

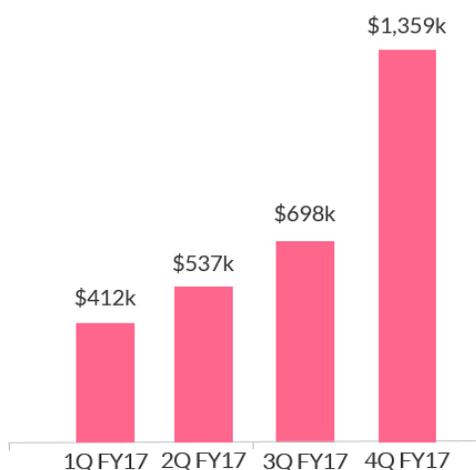
## Love Group Global Ltd (ASX:LVE)

25 July 2017

### Love Group customer cash receipts up 95% quarter-on-quarter

- **Record quarterly customer cash receipts of \$1,359k<sup>1</sup>, up 95% quarter-on-quarter**
  - Strong growth underpinned by premium matchmaking business, which generated customer cash receipts of \$1,016 for the quarter, up 223% quarter-on-quarter and representing 74% of total customer cash receipts for the quarter
- **Premium matchmaking stores now fully operational across five cities: Hong Kong, Shenzhen, London, Singapore, Delhi**
  - London, Singapore and Delhi premium matchmaking stores fully launched during the quarter and are in early stages of ramping up operations
  - Bangkok premium matchmaking store scheduled to open in August 2017
- **Overall Hong Kong business delivered approximately \$312k in free cash flow from \$854k in customer cash receipts for the quarter, implying a 37% free cash flow margin**
  - Plans to scale and replicate profitable online dating plus premium matchmaking business model in Hong Kong across major markets globally
  - Well-funded for expansion and growth with cash flow generated by operations

Quarterly receipts from customers

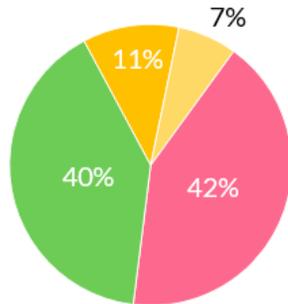


Net cash from operating activities

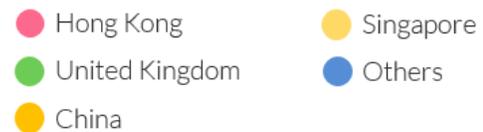
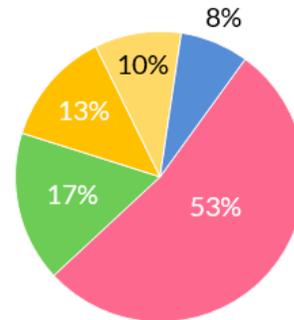


<sup>1</sup> Includes \$80K deferred earn-out payment received for sales of services business in April 2016

## FY17 revenue by product



## FY17 revenue by geography



Love Group Ltd (ASX:LVE) is pleased to present its quarterly cash flow report and operational update for the quarter ending June 2017.

**Love Group Founder and CEO, Michael Ye:** *“Love Group ended fiscal year 2017 with another record quarter, nearly doubling customer cash receipts from the previous quarter, and achieving close to net operating cash flow breakeven, well ahead of our previous internal estimates.*

*The key contributor to our strong quarter has been the significant growth of our premium matchmaking business, which has transformed the underlying unit economics of our business by substantially increasing the average revenue per user of our online user base as we upsell to them our premium matchmaking services, thereby allowing us to significantly increase the ROI on our marketing investments.*

*For fiscal year 2018, we plan to replicate and scale our business model and playbook in Hong Kong into new markets that have strong demand for premium matchmaking services, and expect to achieve increasing economies of scale and operating leverage as the size of our overall business increases.”*

## Quarterly operational achievements

### Online dating platforms driving growth in premium matchmaking

Love Group uses its portfolio of online dating platforms, including Lovestruck, DateTix and Noonswoon, to acquire new leads for its premium matchmaking business. Currently the vast majority of the company’s online dating revenues come from the Lovestruck online platform, which charges subscribers a fee that ranges from approximately \$25 to \$75 per month in order for users to communicate. The DateTix and Noonswoon apps are designed to be freemium based apps that allow users to communicate for free in order to increase user growth and engagement.

