



## QUARTERLY OPERATIONS REPORT

26 April 2016 – migme Limited (ASX: MIG, WKN: A117AB)

### HIGHLIGHTS: MARCH 2016 QUARTER (1Q2016)

- Monthly Active Users (MAU) exceeded 39 million at quarter end, up 22% on previous quarter
- Artist and entertainment partners increased fourfold (up 319%) to over 2,600
- Quarter on quarter cash receipts up 32% to \$7.1 million
- Signed MOU and raised \$7m with new strategic shareholder Meitu, one of the world's leading photo and video mobile app. developers with 900m users globally
- Signed agreement with leading entertainment and sports agency Creative Artists Agency

### Key metrics

METRIC	31 MAR 2015	30 JUN 2015	30 SEP 2015	31 DEC 2015	31 MAR 2016
Monthly Active Users* (million)	>14	>19	>24	>32	>39
Artists/Verified Users	>380	>400	>490	>620	>2,600
Cash Receipts from Operations (\$'000)	1,125	2,201	3,717	5,393	7,129
Net Operating Cash Outflows (\$'000)	3,240	4,208	4,400	5,210	5,640
Net Other Cash Inflows (\$'000)	339	6,497	9,642	3,243	6,150
Cash on Hand (\$m)	3.2	5.4	10.8	8.7	8.9

\* Consistent with industry practice, Monthly Active Users (MAU) are independently provided by Google Analytics and are a consolidation of the Company's traffic from web, mobile web, feature phones, Android and iPhone client usage for migme, Sold, LoveByte and alivenotdead. For the 31 March 2016 quarter, the MAU is also inclusive of traffic from the newly acquired Hipwee business.

### Overview

migme is pleased to announce its 1Q2016 results which demonstrate strong quarter-on-quarter growth in key markets, as measured by its key metrics of Monthly Active Users, Artist numbers and cash receipts from customers.

Monthly Active Users increased by seven million for the quarter, a 22% increase. Over the last 12 months, Monthly Active Users have grown by nearly threefold and cash receipts by more than sixfold.

Nearly 2,000 new Artists and entertainment partners joined the platform during the quarter, compared to a growth of around 130 Artists in the previous quarter. This growth was driven by a number of factors including the acquisition of new Artists through various partnerships, the activation of Artists from agreements signed last year, as well as the integration of Artists from alivenotdead, which migme acquired in 2014. This growth is expected to accelerate in coming quarters as a result of the new agreement migme has with leading entertainment and sports agency Creative Artists Agency (CAA). CAA having access to some of the biggest artists and content creators in Hollywood and Bollywood and is providing both expertise and access to their vast resources and relationships.

During the quarter, the Company welcomed a new strategic investor, Meitu, one of the world's leading photo apps. and main competitor to Instagram, with over 900 million users worldwide. Meitu subscribed for 11.65 million migme shares in March, raising \$7m for the Company.

### **Building a platform to drive continued growth in users**

migme is focused on building a platform business similar to businesses such as Line (headquartered in Japan), Kakao (Korea), WeChat (China), YY.com (China) and Weibo (China), where user engagement can be monetised. migme is focused on acquiring users and then encouraging those users to engage with other users, Artists, products and services in a way that delivers revenue back to the Company.

The Company intends to deliver a competitive platform for its targeted market, primarily India, Indonesia and the Philippines. In the short-term, migme aims to broaden user growth and sales, improve the quality of engagement and increase operating margins.

During 1Q2016, the Company continued to improve its user experience by completing updates to its website, mobile website and mobile clients. It also deployed a "big data" infrastructure to enable personalised recommendations and simplify alerts and notifications. This is also a precursor to being able to deliver a more contextually relevant activity feed later this year, which will help to further grow user engagement and monetisation.

Strategic partnerships with leading digital media companies and third party applications in the region will enhance migme's user experience, including the MOU with Meitu which will see some of Meitu's product range integrated into the platform during 2Q2016.

Other significant agreements signed during the quarter include Peppermint Innovation, a mobile banking, payments and remittance company which will help expand migme's reach in the Philippines.

In addition, in April migme worked with CricBattle, the world's only draft-based fantasy sport for cricket, to launch fantasy sports on the migme platform. The launch occurred just before the 2016 Indian Premier League ("IPL") cricket season, with the aim of encouraging cricket fans in India and elsewhere to engage on the migme platform during the season and beyond.

