LiveVerdure

ASX Release
30 April 2021

LV1 March 2021 Quarterly Business Review & Appendix 4C

Live Verdure Ltd (ASX:LV1) ("LV1", "Live Verdure" or the "Company") is pleased to release its quarterly activities report and Appendix 4C for the three months ended 31 March 2021.

Highlights

- Overall Record of Online Sales Growth Continued this quarter;
    - LV1 also saw strong growth across a number of important Direct to Consumer ("DtoC") metrics, such as: total number of orders and new customers.
- Global Launch of Skin Care Brand, named "8 Seeds".
- Transformative Strategic Partnership with THG Ingenuity.
- New Product Development to be Spearheaded by Ex Swisse Wellness' Jonathan Do.
- Research and Development of new products has been extended.
- Post reporting period highlights:
    - Successful FDA Registration and Commencement of US Sales.
    - LV1 Commences Distribution on Amazon Australia Marketplace.

Record Online Sales

Live Verdure is happy to report we have delivered ~$145k in sales for this quarter, an increase of ~6% over the same quarter in the previous year. Online sales made up 85.26% of total sales (~$124k), an increase from the 78.7% announced in the previous quarter. LV1 is pleased with this result as Online sales align with our DtoC business model. During this quarter the company also recorded our largest ever single day of sales revenue and highest number of orders placed in one day, as well as a strong increase of new customers.

These results are especially pleasing given Q3 is generally a softer quarter for online sales due to reduced discretionary consumer spending post-Christmas.

The company remains focused on its DtoC business model and looks forward to significantly increasing online sales in future quarters by:

- Completing our brand and website refresh;
- Launching new products in the upcoming quarter;
- Scaling up promotional campaigns for existing and new products on our social media platforms;
- Continuing to leverage our customer database to drive even higher return customer sales; and
- Launch existing products into new international markets.

The table below highlights some significant increases across a number of categories.

	For the 3 months ended:	
	Dec 2020	**Mar 2021**
Online Sales	~A$122k	~A$124k
Average Order Value ("AOV")	~$95	~$90
Repeat Customer Rate	45.6%	36.29%

Both historically and in LV1's experience, repeat customers place larger orders for more items than first time customers. During the March quarter, the company managed to attract a significant number of new customers which naturally reduced the Repeat Customer Rate and AOV when shown as a percentage. LV1 considers this a great opportunity for growth, to convert these new customers into repeat customers - who spend more when placing subsequent orders.

Our total number of orders placed during the March 2021 quarter also increased just over 10% from the previous December 2020 quarter.

Global Launch of "8 Seeds" Skin Care Brand

During the quarter, Live Verdure announced *(ASX Announcement 9 March 2021)* the launch of its all-natural, cruelty-free, vegan-friendly, Skin Care brand "8 Seeds."

By 2025, the global skincare market is estimated to be US$189.3 billion, expanding at a CAGR of 4.4%[1]. An increasing demand for effective natural, herbal, and organic skincare products that cause no adverse side effects is also expected to boost market growth even further[2].

LV1 has expanded its knowledge and begun the development of a range of hemp-based skincare and beauty products to be launched under the "8 Seeds" brand. LV1 believes 8 Seeds' initial range of 5 Skin Care SKUs, with hemp oil as its hero ingredient, will be perfectly suited to leverage this global market growth. These new products include a facial serum, hydrating face cream with SPF, a full body moisturiser, an oil-based facial cleanser and face sheet masks.

Since the launch of 8 Seeds in early March 2021, Live Verdure has made significant progress, including;

- Finalising the 8 Seeds Skincare Branding;
- Commenced work on "8 seeds" go to market strategy;
- Commenced additional future '8 Seeds' product R&D; and
- Entered into the final stage of '8 Seeds" product testing.

