



ASX:MIG

Operations Update

December, 2016

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Overview & Summary

- **migme is a Social Entertainment Platform** (Social and Messaging) focused on the fastest growing markets for Internet usage, with a priority on India (through to the Middle East and Africa) and South East Asia (special focus on Indonesia and the Philippines). It serves the social, messaging, gaming, content and commerce needs of customers, content creators, games developers and business owners.
- **Freemium business model.** Engagement on Platform (Social + Messaging). Monetising through the provision of valuable activities (virtual gifts, games, ecommerce, and other premium services). Unlocking and sharing value with regional ecosystem players: content creators, media, telecoms, payments, etc. Parallel model to Tencent, Facebook, Line, Kakao and many others.
- **Engagement.** Content creators and artists are now consistently driving value added services on the main migme platform. Games are showing engagement through the funkey. Pathway to substantial revenues and gross margin is through quality of operations and replication.
- **Consolidation.** Integration of acquired companies to form a simpler and more focused business. Progressive reduction of a further AUD\$300k per month of costs per month by March 2017. The reduced platform is likely to finish the quarter with over 31m Monthly Active Users (MAU)*, whilst lower than the previously reported over 37m, it now excludes over 10m MAUs that the company believes are unlikely to be profitable in the medium term.
- **Pathway to cashflow positive in 2017.** Combination of streamlined operations and focus on the combined platform, converting to engaged traffic with content creators and games / apps, cost management, and subject to satisfactory completion of the Convertible Note announced in December 2016.

* As at November 2016. 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, LoveByte, and alivenotdead over the relevant period.

Portfolio companies aligned to deliver platform strategy

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Strategic value to Group	News and conversations				Apps & Games	E-commerce
	Artists	News	Chat	Miniblog		
Description	 <ul style="list-style-type: none"> Fosters formation of online communities between artists and their fans 	 <ul style="list-style-type: none"> Social news site distributing digital content for young Indonesian urbanites 	 <ul style="list-style-type: none"> Social entertainment service including: chat, chatrooms, blogging, virtual gifting and community Targeting emerging S / SE Asian markets 		 <ul style="list-style-type: none"> Private social network for romantic couples Avatar creation capability 	 <ul style="list-style-type: none"> Gamified B2C e-commerce platforms, with curated lifestyle / sporting goods
Strategic value to Group	<ul style="list-style-type: none"> Digital user development capability Potential to expand to regional markets and support artists / verified users in community building 	<ul style="list-style-type: none"> Adds enhanced digital media content creation, curation and management, that can be leveraged to enhancing group media offering in other target markets 	<ul style="list-style-type: none"> Significant existing user base High degree of localisation to target markets Compelling artist / key influencer proposition. Able to integrate full suite of connected social media services 		<ul style="list-style-type: none"> Avatar customisation and enhancing virtual goods development Allows 3rd party digital goods to be gifted, creating user engagement and monetisation 	<ul style="list-style-type: none"> Capability to create social and gamified C2C e-commerce / marketplace on migme Social affiliate marketing channel

Sticky communities and value social entertainment services on the platform, driving growth and engagement





How it fits? Platform is engaged with apps and games and there are many monetisation scenarios

Platform



User Engagement



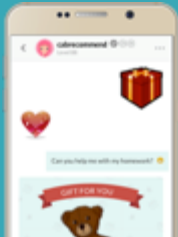
Apps & Games



Monetisation



messaging



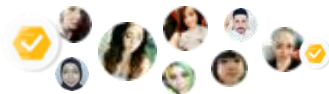
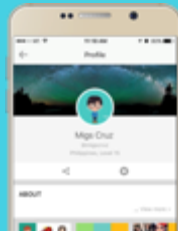
Key Influencers - Stars, artists & entertainers from large format Programs

miniblog

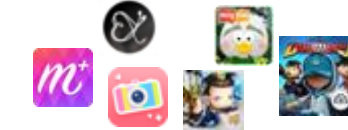


Community - Power Users & Brand Ambassadors

identity



Regular Users



Casual games, photo apps, beauty apps, music apps,



Social casino games, chat room games



Virtual gifts, stickers, emoticons and avatar Items

e-Commerce



Key influencers and large format programmes such as reality TV shows and Soap Operas can use apps / games to create valuable content (eg. live stories shared) for mass engagement. E.g. can use the Karaoke App to keep a story going between a Soap Opera's episodes