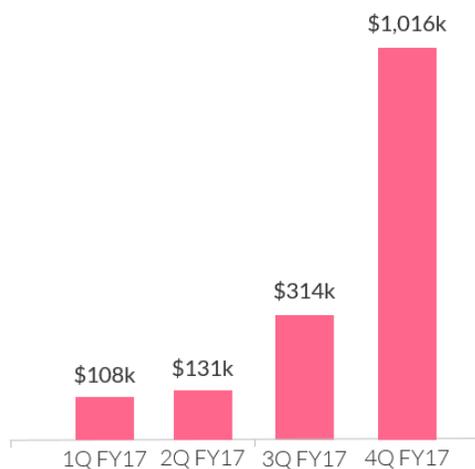
## Premium matchmaking business delivers record customer cash receipts

Love Group's premium matchmaking business delivered record customer cash receipts of \$1,016k for the quarter, up 223% versus the prior quarter.

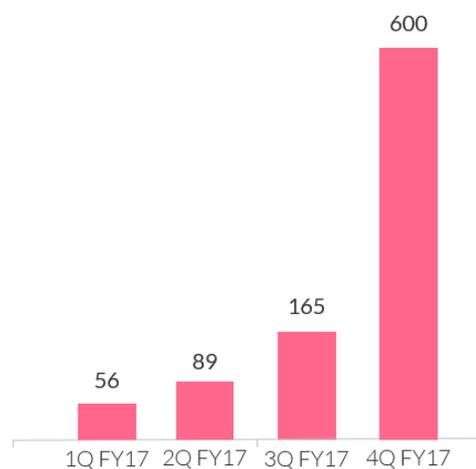
The substantial growth was a result of multiple drivers, including increases in the total number of visitors to the company's premium matchmaking stores, higher visitor-to-customer conversion rates, and higher average selling prices.

The company opened its London, Singapore and Delhi premium matchmaking stores in the quarter, and is in the early stages of replicating Hong Kong's business model and playbook in these new markets. Looking ahead, the company's Bangkok premium matchmaking store is scheduled to open in August, and potential new markets are being evaluated for further store expansions.

Matchmaking customer cash receipts



Number of matchmaking orders



## Growth Outlook

Looking ahead to fiscal year 2018, Love Group's top strategic priority will be to continue to increase penetration and market share in its existing markets. In general, as critical mass and brand recognition increases in a local market, network effects could be expected to further reduce user acquisition costs, increase ROI and create long-term barriers to entry from competitors, resulting in structurally higher operating profit margins versus competitors.

Love Group will also opportunistically evaluate potential expansions into new markets, either organically or through partnerships and acquisitions. A focus will be placed on Asian markets with large populations of singles that have strong demand for both online dating and premium matchmaking services.

# LOVE GROUP

Stock code: LVE

The company also plans to launch a new Love Group Academy brand in fiscal year 2018 to cross-sell complementary products and services to its large and growing user base, as previously announced to the market. These services include image consulting, date coaching and relationship coaching, and are expected to further accelerate revenue growth and increase average revenue per user.

## Cash at bank

Love Group had a cash position of \$1.7 million as at 30 June 2017. The company is well funded to execute its strategic growth plans through cash flow from operations, with the goal of achieving cash flow profitability during the second quarter of fiscal year 2018.

### For further information, please contact:

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## About Love Group

Love Group is a leading provider of dating services, including online dating, premium matchmaking and social events. The company is a publicly listed company on the Australian Securities Exchange under the ticker LVE.

The company's online dating platforms currently include the Lovestruck platform, the DateTix app and the Noonswoon app. These platforms target singles across multiple segments, ranging from those seeking casual dating to those looking for long-term, committed relationships.

The company's premium matchmaking services provide clients with one-on-one tailor-made matches recommended by the company's team of professional matchmakers. The company currently has matchmaking offices in Hong Kong, London, Singapore, Shenzhen, Bangkok and Delhi.

The company's social events are held regularly in select cities around the world, and offer singles a great way to quickly meet lots of potential matches in a relaxed and social environment.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

LOVE GROUP GLOBAL LTD (ASX - LVE)

