and Philippines.

Over the period we expanded our audience and marketing teams to positively impact the quality of community formation and ultimately monetisation. We're building out international operations in Indonesia, whilst establishing operations in India and the Philippines, with a view to have a presence in these latter markets in Q2.

Finance

We completed our first full quarter with cash reserves of \$5,926m (\$9,681m prior quarter) after outflows of \$3,723m (prior quarter \$1,612m). Note that our prior quarter's results were for only 2 months.

Cash receipts increased to \$565k, an increase of 85% from the prior quarter and average monthly monetising users remained steady between 30k and 40k per month (as compared to our growth in monthly active users). Realising the substantial upside in monetising users compared to our monthly active users, and managing average revenue per user requires building out an accessible payment infrastructure. We've started with DOKU in Indonesia (available in February 2015), and in other countries of which we plan to do in the first half of

2015, along with building out relevant content with applications and games (progressively rolled out over Q1 2015). Until we build out payment infrastructure especially, there will be a mismatch between the growing monthly active userbase and the number of monetising users.

Outgoings during the quarter includes over \$200k of recruitment expenses as we expanded our team, nearly \$100k of costs associated with supporting our listing in Frankfurt, Germany, \$430k of marketing costs as we developed additional artist and user engagement and around \$200k of business development costs.

We envisage that many of these costs will fall in subsequent quarters as the basic elements of the business are built out and the service is able to grow by being funded by through operations.

Finally, the Company has substantially completed investment and acquisition activities with Alivenotdead.com, Lovebyte, Match.me and most recently sold.sg and is now integrating these businesses during the first half of 2015.

Looking Ahead

It's an exciting time for the Company and we thank our users, partners and shareholders for their continued support. The migme team is very focused on our objectives and we welcome new shareholders to share our vision too.

We are excited about the pace of userbase growth and looking forward to acceleration during 2015. For that it means identifying, nurturing and focusing on repeatable processes both globally as a platform, and in-country as we connect to local ecosystems (handsets and telecoms, artists and media, applications and games, communities, and payment infrastructure). We are also looking forward to ensuring the rate of monetising users to monthly active users improves through in product marketing and laying out payment infrastructure.

In the long term and barring business risks, we believe that the combination of all of the above will deliver a company that parallels similar ecosystem businesses found in East Asia, and deliver the returns that our shareholders expect.

Should you have any questions or inquiries, please do not hesitate to contact me through email at investor@mig.me.

Yours Sincerely,

Steven Goh
CEO & Cofounder

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