ASX Release
27th October 2021

LV1 September 2021 Quarterly Business Review & Appendix 4C

Live Verdure Ltd (ASX: LV1) ("LV1", "Live Verdure" or the "Company") is pleased to release our quarterly activities report and Appendix 4C for the three months ended 30 September 2021.

Record Sales Highlights

- Online Sales **increased by ~96%** to a record of **~$323,000**
- Cash Receipts **increased by ~75%** on the previous quarter to a record of **~$337,000**
- **Record number of orders processed during the quarter**
- Direct to Consumer ("DtoC") sales into the US market commenced
- Strong growth continued across several important DtoC metrics

Record Online Sales and Cash Receipts

The Company is pleased to advise we have delivered unaudited sales for the quarter of **~$333,000**. This figure shows an **increase of ~157%** from the same quarter in 2020 and an increase of ~**88**% from the June 2021 quarter.

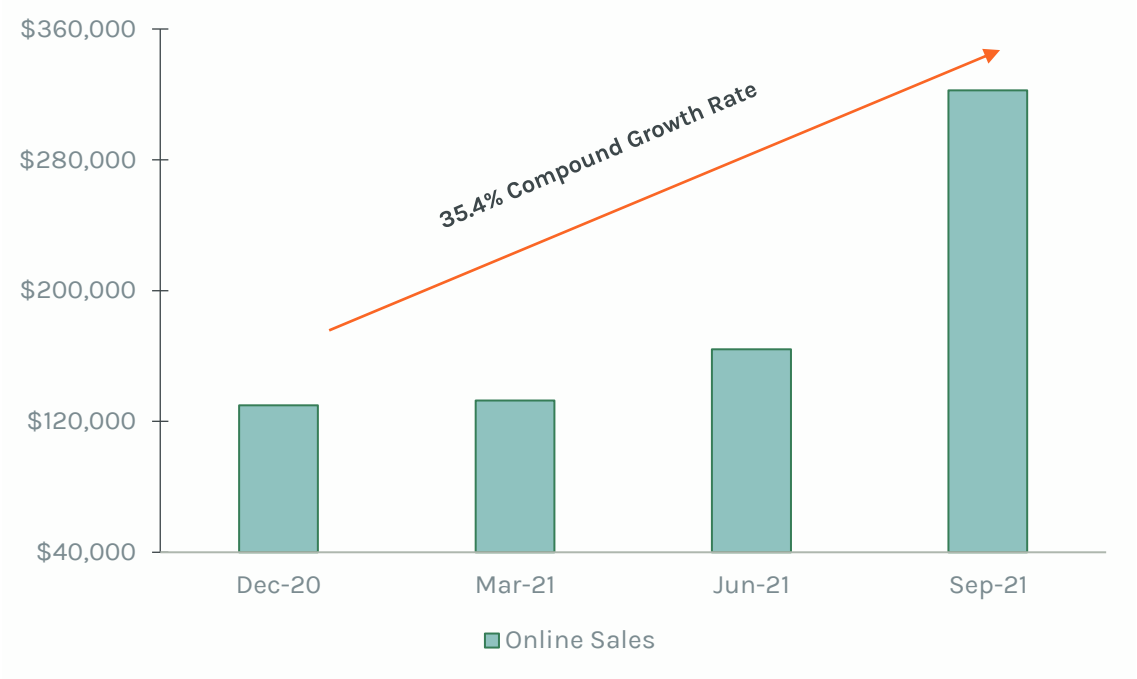
We are also proud to advise that **Live Verdure recorded its strongest cash receipts in the Company's history** during this quarter, with **~$337,000** received from customers.

Online Sales **(~$323,000)** made up ~**97**% of total sales for the quarter, an **increase from 96%** in the previous quarter. This achievement marks the **4th consecutive quarter of online revenue growth** since listing on the ASX in December 2020. The significant upward trend in percentage of sales through our online channels continues to prove the merit in Live Verdure's DtoC business strategy.

LV1's total number of orders for the September 2021 quarter also **increased by more than ~56%** compared to the June 2021 quarter.

Given the accelerated forecast growth trajectory, LV1 significantly increased investment in inventory during the quarter, including materials for a new hero product due to launch in the December quarter. This is reflected in an increase in product manufacturing and operating costs.