[1] https://www.grandviewresearch.com/press-release/global-skin-care-products-market

[2] https://www.grandviewresearch.com/press-release/global-skin-care-products-market

Transformative Strategic Partnership with THG Ingenuity

Live Verdure also announced (ASX Announcement, 9 March 2021) a transformative strategic partnership with THG PLC ("THG"), the global technology company, specialising in taking brands direct to consumers.

THG Ingenuity is a global proprietary technology platform, developed to minimise the cost and complexity of taking brands direct to consumers. With over 200 brands already leveraging THG's expertise, the platform offers LV1 an end-to-end eCommerce solution. Access to the THG Ingenuity platform and full-service supply chain, including global fulfilment and modular digital services, enables LV1 to globally scale our existing and future brand portfolio.

THG's end-to-end eCommerce infrastructure, THG Ingenuity, will provide a full-service solution to LV1. This solution connects LV1 brands directly with consumers across multiple global markets - including North America, Europe, and Asia.

Partnering with THG Ingenuity enables LV1 to mitigate the significant risk and material cost associated with developing its own multi-country eCommerce solution.

In line with LV1's DtoC go-to-market strategy, and as per the Company Presentation (ASX Announcement 15 February 2021), LV1 will leverage THG Ingenuity's significant and long-term investment in proprietary technology, operations, brand, and data. This will allow LV1 to remain laser-focused on development of multiple new products, across new and existing categories.

THG and Live Verdure will be targeting a multi-country launch in 2021 for both its "8 Seeds" and "13 Seeds" brands, and we look forward to keeping the market updated in future quarters.

New Product Development to be Spearheaded by Ex Swisse Wellness' Jonathan Do

Live Verdure announced *(ASX Announcement 23 March 2021)* the appointment of Jonathan Do as Chief Technical Officer ("CTO").

Jonathan is a qualified Pharmaceutical Formulation Chemist with over 11 years of new product development and formulations experience - across multiple verticals - including nutraceuticals, skincare, and cosmetics. In the position of Technical and Product Development Manager at Swisse Wellness, Jonathan developed Australia's first Vitamin, herbal and mineral supplement to have been approved under China's strict new "Blue hat" filing system. Jonathan also led the development of multiple health and beauty hero products such as the "Swisse Ultiboost Golden Collagen".

The appointment of Jonathan Do marked an important step towards optimising all touchpoints with Live Verdure's customer base and ensures that LV1 can deliver a pipeline of outstanding products. Jonathan's unique skill set and experience compliments LV1's strategy across its entire product range seeing LV1 continue to develop high-quality Australian hemp-based products to be sold into a growing global market.

Research and Development Extended

New Product Development is vital for a company's organic growth and customer retention. Appointing Jonathan Do as CTO represents Live Verdure's continued investment in New and Existing Product Development. Jonathan has already made significant progress in the development of multiple new products across both the "13 Seeds'' and "8 Seeds" product ranges. We look forward to the launch of these products during the next quarter and throughout 2021.

POST REPORTING PERIOD HIGHLIGHTS

Successful FDA Registration and Commencement of US Sales

Subsequent to quarter end, Live Verdure announced (ASX Announcement 22 April 2021) the successful FDA registration of our co-manufacturers. In addition to this, the first shipment of hemp-based gel capsules from our nutraceuticals range has arrived with our 3PL supplier based throughout the USA, and US sales have already commenced.

Nutraceuticals are food-based substances consumed for the potential prevention and/or treatment of illness and disease[3]. The global nutraceutical market size was valued at US$382.51 billion in 2019 and is expected to expand at a CAGR of 8.3% to USD$722.5 billion by 2027[4]. After North America, Japan and China are the next largest nutraceuticals consumers. Together, these nations make up about 78% of the total nutraceuticals market in the Asia Pacific region[5].