Community members use apps / games to create valuable interactions (eg. personal high scores in games) with other migme users



Users use apps / games, exchange gifts, emoticons, and buy avatar and ecommerce items, to create value interactions with other migme users and key influencers

Platform activities leads to user engagement with apps and games, for monetisation via mig credits

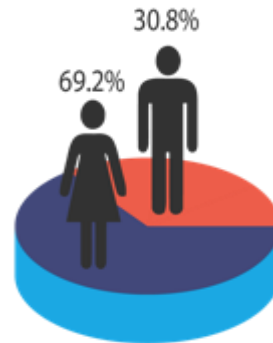
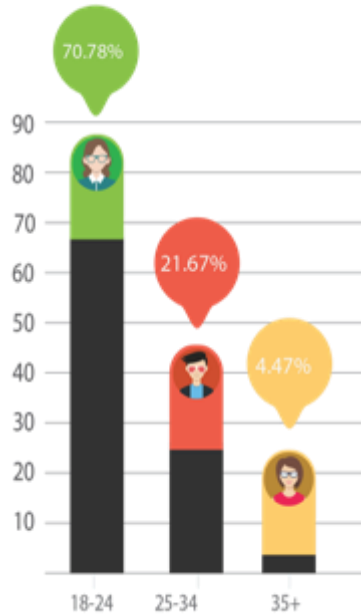
Service Architecture



Plan for (Q1 2017)

- Replace migme's Discover / Artist index with Hipwee (9m MAUs) / AliveNotDead (Artist / Content creator community)
- Integrate all three communities onto a common platform.
- Ensure games and applications content in the migme platform is available throughout the service
- Use Hipwee / migme's miniblog to be connected to other platforms as elements that can be easily shared

Hipwee Demographics

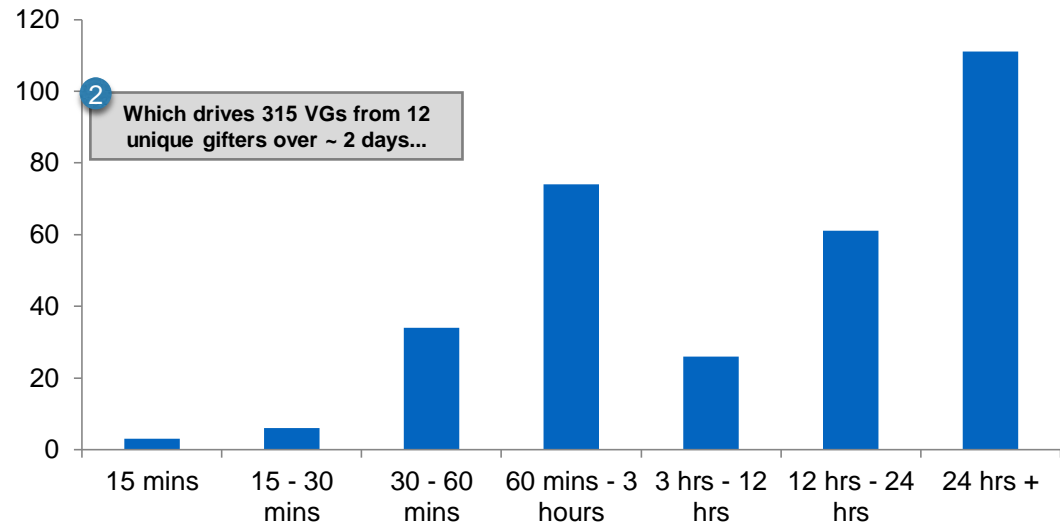


- Hipwee is a buzzfeed style of service, focused predominantly in Indonesia, and delivered as a web / mobile web service.
- Community of a few thousand content creators, and over a dozen staff writers.
- Content is syndicated to other media from time to time
- Reaches a predominantly young adult female readership across Indonesia.

Quizzes and giveaways being used by partners to drive greater gifting activity over longer cycles...



Distribution of VGs – November 2016



VGs received



315

Revenue generated (approx.)

