LiveVerdure

ASX Release
29 January 2021

LV1 December 2020 Quarterly Business Review & Appendix 4C

Live Verdure Limited (ASX:LV1) ("LV1", "Live Verdure" or the "Company") is pleased to release its first quarterly activities report and Appendix 4C for the three months ended 31 December 2020.

Highlights

- Successful listing on the ASX in December 2020 raising $5m with CPS Capital as lead manager
- Record unaudited quarterly sales of ~$155k for 2Q2021 (up 72.4% from 2Q2020)
    - Record unaudited half yearly sales revenue of ~$284k for 1H21 (up 107.2% from $137k)
    - Strong growth across a number of important Direct to Consumer ("DtoC") metrics
- Receipt of FY19 Research and Development tax incentive amounting to ~$51k
- New marketing initiatives deployed to drive increased brand awareness, customer acquisition and sales
- Commenced Research and Development into new product lines leveraging both the hemp plant and complimentary products
- Purchased ~35 tonnes of Tasmanian hemp seed

Successful A$5m Capital Raise & ASX Listing

Live Verdure completed the issue of 25 million new fully paid ordinary shares ("Shares") in accordance with its IPO Prospectus dated 26 October 2020 ("IPO Offer"). The IPO Offer was led by CPS Capital Group Pty Ltd and closed oversubscribed, raising $5 million.

The Company also completed its Convertible Note Offer in accordance with its Prospectus dated 26 October 2020 and converted all Convertible Notes previously on issue, including interest, into 4,048,961 Shares.

The Company thanks its existing shareholders for their longstanding support, and also welcomes its new shareholders and their exceptionally strong support which has enabled LV1 to achieve this crucial stage in its growth curve.

LV1 will begin to apply the funds raised to actively promote the Company's products through its existing online channels, principally its website. In conjunction with its online presence, the Company will actively promote the benefits of hemp-based products through social media and online marketing.

LV1 has now also started to respond to demand for new hemp-based products and has recently commenced research and development activities to develop new hemp-based and complementary products.

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Record Growth in Online Sales

The Company is pleased to advise it has delivered record sales for the quarter of ~$155k, an increase of 19.6% from the previous quarter and an increase of 72.4% over the same quarter in the previous year. Online sales made up 78.7% of total sales for the quarter.

Receipts from customers during the quarter totalled ~$154k. Cash outflows during the quarter included a number of IPO related costs and purchase of additional raw materials. Operating net cash outflows totalled ~$616k and net financing cash inflows amounted to ~$4,486k. The Company notes the Appendix 4C includes cash outflows with respect to non-recurring items of (~$659k). The Company expects future cash outflows to reduce following this quarter's expenditure, and be in line with budget expectations.

During the quarter the Company also received a Research and Development incentive tax credit for its FY19 expenditure amounting to ~$51k.

Key DtoC Performance Metrics

LV1 is being built based on a deep understanding of our consumers' purchasing behaviour, with a focus on building long-term relationships where consumers return again and again to shop for more wellness products.

This Direct to Consumer (DtoC) focus offers a number of strategic and commercial advantages, including;

- The ability to **collect customer and product data**
- Being able to **adapt to trends and demand** as quickly as possible by involving customers in the product development and manufacturing processes
- Control product pricing and achieve **higher margins**
- **Control the marketing and distribution** of products across multiple channels
- **Collect feedback directly from customers** and act on it to drive increased customer satisfaction and subsequent higher CLTV's

Customer satisfaction continues to be THE strategic pillar for LV1, as evidenced by our exceptional customer reviews (4.9 on Facebook, 4.7 on Google).

LV1 also collects and analyses consumer and product data to influence and optimise its sales and marketing strategy, drive high margin sales and provide insights into future new product development. Significant increases across a number of categories are outlined below.

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	For the 3 months ended:		
	Dec 2019	**Dec 2020**	**Percentage Increase**
Online Sales	~A$69k	~A$122k	77%
Average Order Value	$34	$95	180%
Repeat Customer Rate	16.7%	45.6%	N/A

LV1 will begin to apply the funds raised under the IPO to further accelerate growth and look forward to keeping the market informed updated in future quarters.