### **Engaging more Artists and media**

migme's approach to artist engagement is key to its competitive advantage against the likes of Facebook, Twitter and Instagram, where new algorithms are alienating brands and artists, making it more difficult for them to reach their target audience.

migme is turning this social network business model on its head. Instead of a "pay to play" model where artists and influencers need to pay to reach their audience or the Facebook model where the algorithm limits audience reach and seeks to extract rents from advertisers or the content creators themselves, migme actively helps artists build a fan base, engage with them and generate revenue from this engagement.

The Company's expanding relationship with CAA is expected to be a major growth driver for this part of the business. Bollywood is the largest movie industry in the world and the celebrity and entertainment ecosystem in India is unique. Partnering with the right players in the ecosystem is the key to bringing the right artists onto the platform, creating the right engagement and monetising that engagement.

This quarter saw the power of this business model come to the fore, with Artist and entertainment partners increasing fourfold to 2,600. Success cases include a successful result in Nepal with Mega Model, positive results from CAA, Qyuki and from blogger networks in Indonesia and the Philippines. The power of migme has enabled a shoutcaster in the Philippines to buy a car, another to pay for her brother's hospital expenses and a blogger in Indonesia to take her family to Singapore for a holiday, to name just a few examples.

As the Company continues to build its Artist network in 2016 it will begin to improve the quality and efficiency of its operations and execution to accelerate growth.

## **Social ecommerce**

The migme platform, combined with the artist and influencer engagement program described above, lends itself to the successful delivery of social ecommerce services as a means to drive engagement and sales. migme's focus on social ecommerce will follow similar successful Chinese models, namely Mogujie and Meilishuo, which reported combined revenues of US\$3 billion last year.

As part of this strategy, migme completed the acquisition of Indonesian ecommerce business Shopdeca, setting the framework for migme's expansion into social ecommerce. As part of the acquisition, Shopdeca founder Andreas Thamrin has joined migme as Global Head of Ecommerce. His skills and experience will be a key factor in driving the delivery of migme's social ecommerce experiences in the future.

## **Focus on key markets**

migme's three priority countries - India, Indonesia and the Philippines - have a combined population of more than 1.5 billion and an estimated active internet population of over 300 million and growing quickly. The Company is focused on establishing a strong presence in these markets as quickly as possible. During the quarter migme built out its organisation in India, started to deploy offices in the Philippines and grew its presence in Indonesia organically and through the acquisition of social news site Hipwee.

The Company made further progress with handset pre-installations, driving local content and audiences, especially in Indonesia and India. In the Philippines, migme has started to build a strong network of influencers and is in the process of building out its payment infrastructure.

The next few quarters will see a focus on improving local operations and building out local ecosystem relationships.

## **Finance**

In early March, the Company raised \$7m through a share placement with Meitu. The funds will be used for platform integration, cross marketing and general working capital.

Total operating cash outflows for the quarter included investments the Company made in building the in-country teams, product development, improving infrastructure and securing payment partnerships. This investment will support the Company's plans to increase growth and revenue over the next three quarters.

## Looking ahead

We are excited about the progress of the Company and the platform, and the progress in the key markets of India, Indonesia and the Philippines. Over the next three quarters, the Company intends to:

- consolidate the growth momentum in the Company's key markets;
- focus on growing MAU and revenues, as well as improving the operating margin through improvements in the platform and platform operations; and
- increase and improve engagement across the platform by growing the number of influencers and key opinion leaders on the platform, as well as the number of activities users can undertake via third party applications and games.

### Investor Conference Call – Wednesday 27 April 9.15 am AEST

Investors are invited to join a conference call hosted by CEO Steven Goh on Wednesday 27 April at 9.15 am AEST.

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

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

**Conference ID: 707598**

Conference Call Toll-Free Access Numbers

**Australia Toll Free: 1800 908 299**

**Australia Local: +61 2 9007 8048**

Should you have any questions or inquiries, please do not hesitate to contact migme through email at [investor@mig.me](mailto:investor@mig.me).

Yours Sincerely

Steven Goh  
CEO & Cofounder

## About migme Limited

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, 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>

**migme Limited** ABN 43 059 457 279 | **Address:** Level 24, Allendale Square, 77 St. Georges Terrace, Perth, Western Australia, 6000 |

**Phone:** +61-8-6141 3159 | **Facsimile:** +61-8-6141 3101

**HQ:** 111 North Bridge Road, #26-01 Peninsula Plaza, Singapore 179098 | **Contact:** [investor@mig.me](mailto:investor@mig.me) | **Web:** <http://company.mig.me>

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

This announcement contains information that may constitute forward-looking statements and uses forward-looking terminology such as “anticipate”, “propose”, “expect”, “will” and 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 announcement 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 announcement. 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.