

DateTix Group Ltd (ASX:DTX)

28 July 2016

## DateTix records strong growth in June quarter

DateTix Group Ltd (ASX: DTX) is pleased to present its quarterly cash flow report for the quarter ending 30 June 2016, and to provide this operational update. Key highlights from the quarter include:

- **+169% quarterly growth in Monthly Active Members<sup>1</sup> to 16,400 in June 2016, compared to 6,100 in March 2016**
- **Successfully launched the DateTix platform into the China market, starting with Shenzhen, one of four tier-one cities in China**
- **Signed Heads of Agreement to acquire Lovestruck, a leading premium online dating platform targeting urban professionals seeking serious long-term relationships**
- **Continued monetisation of growing user base through matchmaking services, membership subscriptions, virtual items and events**
- **Upgraded cloud-based technology infrastructure to support expected continued significant increase in platform usage and concurrent users**

Commenting on the Company's results and achievements for the quarter, DateTix Founder and CEO, Michael Ye, stated:

"The June quarter was one of exceptional growth for the DateTix Group, driven by our growing active member base. In addition to strong growth in Hong Kong, we also successfully launched DateTix into Shenzhen, China and Singapore, where we are witnessing similarly strong initial growth trajectories and user uptake.

"With continued product enhancements and innovation, and increased local user density in each market, we are witnessing notable improvements across all key metrics – user engagement, retention and monetisation. To support the rapid and ongoing increase in user traffic, we have made a number of significant upgrades to our cloud-based technology infrastructure.

"As reported on 1 July, we are very excited about being able to acquire Lovestruck, an award-winning online dating platform that strategically complements DateTix in terms of user demographics and brand positioning. We expect the acquisition to generate significant synergies and result in an immediate uplift to our active user base, revenues and cash flows.

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<sup>1</sup> Number of DateTix members who have logged into the DateTix platform through either mobile or web applications and utilised any of the functions on the platform at least once during a given calendar month

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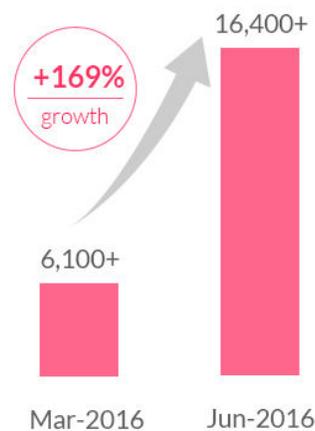
“We will continue to position Lovestruck as a high-end premium brand as we extend the rollout of the brand into China, where we see a clear gap and large addressable market opportunity to target the upper-end of the market that is currently under-served by existing mass market online dating platforms.”

## Q4 2016 operational achievements

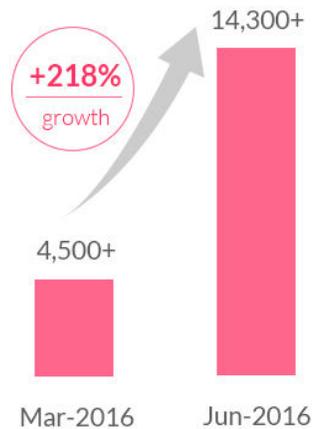
### Ongoing growth in active members

The DateTix platform maintained its strong growth momentum over the quarter, culminating in over 16,400 Monthly Active Members in June 2016, representing an impressive +169% quarterly increase compared to March 2016. Importantly, this large user base generated over 14,300 date listings in June 2016, a +218% quarterly increase compared to March 2016.

Monthly Active Members



Dating Listings



### Launch into China

A key milestone for the Company during the quarter was the launch in May 2016 of DateTix in China, with both iOS and Android versions of the DateTix app approved by and now available through 10 of the top app stores in this country, including the Apple App Store, Tencent App Store, 360 Mobile Assistant, Baidu Mobile Assistant, Xiaomi MIUI App Store and Wandoujia. These partnerships provide DateTix with marketing reach to approximately 85% of the over 600 million mobile Internet users in China.

Accordingly, DateTix will now look to leverage this reach to create revenue streams from three significant and addressable market opportunities in China, which have a cumulative size of A\$18 billion per annum, namely:

- A\$18 billion per year China mobile advertising market<sup>2</sup>

<sup>2</sup> Source: Analysys, June 2014

- A\$9 billion per year China mobile gaming market<sup>2</sup>
- A\$2 billion per year China dating services market<sup>3</sup>

Geographically, DateTix will initially establish a physical presence in Shenzhen, the first of the four tier-one cities in China it is targeting given its proximity to the Company's Hong Kong operations. Further near term expansions into Shanghai (3Q 2016), Beijing (4Q 2016) and Guangzhou (1Q 2017) will give DateTix a presence in all four tier-one cities in China with a combined population of approximately 70 million people.

### **Launch of social commerce marketplace**

Another notable development during the quarter was DateTix' launch in June 2016 of its social commerce marketplace, a scalable online platform featuring a curated set of date activities from local merchants, including meals, drinks, live events, outdoor activities and more. This unique and innovative offering, one of the first of its kind in the world, allows members to purchase date activities on the DateTix platform, with DateTix then helping them to find matches to enjoy the dates together.

