

Love Group Global Ltd (ASX:LVE)

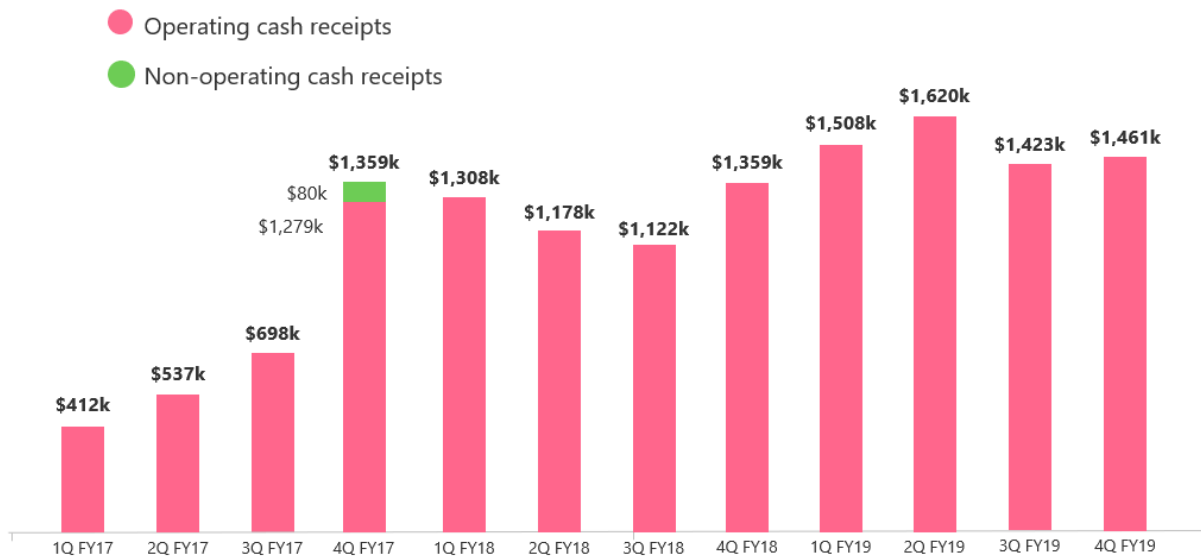
31 July 2019

## Love Group reports sixth straight profitable quarter

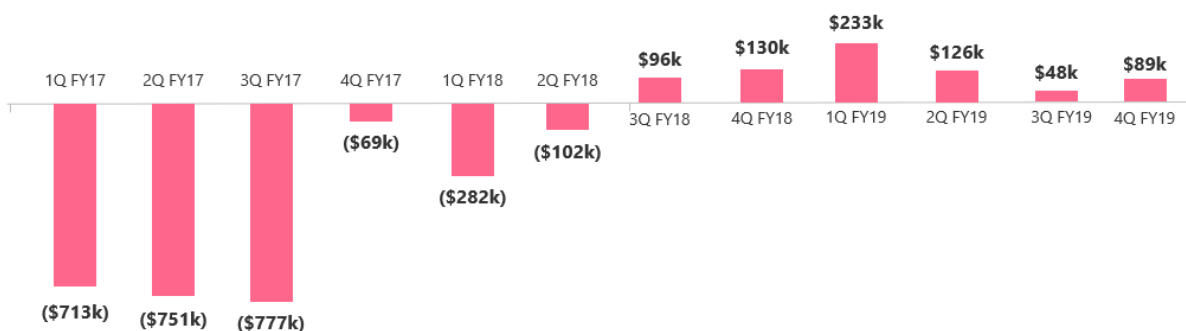
- **Quarterly customer cash receipts of \$1,461k and net operating cash flow of \$89k**
  - Quarterly customer cash receipts of \$1,461k, up 3% quarter-on-quarter
  - Quarterly net operating cash flow of \$89k, up 85% quarter-on-quarter
  - Net operating cash flow margin increased to 6.1% from 3.4% in the previous quarter, driven by higher sales and lower advertising and marketing expenses
- **Hong Kong continues to drive overall growth**
  - **Hong Kong:** \$1,066k customer cash receipts for the quarter, versus \$970k in the previous quarter, up 3% quarter-on-quarter
  - **Singapore:** \$297k customer cash receipts for the quarter, versus \$343k in the previous quarter, down 13% quarter-on-quarter, primarily due to lower number of consultations
  - **Bangkok:** \$58k customer cash receipts for the quarter, versus \$83k in the previous quarter, down 30% quarter-on-quarter, primarily due to staff resignations and reduced marketing spend
  - **London:** \$28k customer cash receipts for the quarter, versus \$25k in the previous quarter, up 11% quarter-on-quarter, primarily due to increase in online dating revenues
  - **Kuala Lumpur:** \$8k customer cash receipts for the quarter, versus nil in the previous quarter, due to launch of marketing campaign and opening of service office
  - **Taipei:** \$3k sales by partner ConnectionStrings for the quarter (Love Group is entitled to 50% share on sales by partner), versus nil in the previous quarter, due to launch of marketing campaign and opening of service office
- **New recurring revenue stream from Love Lounge business**
  - During the quarter, both Hong Kong and Singapore stores opened Love Lounge businesses where the company arranges dates for its members within the company's own stores and sells them drinks and snacks for their dates
  - Love Lounge revenue totaled \$35k for the quarter, with potential for significant future growth if the number of dates arranged for members can continue to increase
- **Strategic shift in growth focus from geographic expansion to deeper market penetration**
  - Plan to delay geographic expansion to more cities in favor of deeper market penetration in Hong Kong and Singapore
  - To allow management to sharpen its focus on Hong Kong and Singapore, operations in Bangkok and Kuala Lumpur will be wound down, and expansions to other cities such as Melbourne, Sydney, Mumbai, New York and Toronto will be put on hold

