LiveVerdure

ASX Release
31 January 2022

LV1 December 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 31 December 2021.

Record Sales Highlights

- Online Sales **increased by ~58%** to a record of **~$509,000**
- Cash Receipts **increased by ~55%** on the previous quarter to a record of **~$518,000**
- **Record number of orders processed during the quarter**
- Strong growth continued across several important Direct to Consumer (**DtoC**) metrics

Record Online Sales and Cash Receipts

The Company is pleased to advise we have delivered unaudited sales for the quarter of **~$518,000**. This figure shows an **increase of ~234%** from the same quarter in 2020 and an increase of **~56%** from the September 2021 quarter.

The Company is also proud to advise that **it recorded its strongest cash receipts in the Company's history** during this quarter, with **~$518,000** received from customers.

Online Sales **(~$509,000)** made up ~**98**% of total sales for the quarter, an **increase from 97%** in the previous quarter. This achievement marks the **5th consecutive quarter of online revenue growth** since listing on the ASX in December 2020 and continues to prove the merit in Live Verdure's DtoC business strategy.

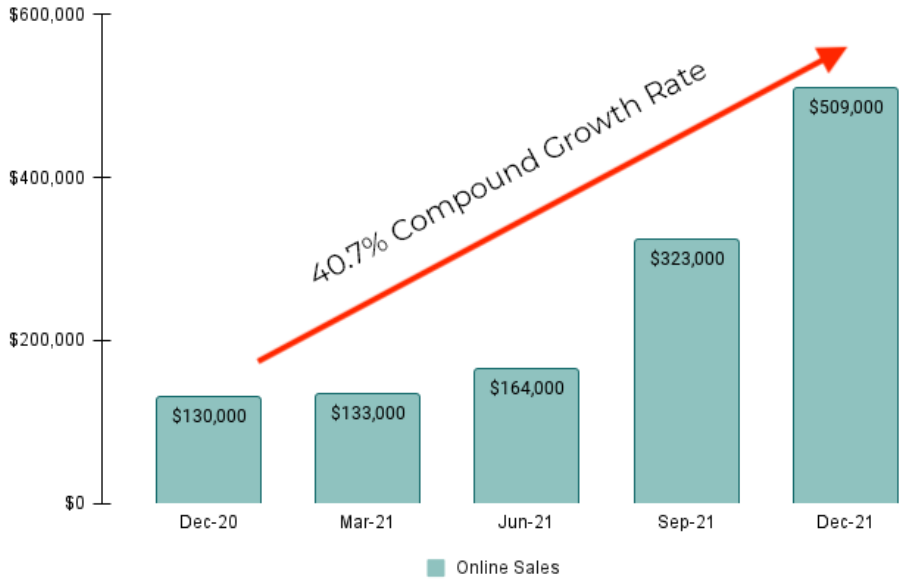
LV1's total number of orders for the December 2021 quarter also **increased by more than ~52%** compared to the September 2021 quarter.

Given the accelerated forecast growth trajectory, LV1 maintained increased investment in inventory during the quarter, including materials for TheraNight+ which was launched in the December 2021 quarter. This is reflected in the product manufacturing and operating costs.

LV1 also increased investment against marketing initiatives, including continuing to explore new channels to drive an improved return on investment on our digital spend. This is reflected in an increase in advertising and marketing expenditure.

Since launching TheraJoint+, LV1 has built strong digital capability in acquiring paying customers, driving repeat customers and increased AOV. The Company continues to assess and monitor its Customer

Acquisition Cost ("CAC") and in the medium term is exploring opportunities to optimise customer lifetime value by focusing on acquiring high value new customers who are more likely to become repeat customers.



Graph 1: Summary of online sales for FY21.