While greatly enhancing the user experience for its members, the DateTix social commerce marketplace also provides another way in which the Company can monetise its large and growing member base, further boosting and diversifying revenue streams. As most of the date activities are pre-paid by members, with suppliers paid later, this is an attractive business model for DateTix as it enhances cash flows and minimises inventory risk. In addition, the Company is able to apply a mark-up to these activities, which are typically priced at between A\$50 to A\$150, and anticipates that its profit margin per date activity will be in the order of 20% to 50%.

DateTix plans to strategically expand its social commerce marketplace into every city it enters, having already secured agreements to over 130 date activities, including tickets to Disneyland Hong Kong and Universal Studios Singapore through its partnership with a leading deal platform in both markets.

### **Corporate developments**

#### **Settlement of consulting services business sale**

As previously announced in April 2016, DateTix has now finalised the divestment of its non-core service business, PRM Cloud Solutions. An initial payment of A\$404,500 (being A\$500,000 less adjustments for prepaid work and employee liabilities) has been received, and contingent consideration of up to A\$280,000 is due to be received April 2017.

This divestment has provided a useful inflow of cash that has been deployed towards the ongoing marketing, expansion and development of the Company's core business.

#### **Change of Company Secretary and Chief Financial Officer**

Commensurate with the Company entering into a new phase of growth and development, in June 2016 DateTix announced the appointments of Ms Wendy Hui to the position of Chief Financial Officer, and Mr Daniel Smith and Mr Matthew Foy as Joint Company Secretaries.

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<sup>3</sup> Source: iResearch, 2015



Ms Hui is based in Hong Kong and has a wealth of experience in Hong Kong, China and Singapore, currently the key focus areas for DateTix. She has also previously been regional financial controller for an ASX-listed company, making her an ideal appointee to this important position in the Company.

Both Mr Foy and Mr Smith have extensive experience in corporate governance as directors of Minerva Corporate Pty Ltd, a Perth based boutique corporate consulting firm.

These appointments followed the departure of Mr Garry Edwards, formerly Company Secretary and Chief Financial Officer of DateTix. DateTix once again takes this opportunity to thank Mr Edwards for his efforts in facilitating the transition of the Company since the acquisition of the DateTix business.

### **DateTix to acquire Lovestruck**

As communicated post the end of the quarter, DateTix announced that it had entered into a binding Heads of Agreement with Lovestruck Limited (Lovestruck) to acquire 100% of the issued capital of Lovestruck, a leading premium online dating platform targeting urban professionals seeking serious long-term relationships, currently operating in Hong Kong, Singapore and the United Kingdom.

Lovestruck reported revenues of approximately A\$2.3 million in calendar 2015, with over 96% of revenues derived from recurring membership subscriptions, over 35,500 Monthly Active Users in May 2016, over 4,500 active paying subscribers at end of May 2016, and with approximately A\$300 average lifetime revenue per paying subscriber.

This is a highly strategic and synergistic acquisition that is expected to result in an immediate increase of over +259% to DateTix's active user base and create the opportunity to drive substantial revenue and cost synergies. The acquisition provides significantly increased scale in revenues and monetisation, and creates strong operating leverage to drive margin expansion for the combined group.

### **Product roadmap**

DateTix will continue to aggressively pursue product enhancements and innovation to deliver an amazing user experience for its growing user base across all markets.

Among some of the exciting new features planned is a live events platform which is planned for launch in Q4 2016, enabling users to connect with each other to prepay for live event tickets and attend events together, including concerts and festivals.

Following the completion of the Lovestruck acquisition, the Company plans to enhance and localise the Lovestruck platform and brand for the China market, initially targeting higher income urban professionals in tier-one cities.

The Company will also strengthen its data analytics team to further optimise user engagement, retention and monetisation metrics, while further upgrading server infrastructure to support an expected significant increase in platform usage and concurrent users.

### **Cash at bank**

DateTix had a strong cash position of \$2.6 million as at 30 June 2016, and with no debt. The Company is well funded for further product development and marketing initiatives.

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## Outlook

DateTix enters FY2017 in a strong position and well placed to maintain its growth trajectory, with a clearly defined strategy that will deliver shareholder value.

Growth in the number of active users remain a top priority, with a focus on continuing to build local user density and grow number of active users in each local market to reach critical mass and achieve barriers to entry through network effects.

At the same time, significant growth in revenues is expected with increased monetisation of the DateTix user base as each local market approaches critical mass, with multiple revenue streams expected from membership subscriptions, virtual items, social commerce, advertising, matchmaking and events.

Expansion into China brings unprecedented opportunities for DateTix Group, with proven product offerings and unique points of difference in the highly competitive market. The company continues to pursue strategic partnerships, and is in active discussions with a number of strategic partners in China on distribution and revenue sharing opportunities.