**ABN**

82 009 027 178

**Quarter ended ("current quarter")**

30 JUNE 2017

| <b>Consolidated statement of cash flows</b>  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>( 12 months)<br/>\$A'000</b> |
|--|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>   |                                    |  |
| 1.1 Receipts from customers<br><i>(Includes \$80K deferred earnout from sale of services business in Apr-16)</i> | 1,359                              | 3,006  |
| 1.2 Payments for   |                                    |  |
| (a) research and development   | (69)                               | (416)  |
| (b) product manufacturing and operating costs  | (175)                              | (616)  |
| (c) advertising and marketing  | (454)                              | (1,897)  |
| (d) leased assets  | -                                  | -  |
| (e) staff costs  | (516)                              | (1,605)  |
| (f) administration and corporate costs   | (201)                              | (747)  |
| 1.3 Dividends received (see note 3)  | -                                  | -  |
| 1.4 Interest received  | 8                                  | 40   |
| 1.5 Interest and other costs of finance paid   | -                                  | -  |
| 1.6 Income taxes paid  | -                                  | -  |
| 1.7 Government grants and tax incentives   | -                                  | -  |
| 1.8 Other (New Offices Set Up - Rental & Misc. Deposit)  | (21)                               | (74)   |
| <b>1.9 Net cash from / (used in) operating activities</b>  | <b>(69)</b>                        | <b>(2,309)</b>                                   |

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>( 12 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire:                                  |                                    |  |
| (a) property, plant and equipment                         | (46)                               | (65)   |
| (b) businesses (see item 10)                              | -                                  | (350)  |
| (c) investments   | -                                  | -  |
| (d) intellectual property                                 | -                                  | -  |
| (e) other non-current assets                              | -                                  | -  |
| 2.2 Proceeds from disposal of:                            |                                    |  |
| (a) property, plant and equipment                         | -                                  | -  |
| (b) businesses (see item 10)                              | -                                  | -  |
| (c) investments   | -                                  | -  |
| (d) intellectual property                                 | -                                  | -  |
| (e) other non-current assets                              | -                                  | -  |
| 2.3 Cash flows from loans to other entities               | -                                  | -  |
| 2.4 Dividends received (see note 3)                       | -                                  | -  |
| 2.5 Other   |                                    |  |
| - Cash acquired in business combination                   | -                                  | 238  |
| - Transaction Costs in business combination               | -                                  | (17)   |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(46)</b>                        | <b>(194)</b>                                     |

|   |             |              |
|---|-------------|--------------|
| <b>3. Cash flows from financing activities</b>                                  |             |              |
| 3.1 Proceeds from issues of shares  | -           | 1,760        |
| 3.2 Proceeds from issue of convertible notes                                    | -           | -            |
| 3.3 Proceeds from exercise of share options                                     | -           | -            |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | -           | -            |
| 3.5 Proceeds from borrowings  | -           | -            |
| 3.6 Repayment of borrowings   | (14)        | (19)         |
| 3.7 Transaction costs related to loans and borrowings                           | -           | -            |
| 3.8 Dividends paid  | -           | -            |
| 3.9 Other - Cost for issues of shares   | -           | (140)        |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>(14)</b> | <b>1,601</b> |

| <b>Consolidated statement of cash flows</b>                                     | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>( 12 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |                                    |  |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 1,864                              | 2,635  |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (69)                               | (2,309)  |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (46)                               | (194)  |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | (14)                               | 1,601  |
| 4.5 Effect of movement in exchange rates on cash held                           | (12)                               | (10)   |
| <b>4.6 Cash and cash equivalents at end of quarter</b>                          | <b>1,723</b>                       | <b>1,723</b>                                     |

| <b>5. Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 523                                | 664                                 |
| 5.2 Call deposits  | 1,200                              | 1,200                               |
| 5.3 Bank overdrafts  | -                                  | -                                   |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>1,723</b>                       | <b>1,864</b>                        |

**6. Payments to directors of the entity and their associates**

|  | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | 87                                 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                                    |

Directors fees and superannuation

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | -                                  |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

N/A

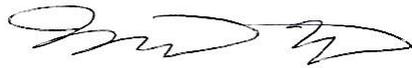
| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | -   | -  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Research and development                       | 60             |
| 9.2 Product manufacturing and operating costs      | 180            |
| 9.3 Advertising and marketing                      | 300            |
| 9.4 Leased assets                                  | -              |
| 9.5 Staff costs                                    | 700            |
| 9.6 Administration and corporate costs             | 240            |
| 9.7 Other (provide details if material)            | -              |
| <b>9.8 Total estimated cash outflows</b>           | <b>1,480</b>   |

| <b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b> | <b>Acquisitions</b> | <b>Disposals</b> |
|--|---------------------|------------------|
| 10.1 Name of entity  | NIL                 | NIL              |
| 10.2 Place of incorporation or registration  |                     |                  |
| 10.3 Consideration for acquisition or disposal   |                     |                  |
| 10.4 Total net assets  |                     |                  |
| 10.5 Nature of business  |                     |                  |

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



24 July 2017

Sign here: .....  
(Director/~~Company secretary~~)

Date: .....

Michael Ye

Print name: .....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.