Additionally, LV1 has also increased investment against marketing initiatives, including campaigns targeted at the lucrative US market with early sales commencing. This is reflected in an increase in advertising and marketing expenditure.



Graph 1: Summary of online sales for FY21.

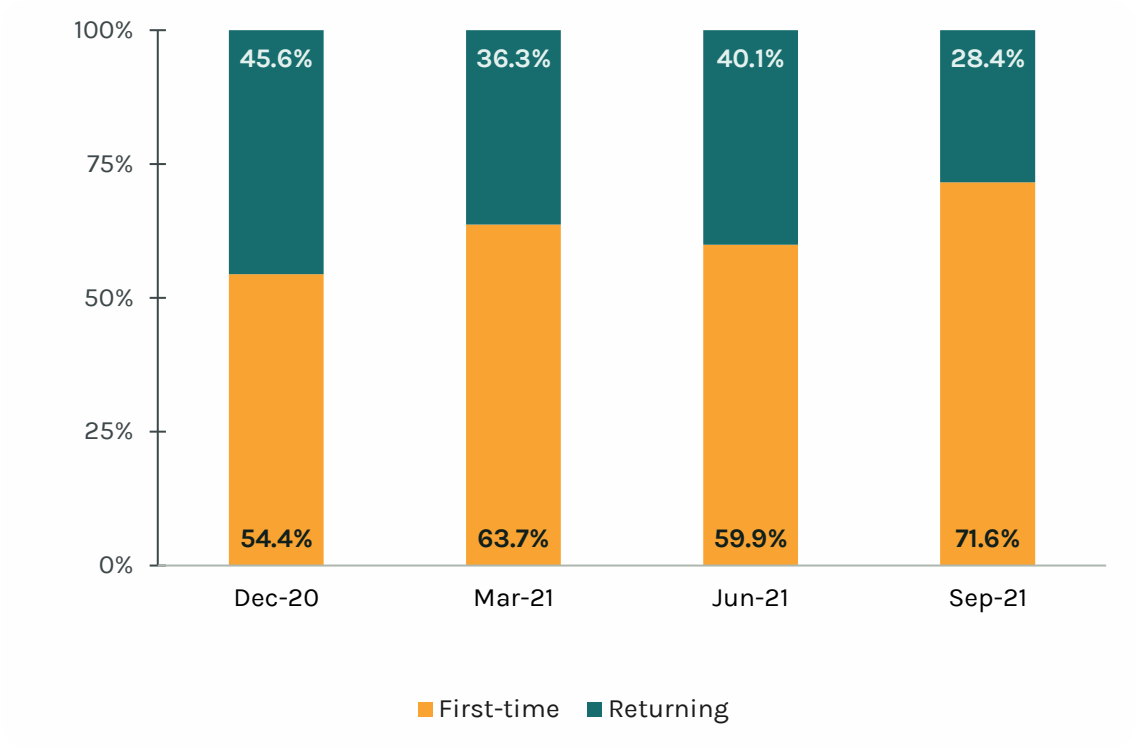
Key Direct to Consumer Metrics

In addition to the increase in online sales, LV1 has shown significant increases across several key categories since the ASX listing in December 2020. These are outlined in the table below and discussed in further detail.

	For the 3 months ended:			
	Dec 2020	**Mar 2021**	**June 2021**	**Sept 2021**
Online Sales	~$130,000	~$133,000	~$164,000	~$323,000
First Time Customer Average Order Value ("AOV")	~$89	~$82	~$79	~$94
Repeat Customer Average Order Value ("AOV")	~$102	~$102	~$93	~$114
Repeat Customer Rate	45.6%	36.3%	40.1%	28.4%

First-Time vs Returning Customers

During the September 2021 quarter, Live Verdure continued to attract a significant number of new customers. We recognise this as an excellent opportunity to convert these new customers into repeat customers, who historically have a higher AOV and are more likely to promote the products to their family and friends.



