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Xurpas bullish on SEA expansion, concludes quarter with new local and offshore investments

Manila, Philippines—Consumer technology firm Xurpas Inc. (Xurpas) remains bullish on local and regional expansion after growing its net income by 60% in 2014 and completing three new Southeast Asia company investments.

"Our mobile content service segment continues to be the key driver of the business, accounting for 79% of total revenues or P309.37 million for the period ended December 31, 2014. This represents a very healthy growth of 63% versus last year. More significantly, it underpins our improving net income margin, which now stands at 49%, up from an already impressive 47% a year ago. Our continued success with our mobile consumer products is the reason why we have made investments in three companies that will ensure we continue to be the leader in this space," said Nix Nolledo, CEO of Xurpas.

Prior to its initial public offering, Xurpas detailed its plan to spend close to P1-billion in the next two years, in which P728-million would be allotted for expanding its points of distribution in Indonesia, Bangladesh, and Thailand, and P250-million for overall development and expansion of content.

Recent acquisitions

"There are a lot of established and attractive tech companies in the region, which, when plugged into the Xurpas ecosystem, can either increase our product development capability, or significantly increase our reach. Because of this, we have arranged for credit lines, so that if necessary, we may use the IPO proceeds allocated for working capital, for more strategic expansion purposes. We are also expecting the two-year horizon for expansion to be shortened," said Nolledo in a briefing.

Since December 2014, the company has embarked on a series of acquisitions of and investments in game development studios, content creators, and distributors. It began with the 21.7% purchase of Altitude Games Pte. Ltd. (Altitude) at a cost of USD740,800, giving Xurpas exclusive SEA telco distribution rights to Altitude's products, such as the critically acclaimed game Run Run Super V.

In the first quarter of 2015, Xurpas bought shares in three more companies: 49% of PT Sembilan Digital Investama (SDI), owner of the Indonesian mobile content company, PT Ninelives Interactive; 51% of Storm Flex Systems, Inc.; and most recently a 31.52% stake in MatchMe Pte. Ltd. (MatchMe), a Singapore-based mobile and web tournament games platform.

For all four companies acquired in 2014 and 2015, Xurpas spent a total USD6.7-million.

"The acquisition costs are low considering the potential of each company to grow our consumer business segment. Several months ago, for example, we distributed content through telecommunications companies alone. But with the acquisition of Storm Flex Systems, Inc. we are able to penetrate an entirely new network of potential customers," Nolledo said further.

MatchMe

Casual Games is Xurpas' core business and is the fastest growing category in all of mobile. Xurpas manages four casual game products: Globe Games with Friends, Grabagold, PlaySmart and Run Run Super V. Collectively, these games represent over 4 million active monthly users, the largest casual games community in the Philippines.

"What customers have liked most about our games is they can play versus other people and win

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prizes. With MatchMe, we can now make any mobile game out there, multi-player."

MatchMe is engaged in the development, licensing and operation of mobile and web-based real-time multiplayer platforms for mobile games. The platform is also open to third-party game content integration, which means that by integrating with MatchMe, third party developers from around the globe can offer their players synchronous, real-time tournaments against friends and opponents.

The purchase of MatchMe shares grants Xurpas the exclusive right to use, integrate, publish, distribute, market and promote the MatchMe platform and its related game content for telco deployment in the Philippines, Indonesia and Thailand.

"Having a strategic partnership opens up opportunities for both Xurpas and MatchMe. While we serve as their gateway to avid players across the globe, they also serve as our access to more than 100-million handsets in the Philippines," concluded Hal Bame, co-CEO of MatchMe.

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