New Marketing Initiatives Deployed

LV1 will continue to invest across multiple channels to continue to grow its customer base to drive high margin sales and provide a low cost channel to launch new products in future quarters.

As a DtoC and brand focussed company, LV1's success is reliant on its ability to successfully promote LV1's products for sale. The Company's sales and marketing strategy remains focused on continuing to drive on-line sales whilst concurrently building promotional online programs with consumers that aim to drive repeat purchases, drive increased customer lifetime value ("CLTV") and stimulate broader market awareness.

In line with the above, LV1 continues to grow its online presence and subsequent to the quarter-end, has commenced work on the following marketing initiatives;

- launching its brand ambassador and referral programs;
- building its affiliate network; and
- scaling promotional campaigns on the main social media platforms.

The Company continues to also focus on its existing ROAS positive marketing activities and leveraging its consumer database for low cost high return marketing activities.

Research and Development Commenced

LV1 has also started to respond to customer feedback and commenced research and development on potential new product lines in existing and new categories, leveraging the hemp plant whilst also potentially incorporating complementary compounds. LV1 is confident that it will be able to leverage its existing high-quality 3rd party supply-chain partners to efficiently develop and market new products as, and when, they are brought to market. LV1 will keep the market updated on material business activities as they come to light.

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Robust Supply Chain

As LV1 continues to grow its direct-to-consumer channel, manufacturing efficiencies through scale continue to improve. LV1 continues to monitor its fixed and variable costs, ensuring capital is being efficiently allocated to drive high margin sales and not to capital heavy activities such as cultivation, drying, and processing.

During the quarter and subsequent to the IPO, the LV1 paid the balance on its Tasmanian hemp seed, receiving ~35 tonnes of Tasmanian hemp seed.

Additional Information

The table below illustrates the expenditure comparison against the Company's 'Use of funds table' in the Prospectus dated 26 October 2020:

Use of funds	**Amounted budgeted in Prospectus**	**Actual amount spent to date**
Expenses of the Offer	$483,000	$514,000
Sales and marketing	$1,280,000	$113,000
Raw materials and packaging supplies	$1,175,000	$259,000
Administration costs	$1,857,000	$449,000
Research and development	$700,000	$3,000
Total	**$5,495,000**	**$1,338,000**

The Company considers the amount spent to date to be on track with the projected expenditure disclosed in the Prospectus.

Amounts included in section 6.1 of the Company's December 2020 Appendix 4C relate to the following payments:

- $80,145 for Directors fees and superannuation payments for the December 2020 quarter; and
- $159,855 relating to payments made in accordance with Sections 7.6 and 7.7 of the Company's IPO Prospectus.

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In accordance with conditions to the waiver from Listing Rule 1.1 condition 12 as set out in the Company's announcement of 11 December 2020, the Company confirms that 5,000,000 performance rights with a nil exercise price issued to its Managing Director and Non-executive Chairman, remain on issue and have not been converted.

-Ends-

For further information, please contact:

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Non-Executive Chairman
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This announcement has been authorised for release by the Board of LV1.

About Live Verdure (ASX:LV1)

Live Verdure Limited (ASX:LV1) ("**LV1**" or the "**Company**") is an Australian Direct to Consumer (DtoC) plant based food, nutraceutical and skin care company which owns fast growing hemp consumer brand "13 Seeds", with Tasmanian hemp as its hero protein.

LV1 is being built based on a deep understanding of our consumers' purchasing behaviour, with a focus on building long-term relationships where consumers return again and again to shop for more wellness products.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Live Verdure Ltd	
ABN	**Quarter ended ("current quarter")**
28 614 347 269	31 December 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	154	279
1.2	Payments for		
	(a) research and development	(3)	(3)
	(b) product manufacturing and operating costs	(259)	(330)
	(c) advertising and marketing	(113)	(239)
	(d) leased assets	-	-
	(e) staff costs	(264)	(293)
	(f) administration and corporate costs	(185)	(241)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	54	75
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(616)**	**(752)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	5,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(509)	(509)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(5)	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**4,486**	**4,986**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	507	143
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(616)	(752)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,486	4,986
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,377**	**4,377**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	4,377	507
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,377**	**507**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	240
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(616)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,377
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,377
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	7.1

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: .....29 January 2021.....

The Board of Directors

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.