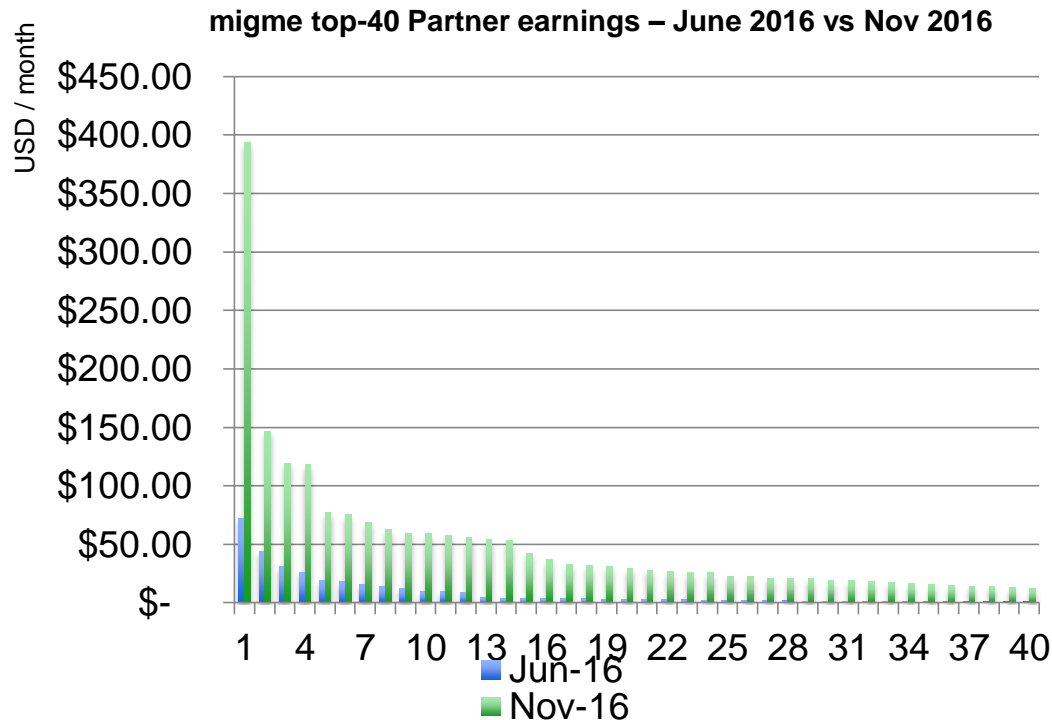
\$ \$15.75

Revenue share to Partner

\$ \$7.88

3 Which translate to a revenue for the Partner – and migme

Partners have seen fast growth in earnings from sharing content with fans on migme (programme reset in June)