Graph 2: First-Time and Returning Customers - Sep 2020 to Sept 2021

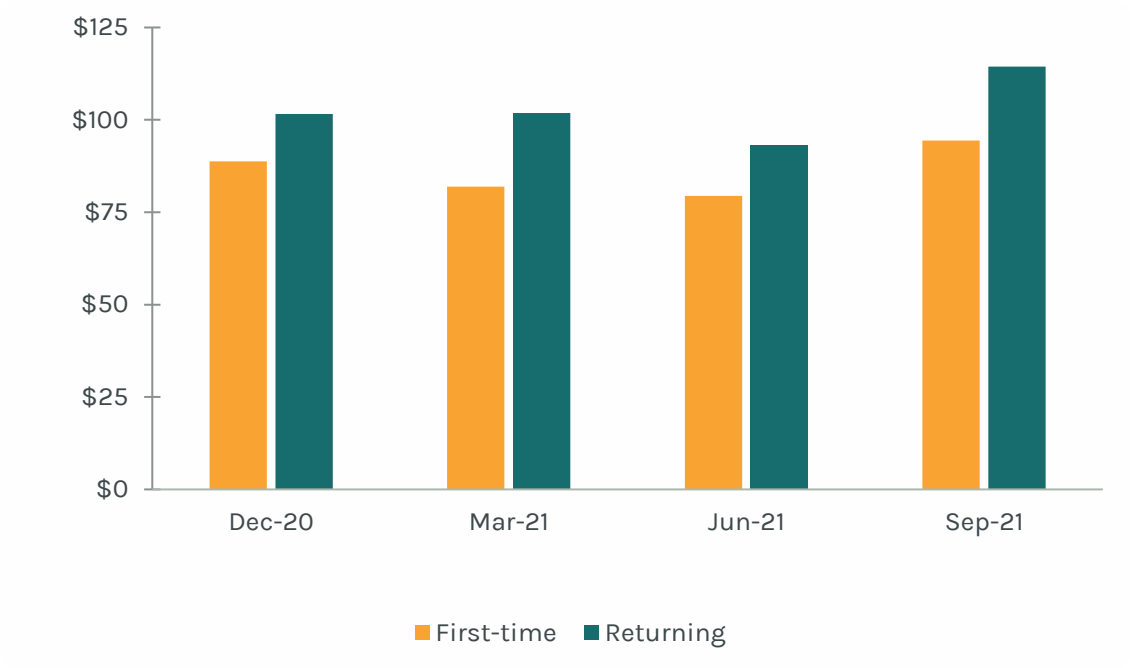
LV1 is stepping up our marketing efforts even further, focusing more than ever on social media and email campaigns to maintain high levels of engagement. Customer engagement has been proven to increase customer retention and encourage repeat spend – which will ultimately become our main profitability driver.

Repeat customers are significantly more valuable than first-time customers because:

1. Repeat customers have a higher AOV than first-time customers;
2. Repeat customers are easier to sell to;
3. New customers cost more to acquire;
4. New customer acquisition costs are high; and
5. Repeat customers promote the products.

AOV for First-Time and Repeat Customers

The AOV for first-time customers has been steadily trending upward and this quarter reached ~$94. AOV increased by ~$15 as our focus shifted to marketing higher value items and bundles of products sold together.



Graph 3: AOV for First Time Customers and AOV for Repeat Customers

The AOV for repeat customers has also been increasing, and during this quarter reached an all-time high of ~$114.

LV1 increased AOV over the period provides the foundation for continued growth in revenue and illustrates our customers' love of the products and strong support of the brand.

Continued DtoC Focused Business Model

Live Verdure remains confident in our DtoC business model. We look forward to further increasing online sales in future quarters by:

- Launching additional products (Next product launch is on track for the upcoming quarter);
- Continuing to scale product promotion campaigns on multiple social media platforms;
- Continuing to leverage our customer database to drive high return sales; and
- Scaling sales on the Amazon US and AU global marketplaces.

During the quarter the Company also received a Research and Development incentive tax credit relating to the financial year ended 30 June 2020 amounting to ~$115k. The financial year 2021 return is in the process of being prepared and will be lodged over the coming quarter.

During the September 2021 quarter, Live Verdure expenditure included ~$86,000 on employee benefits, ~$433,000 on advertising and marketing expenses, ~$75,000 on research and development expenses, and ~$339,000 on product manufacturing and operating costs. This expenditure is in line with budget expectations.