- Long-term goal is to become the clear and dominant market leader in the dating services industry in every city that the company operates in, in terms of revenues and size of active singles member base. Having the largest active singles member base will allow the company to provide superior dating services to members, and provide long-term sustainable competitive advantages through local network effects and economies of scale that should drive superior operating margins and free cash flows over time
- **Growth drivers for fiscal year 2020**
  - Further market share gains in Hong Kong and Singapore, the company's core strategic focus for fiscal year 2020
  - Growth from new Love Lounge business in Hong Kong and Singapore, driven by increasing the number of dates arranged for members at Love Lounge locations
  - Increase in consultations and dates as a result of expected opening of second Hong Kong store in Kowloon district that should broaden consumer reach and improve service and convenience to existing members
  - Increase in number of active members and average number of dates arranged per member as a result of new matchmaking features in the Lovestruck 2.0 dating app and website, expected to launch in 1Q FY20

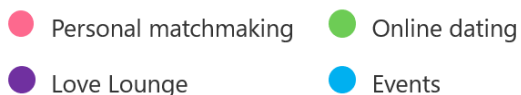
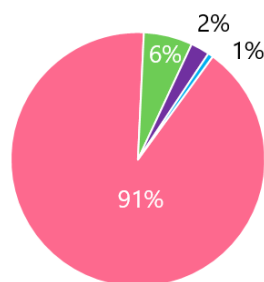
## Customer cash receipts



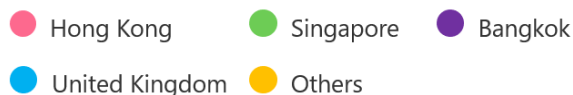
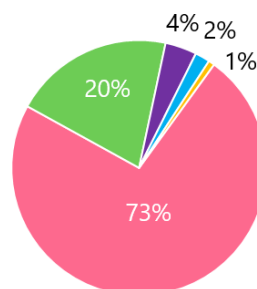
## Net cash from operating activities



## 4Q FY19 cash receipts by product



## 4Q FY19 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 June 2019.

**Love Group Founder and CEO, Michael Ye:** *“We are pleased to close out fiscal year 2019 with another profitable quarter in terms of net operating cash flows.*

*Total customer cash receipts increased by 3% quarter-on-quarter, driven by an increase in average order value compared to the previous quarter, in particular in Hong Kong. I’m excited about our new Love Lounge business where we arrange dates for our members in our own stores and sell them drinks and snacks during their dates. This is a highly strategically complementary business to our main*

*matchmaking business, with the potential to grow substantially in line with the number of dates we arrange for our members.*

*To better align management time with financial impact, we plan to further increase near-term focus on our two core markets of Hong Kong and Singapore, with the goal of substantially growing our active member pool and market share in these two cities.”*

## **Growth Outlook**

Looking ahead to fiscal year 2020, Love Group will prioritize its strategic focus on growing its Hong Kong and Singapore businesses, which the company believes offer substantial room for further growth and market penetration. The company will focus on increasing the number of active members, consultations and dates arranged to drive revenue growth across the matchmaking, online dating and Love Lounge businesses.

To further increase its market share in Hong Kong, the company is evaluating the potential opening of a second store location in a popular neighborhood in the Kowloon district of Hong Kong. Operating two store locations in the same city will broaden consumer reach and allow the company to better service its growing existing member base by offering increased convenience for consultations and dates.

The company also looks forward to the launch of the Lovestruck 2.0 dating app and website, expected in the first quarter of fiscal year 2020. Lovestruck 2.0 is expected to boost new member acquisition as well as existing member retention and engagement. Key features of Lovestruck 2.0 include streamlined profile creation, live online chat with consultants, real-time notifications of date requests, automated date reminders and post-date feedback.

## **Cash position**

Love Group had a cash position of over \$1.6 million as at 30 June 2019. The company is well funded to execute its strategic growth plans through cash flow from operations.

### **For further information, please contact:**

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# LOVE GROUP

Stock code: LVE

## **About Love Group**

Love Group is a leading provider of dating services, including online dating, personal 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 app & website, 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 personal matchmaking services provide clients with custom matches recommended by the company's team of consultants and matching algorithms. The company currently has matchmaking offices in Hong Kong, Singapore and Bangkok.

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")**

30 JUNE 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,461	6,012
1.2 Payments for		
(a) research and development	(85)	(352)
(b) product manufacturing and operating costs	(147)	(672)
(c) advertising and marketing	(471)	(1,946)
(d) leased assets	-	-
(e) staff costs	(502)	(1,914)
(f) administration and corporate costs	(169)	(643)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>89</b>	<b>496</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date ( 12 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(140)
(b) businesses (see item 10)	-	-
(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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(140)</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 - Share Buyback	-	(57)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(57)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 12 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	1,579	1,309
4.2 Net cash from / (used in) operating activities (item 1.9 above)	89	496
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(140)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	(57)
4.5 Effect of movement in exchange rates on cash held	(6)	50
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>1,658</b>	<b>1,658</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	536	409
5.2 Call deposits	462	510
5.3 Bank overdrafts	-	-
5.4 Restricted cash	660	660
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,658</b>	<b>1,579</b>

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

6.1 Aggregate amount of payments to these parties included in item 1.2

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

**Current quarter  
\$A'000**

90

-

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	100
9.2 Product manufacturing and operating costs	150
9.3 Advertising and marketing	520
9.4 Leased assets	-
9.5 Staff costs	480
9.6 Administration and corporate costs	150
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,400</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.



July 31, 2019

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.