The Company also plans to further grow revenues and increase the scale of its offline matchmaking business, which represents a significant revenue opportunity, particularly in mainland China where the size of the matchmaking market is projected to exceed A\$1.2 billion in 2016, approximately twice as large as China's online dating market<sup>4</sup>.

Matchmaking is a highly strategically complementary business for DateTix Group, as both the DateTix and Lovestruck online platforms generate a high volume of highly qualified sales leads for the matchmaking sales team, thus providing a significant competitive advantage versus offline-only matchmaking companies. With an average selling price of approximately A\$3,000 per client per package, revenues generated from matchmaking has the potential to substantially increase the ROI on the Company's marketing spend and user acquisition costs by increasing average lifetime value per user.

Commenting on the outlook for DateTix in FY 2017, Mr Ye added:

"As we look ahead to FY 2017, we see exciting opportunities for growth across multiple markets. As our active user base continues to expand, and we plan to significantly ramp up monetisation of our user base, in particular in the local markets where we are approaching critical mass, while continuing to deliver value for our users.

"The upcoming rollout of our social commerce and live events platforms, alongside the build out of our offline matchmaking business, should further increase average revenue per user. Geographically, we are focused on the China market opportunity and plan to expand our footprint into all four tier-one cities in FY2017. With local on-the-ground product development and marketing teams, and extensive local market experience within the DateTix management team, we believe we are well positioned to capture market share in China.

"We look forward to continuing to update shareholders on our progress throughout FY2017."

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<sup>4</sup> Source: iResearch, 2015



For further information, please contact:

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### **About DateTix Group**

DateTix Group is a leading provider of social and dating products and services, including the DateTix platform and personalised matchmaking services.

DateTix is a mobile online marketplace that facilitates offline dates by connecting like-minded people who are nearby each other and free at the same times. With the tap of just a few buttons, DateTix members can quickly and effortlessly meet new people at nearby establishments for meals, drinks, live events, outdoor activities and more, for a wide range of intentions, including casual dating, serious relationship, friendship, business networking.

DateTix has developed a proprietary matchmaking engine that algorithmically scores, ranks and matches people based on multiple dimensions of compatibility, including physical attributes, personality traits and date preferences, to deliver highly personalised and relevant matches to each and every member. With an initial focus on major Asian cities, DateTix plans to build, grow and cultivate leading local mobile marketplaces for dates in major markets around the world.

<http://www.datetix.com>

### **About Lovestruck**

Lovestruck is a leading premium online dating platform currently operating in Hong Kong, Singapore and the United Kingdom. Founded by Brett Harding and Laurence Holloway in 2006 in London, the platform was expanded to other markets in 2008, including most notably Hong Kong and Singapore. Since its launch, Lovestruck has achieved over 33 million visits and 216,000 subscriptions totaling over \$17 million in revenue via its website, mobile web, iOS and Android apps.

Lovestruck has established itself as a readily identifiable brand position in a competitive yet burgeoning market. Genuinely regarded as a preeminent brand within the dating industry – and a founding member of the Online Dating Association, a new trade body created to set and uphold the highest standards in the industry – Lovestruck has won numerous awards, most notably 'Online Dating Brand of the Year' for the second year running at the UK Dating Awards in November 2015.

<http://www.lovestruck.com>

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

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

Name of entity

DATEFIX GROUP LTD (ASX - DTX)

ABN

82 009 027 178

Quarter ended ("current quarter")

30 June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers <i>(Includes \$404k from services business sold on April 2016)</i>	494	1,401
1.2 Payments for (a) staff costs	(217)	(1,385)
(b) advertising and marketing	(157)	(530)
(c) research and development	1	(101)
(d) leased assets	-	-
(e) other working capital	(348)	(1,211)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	59
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(215)</b>	<b>(1,769)</b>

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(215)	(1,769)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(4)	(33)
(e) other non-current assets		
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	-	16
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other-Transaction costs	-	(176)
Cash acquired in business combination	-	312
<b>Net investing cash flows</b>	<b>(4)</b>	<b>119</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(219)</b>	<b>(1,650)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, (costs)	-	2,669
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(2)	(6)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>(2)</b>	<b>2,663</b>
<b>Net increase (decrease) in cash held</b>	<b>(221)</b>	<b>1,013</b>
1.21 Cash at beginning of quarter/year to date	2,856	1,622
1.22 Exchange rate adjustments to item 1.21	-	-
<b>1.23 Cash at end of quarter</b>	<b>2,635</b>	<b>2,635</b>

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	153
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors fees and superannuation

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities - leasing	18	18
3.2	Credit standby arrangements	Nil	Nil

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	574	335
4.2 Deposits at call	2,061	2,521
4.3 Bank overdraft	-	-
4.4 Other (bank bills)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>2,635</b>	<b>2,856</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

*The Group incorporated three new subsidiaries, two in China and one in Singapore during first half of Year 2016 in preparation for expansion. One subsidiary in China started providing matchmaking services on June 2016.*

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:                      Date: 28 July 2016  
(Director/~~Company secretary~~)

Print name: Michael Ye

**Notes**

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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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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