Operational Highlights

- Launch of First TGA Registered Product and Commencement of First Sales
- Distribution of TheraJoint+ on Amazon Australia Marketplace Commences
- Former L'Oréal MD to Spearhead Market Launch of "8 Seeds" Skincare

Launch of First TGA Registered Product and Commencement of First Sales

During the quarter *(ASX Announcement 12 July 2021)*, Live Verdure Ltd launched, distributed, and booked the first sales of TheraJoint+, our new, scientifically formulated, and TGA approved Turmeric capsules.

TheraJoint+ is the first 13 Seeds product to achieve Therapeutic Goods Administration (TGA) registration. TGA approval allows LV1 to make specific claims (rather than vague suggestions) regarding the effects of TheraJoint+ on joint pain and inflammation.

TheraJoint+ is the first of several new products to be launched under the 13 Seeds brand during 2021.

As announced *(ASX Announcement 14 July),* the initial sales campaign to our existing consumer database resulted in significant sales over the launch weekend in June 2021, comprising of approximately:

- ~$40,000 in total sales revenue, including ~$26,000 of TheraJoint+ sales revenue and ~$14,000 in sales revenue attributable to the Company's other products,
- Record DtoC Sales on a single day of ~$19,000; and
- Record number of DtoC Orders placed in a single day of 225.

LV1 is now expanding our sales and marketing campaigns for TheraJoint+ and preparing the product for distribution on the Amazon AU and US marketplaces.

LV1 Commences TheraJoint+ Distribution on Amazon Australia Marketplace

During the September 2021 quarter, Live Verdure Ltd also announced *(ASX Announcement 22 July 2021)* TheraJoint+ is now available on Amazon Australia, as well as on our existing sales platforms (www.13seeds.com.au and www.therajoints.com).

Former L'Oréal MD to Spearhead Market Launch of "8 Seeds" Skincare

During the September 2021 quarter, Live Verdure was proud to announce *(ASX Announcement 17 August 2021)* the appointment of Mark Tucker, former L'Oréal Managing Director, as General Manager of "8 Seeds" Skincare.

Mark's significant experience at all stages of the growth curve will be incredibly valuable to LV1 as he begins to expand and finalise our 8 Seeds product portfolio. Mark will also work closely with our strategic partner THG Ingenuity *(ASX Announcement 9 March)* to launch and scale the 8 Seeds brand globally.

Mark is a visionary Executive with over 30 years of experience in creating and launching beauty brands across Australia, New Zealand, and the Asia Pacific region.

For 8 years, Mark held the position of Managing Director at L'Oréal Australia, and prior to that, General Manager Consumer for 6 years. During his tenure revenue grew from A$12m to more than A$400m - making L'Oréal the leading beauty business in the Australian market

Mark's experience will be invaluable as he initially works with LV1 to further develop the "8 Seeds" skincare range, launching it online and with local and overseas retailers. He will also work with the LV1 Board and Management to further refine and implement the Live Verdure strategy.

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	$962,000
Raw materials and packaging supplies	$1,175,000	$767,000
Administration costs	$1,857,000	$1,062,000
Research and development	$700,000	$163,000
Total	**$5,495,000**	**$3,468,000**

Amounts included in section 6.1 of the Company's September 2021 Appendix 4C relate to the following Directors fees and superannuation payments for the September 2021 quarter.

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 Ltd (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 brands "13 Seeds" and "8 Seeds", with Tasmanian hemp as its hero protein.

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

LiveVerdure

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	30 September 2021

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	337	337
1.2	Payments for		
	(a) research and development	(75)	(75)
	(b) product manufacturing and operating costs	(339)	(339)
	(c) advertising and marketing	(434)	(434)
	(d) leased assets	-	-
	(e) staff costs	(87)	(87)
	(f) administration and corporate costs	(92)	(92)
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	115	115
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(575)**	**(575)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
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	-	-
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)	-	-
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	(7)	(7)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(7)**	**(7)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,658	3,658
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(575)	(575)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(7)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,076**	**3,076**

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	3,076	3,658
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)**	**3,076**	**3,658**

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)	(575)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,076
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,076
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5.35
	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.

27 October 2021

Date: .....

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.