

Love Group Global Ltd (ASX:LVE)

29 January 2018

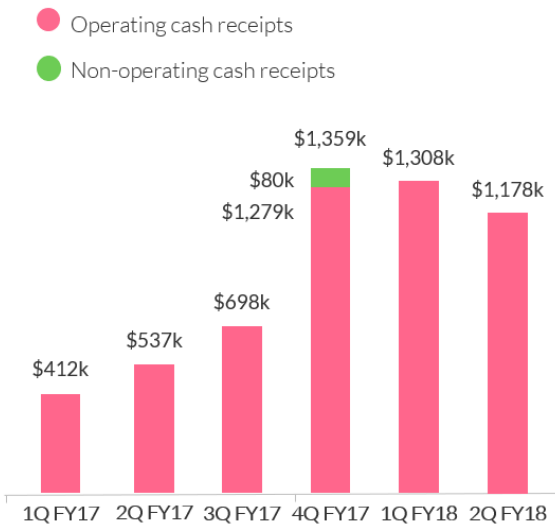
## Love Group reports fiscal second quarter results

- **Quarterly operating cash receipts of \$1,178k, down 10% quarter-on-quarter and up 119% versus the same quarter last year, with reduction in operating cash flow loss to \$102k**
  - Reduced operating cash flow loss to \$102k for the quarter, versus operating cash flow loss of \$282k in the previous quarter
  - Decrease in quarterly cash receipts due to reduced marketing spend during seasonally slower quarter and wind-down of Shenzhen business
  - Reduced marketing expenses globally by 46% quarter-on-quarter to \$268k, compared to \$498k for the previous quarter, primarily due to seasonally lower demand in the fourth quarter for dating services
  - Approximately 76% of total marketing spend for the quarter were allocated towards Hong Kong, the company's most profitable market
  - In progress of winding down Shenzhen business, which has been loss making, to focus on more profitable cities
- **Quarterly cash flow improved across all four cities with continuing operations<sup>1</sup>**
  - Approximately \$265k free cash flow profits generated by Hong Kong business for the quarter, versus \$233k in the previous quarter, up 14% quarter-on-quarter
  - Approximately \$45k free cash flow profits generated by Bangkok business for the quarter, versus a cash flow loss of \$14k in the previous quarter, driven by a 165% quarter-on-quarter increase in customer cash receipts to \$117k
  - Approximately \$4k free cash flow loss from London business for the quarter, versus a cash flow loss of \$105k in the previous quarter
  - Approximately \$10k free cash flow loss from Singapore business for the quarter, versus a cash flow loss of \$41k in the previous quarter
- **Signed first restaurant revenue sharing partnership agreement**
  - Signed revenue sharing partnership agreement with a French fine dining restaurant located in the heart of Hong Kong
  - Love Group will receive a revenue share of 20-30% of total gross restaurant bill from all dates arranged at the restaurant by Love Group for its clients
  - Plan to seek additional restaurant partners in Hong Kong to offer clients a broader range of dining choices and further develop this new revenue stream

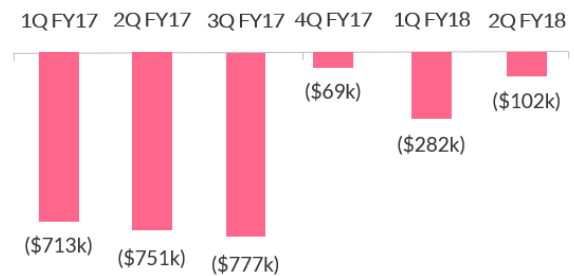
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<sup>1</sup> Based on unaudited management accounts and excludes all non-city specific expenses such as research and development, general and administrative costs

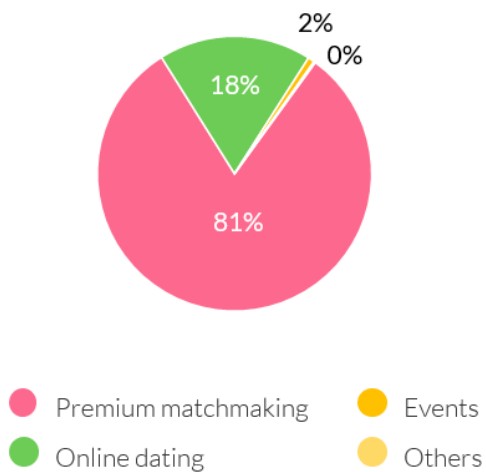
## Quarterly receipts from customers



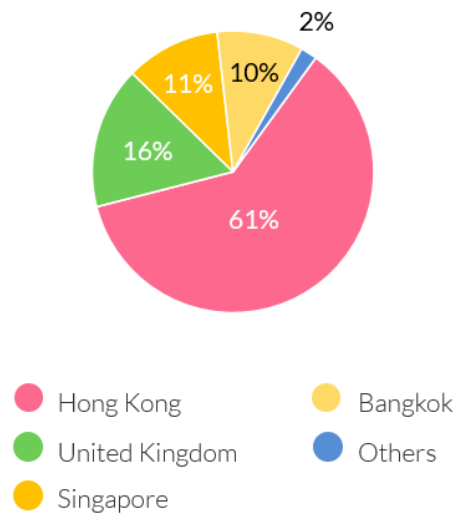
## Net cash used in operating activities