The US Nutraceuticals Market LV1 has chosen to enter the largest consumer market in the world, the US market, as its first international market for the following reasons:

- The US Is the largest consumer of nutraceuticals globally,
- The US has one of the highest percentages of eCommerce users per capita,
- Australian products are perceived in the US as high quality and very healthy; and
- Online marketing content can be easily localised and scaled across the country, with no language barriers and low geopolitical risk (i.e. no trade wars).

LV1 will continue to expand Its marketing push in the US by:

- Leverage its strong digital capabilities to drive significant high and low intent traffic to its online assets and increase conversion rates;
- Exploring local online affiliate channels; and
- Maximising the use of Social Media for DtoC sales.

3 https://pharmaceutical-journal.com/article/ld/1-what-is-a-nutraceutical

4 https://www.grandviewresearch.com/industry-analysis/nutraceuticals-market

5 https://www.unleashedsoftware.com/blog/the-nutraceutical-industry-in-2021-top-trends-and-projections

Live Verdure also continues to advance discussions with additional distribution partners and US-based Global Online Marketplaces. Live Verdure will update the market on this front in the coming weeks as discussions continue to progress.

Distribution on Amazon Australia Marketplace

Live Verdure Ltd announced *(ASX Announcement 6 April 2021)* that its "13 Seeds" products are now available on Amazon Australia. The range of "13 Seeds" products are now also available for purchase by customers who choose to shop on the Amazon marketplace, with orders fulfilled from stock held at Amazon's distribution centre in Melbourne. Live Verdure will simultaneously continue to drive sales (and manage order fulfillment) through its existing sales platforms, including the brand website: www.13seeds.com.au.

Amazon Australia's domain experienced 600% growth between 2016 – 2019 which has seen it become one of the leading online marketplaces in the country, with total sales exceeding AU$1bn for CY20[6].

Amazon Australia's sales are expected to quadruple by 2023, to more than $4 billion. In 2020, approximately 38% of shoppers surveyed had purchased through the Amazon marketplace, an increase from 25% in 2019. Furthermore, about 50% of shoppers said they were likely to purchase from Amazon again (an increase from 38% in 2019)[7].

The aforementioned growth, coupled with multiple warehouses (or distribution centres) spread throughout Australia, will enable LV1 to take advantage of expanding audience numbers as well as reduced delivery times, to increase sales and further improve customer satisfaction.

Additional Information

1. 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	$287,000
Raw materials and packaging supplies	$1,175,000	$315,000
Administration costs	$1,857,000	$664,000
Research and development	$700,000	$8,000
Total	**$5,495,000**	**$1,788,000**

[6] https://www.afr.com/companies/retail/amazon-australia-sales-exceed-1b-20210208-p570ii

[7] https://www.afr.com/companies/retail/channel-agnostic-retailers-best-placed-as-shift-to-online-accelerates-20210125-p56wqr

2. Amounts included in section 6.1 of the Company's March 2021 Appendix 4C relate to Directors fees and superannuation payments.

3. 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:

Gernot Abl
Non-Executive Chairman
e: gernot@liveverdure.com.au

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 skincare company that owns the rapidly growing hemp consumer brand "13 Seeds" and "8 Seeds", with 100% Tasmanian hemp as its hero ingredient.

LV1 is built based on a deep understanding of our consumers' needs and purchasing behaviour. This company-wide focus on building and nurturing long-term relationships with our customers means they return time after time 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 March 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	156	435
1.2	Payments for		
	(a) research and development	(5)	(8)
	(b) product manufacturing and operating costs	(56)	(386)
	(c) advertising and marketing	(174)	(413)
	(d) leased assets	-	-
	(e) staff costs	(100)	(393)
	(f) administration and corporate costs	(114)	(355)
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	-	75
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(293)**	**(1,045)**

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 (9 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)	-	5,500
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)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**4,986**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,377	143
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(293)	(1,045)
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 (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,986
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,084**	**4,084**

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	4,084	4,377
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)**	**4,084**	**4,377**

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	78
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)	(293)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,084
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,084
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	13.94

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: .....30 April 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.