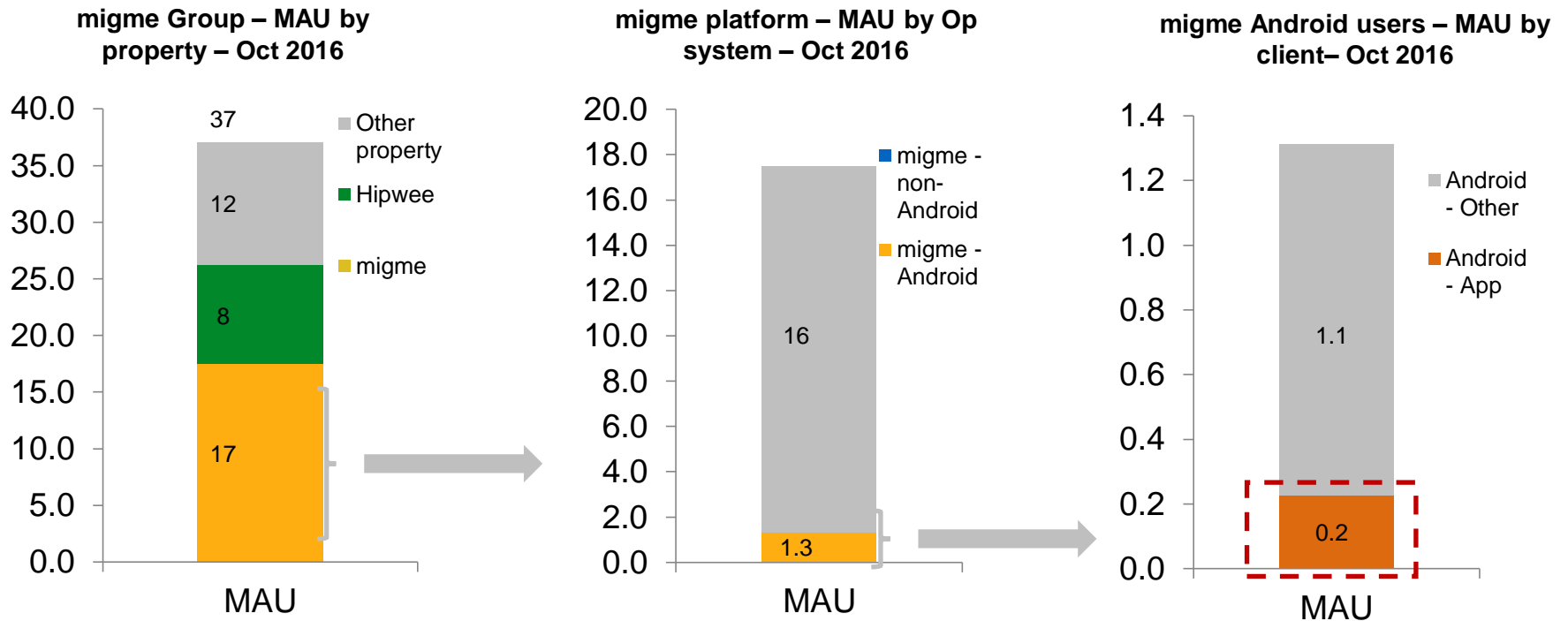
Metric	Jun-16	Nov-16	Change %
Top Partner monthly earnings (USD)	26.48	393.92	1,388% ↑
Total monetising partners (#)	170	294	73% ↑
Total Partner earnings (USD)	170.17	2,378.25	1,298% ↑
Average Partner earnings (USD)	1.00	8.09	709% ↑

Team operational initiatives to drive performance:

1. Better synchronisation of content management and community management.
2. Improved community management and communications, and platform operations
3. Platform development

migme Android users are a small, but highly engaged.

Traffic is spread over feature phones, web, mobile web, etc.



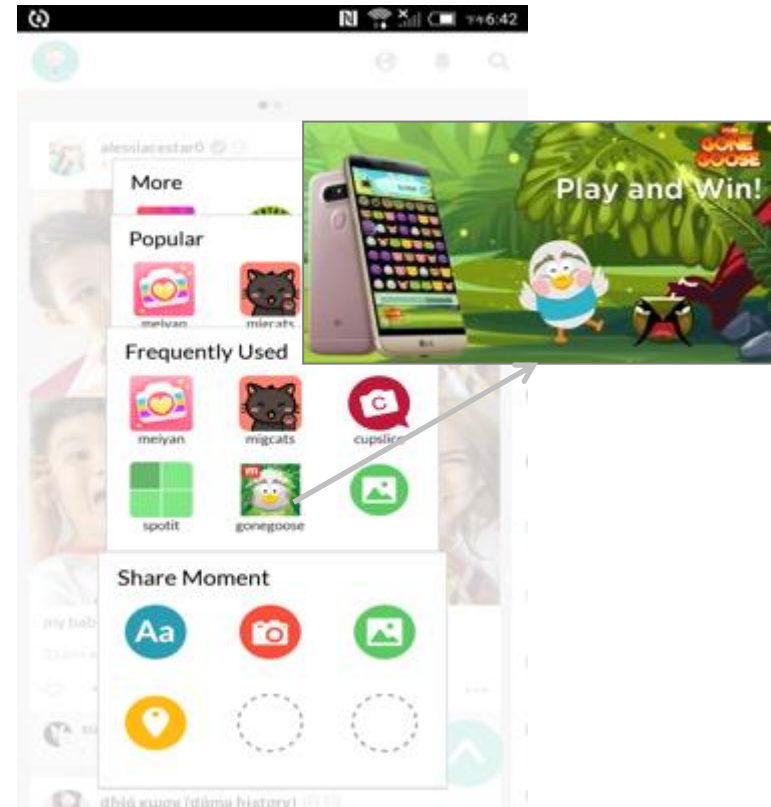
Note: Other Property includes Lovebyte, minime, Alive not dead, Sold.sg. Non-Adnroid clients include web, WAP, J2ME, iOS