## 2Q FY18 cash receipts by product



## 2Q FY18 cash receipts by geography



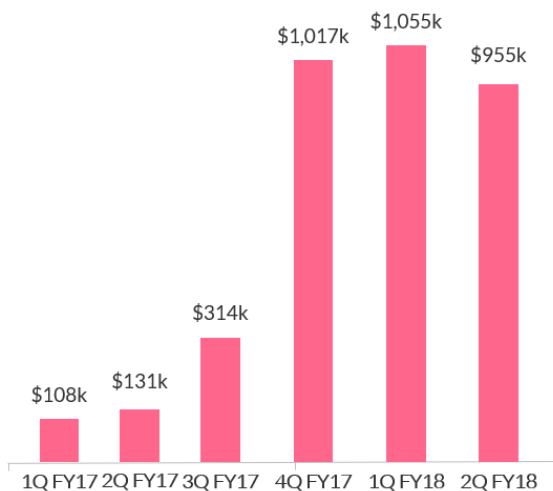
Love Group Ltd (ASX:LVE) is pleased to present its quarterly cash flow report and operational update for the quarter ending December 2017.

**Love Group Founder and CEO, Michael Ye:** *“Love Group had a solid second quarter for fiscal year 2018, with cash flow improving across all four of our cities with continuing operations.*

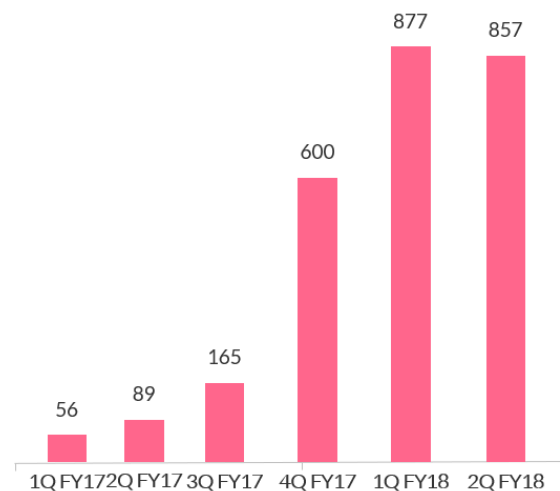
*Hong Kong continues to be our top revenue and profit driver, as we are starting to enjoy the benefits of our growing scale and market share in the city. As our active matchmaking client base continues to increase, it has helped increase our pricing power while allowing us to enjoy operating leverage from higher matchmaking staff and room utilisation.*

*We also created a new revenue stream by signing our first restaurant partner, a highly rated French fine dining establishment that we can now send our clients to for dates. We expect this new revenue stream to grow as we sign up more restaurant partners in all popular dining areas in Hong Kong to offer our clients a broad range of dining venues suitable for romantic first dates.”*

Matchmaking customer cash receipts



Number of matchmaking orders



## Growth Outlook

Although the company hasn't achieved its previously stated goal of achieving cash flow profitability in the calendar fourth quarter of 2017, significant cost reduction initiatives were made during the quarter. The company aims to achieve its first cash flow profitable quarter during calendar year 2018.

Looking ahead, Love Group will focus on growing market share and cash flow profitability in its four cities, while seeking local partnerships in new markets to expand in a capital efficient manner.

# LOVE GROUP

Stock code: LVE

The company will also increase its focus on monetizing its large and growing active matchmaking client base through membership renewals, upselling of higher priced matchmaking packages, cross-selling of complementary products and services such as image consulting, date coaching and relationship coaching, and restaurant partnerships.

## Cash at bank

Love Group had a cash position of over \$1.2 million as at 31 December 2017. The company is well funded to execute its strategic growth plans through cash flow from operations, with the goal of achieving its first cash flow profitable quarter during calendar 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.

For more information, please visit <http://www.lovegroup.co>

## 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")**

31 DECEMBER 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,178	2,486
1.2 Payments for		
(a) research and development	(59)	(121)
(b) product manufacturing and operating costs	(202)	(429)
(c) advertising and marketing	(268)	(766)
(d) leased assets	-	-
(e) staff costs	(545)	(1,163)
(f) administration and corporate costs	(209)	(401)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	10
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(102)</b>	<b>(384)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ( 6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(64)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(3)	(3)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	16	16
(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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>9</b>	<b>(51)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - Cost for issues of shares	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 6 months) \$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	1,366	1,723
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(102)	(384)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	9	(51)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(15)	(30)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>1,258</b>	<b>1,258</b>

<b>5. Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	409	866
5.2 Call deposits	503	500
5.3 Bank overdrafts	-	-
5.4 Restricted cash	346	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,258</b>	<b>1,366</b>

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

	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	97
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 \$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> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$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	260
9.3 Advertising and marketing	268
9.4 Leased assets	-
9.5 Staff costs	500
9.6 Administration and corporate costs	180
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,268</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.



29 January 2018

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.