Android client offers interactive funkey allowing easy access to integrated games and apps

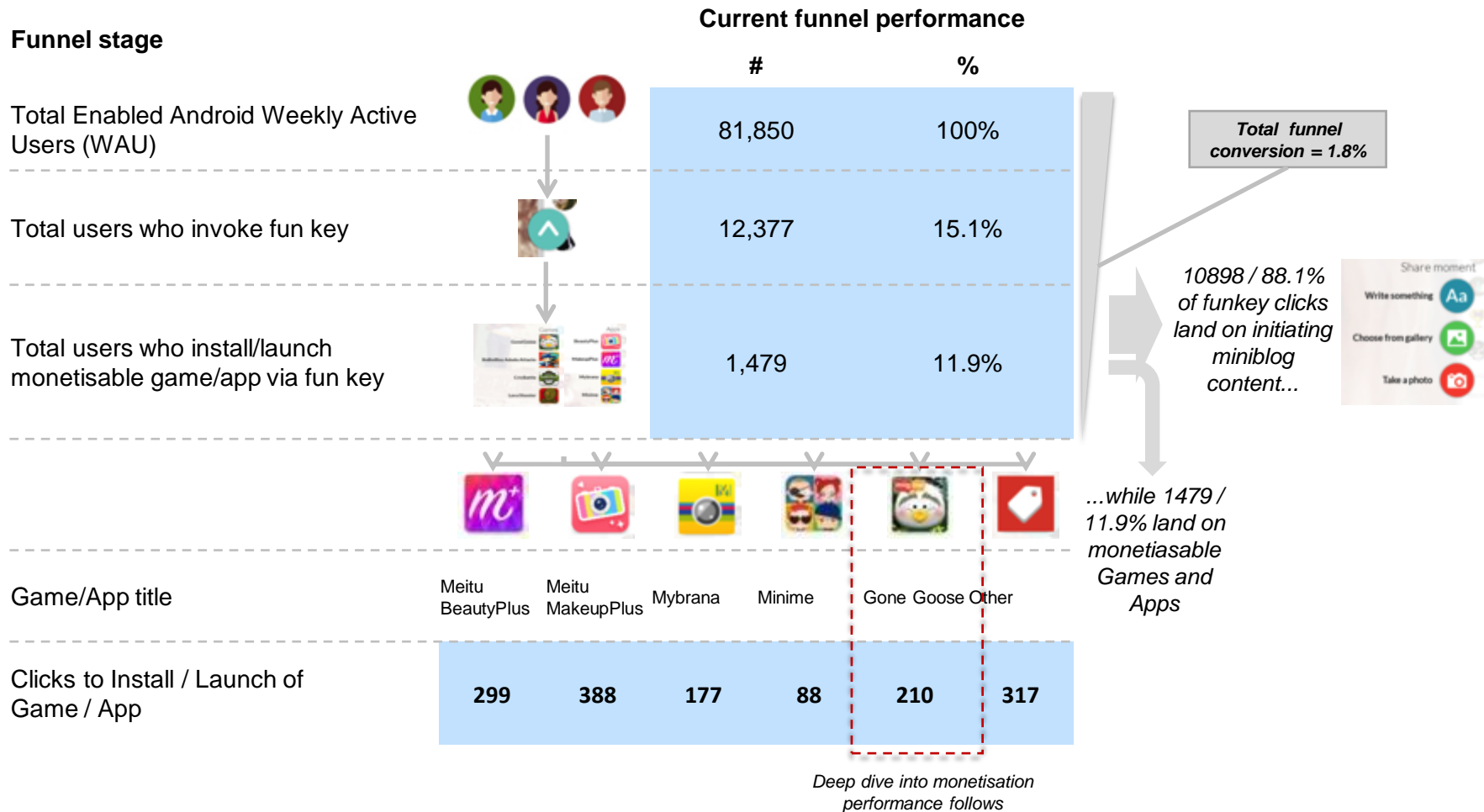
Android client users have access to an interactive 'funkey'...



...where they can discover and launch a range of games and apps



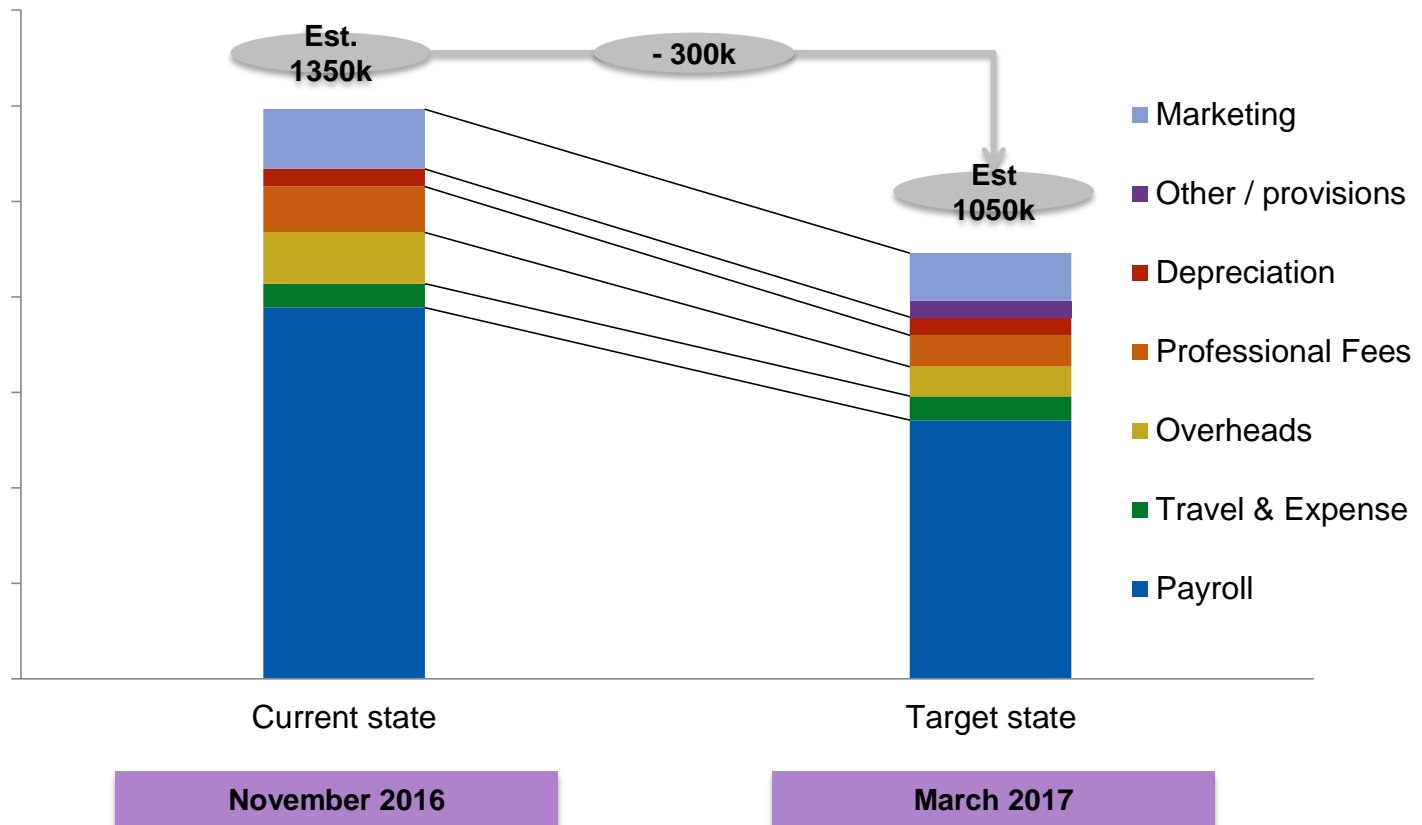
Conversion performance of funkey: Week 8 – 14 Nov



Achieving this business case requires lowering migme cost profile by ~300k by March 2017

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migme Group – current and 2017 operating expense profile





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