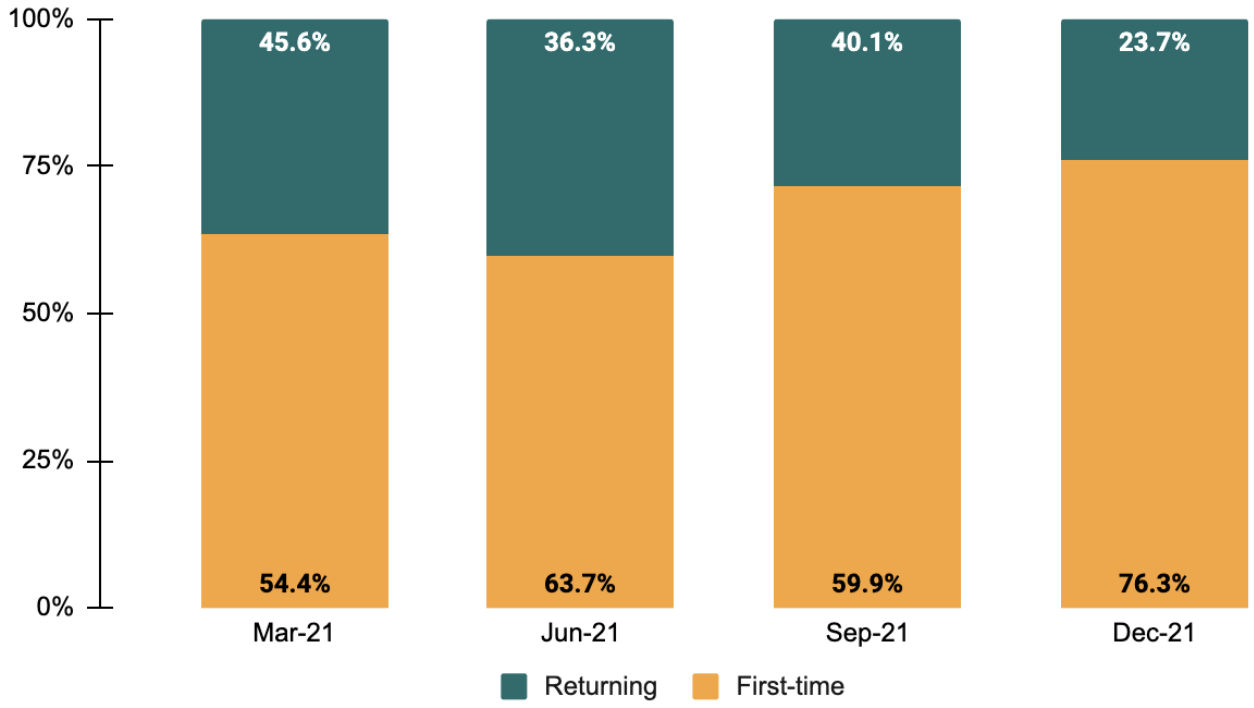
Key Direct to Consumer Metrics

In addition to the increase in online sales, LV1 has continued to show significant increases across several key categories since its 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**	**Dec 2021**
Online Sales	~$130,000	~$133,000	~$164,000	~$323,000	~$509,000
First Time Customer Average Order Value ("AOV")	~$89	~$82	~$79	~$94	~$95
Repeat Customer Average Order Value ("AOV")	~$102	~$102	~$93	~$114	~$116
Repeat Customer Rate	45.6%	36.3%	40.1%	28.4%	23.7%

First-Time vs Returning Customers

During the December 2021 quarter, Live Verdure continued to attract a significant number of new customers. The Company recognises 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 – Dec 2020 to Dec 2021

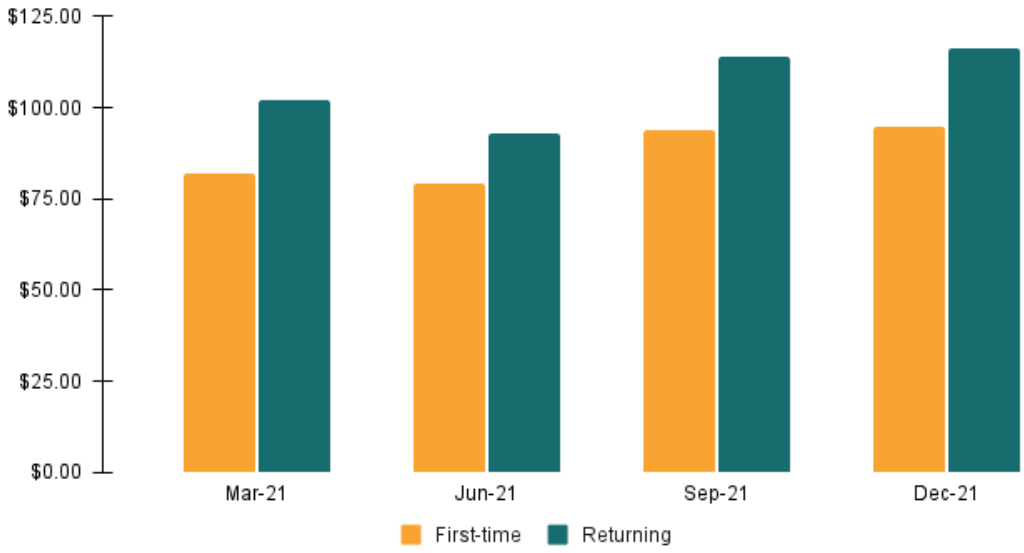
LV1 is stepping up our marketing efforts and will continue focusing more on social media and email campaigns to maintain high levels of engagement and reduce CAC. Customer engagement has been proven to increase customer retention and encourage repeat spend – which will ultimately become our main profitability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

Repeat customers continue to be 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. Repeat customers promote the products; and
4. New customers cost more to acquire.

AOV for First-Time and Repeat Customers

At $95 the AOV for first-time customers has consolidated relative to the September 2021 quarter. Our focus in subsequent quarters will include marketing higher value items and bundles of products sold together – now including TheraNight+.



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 ~$116.

LV1's 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;
- 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.

The financial year 2021 Research and Development return is in the process of being prepared and is expected to be lodged over the coming quarter.

During the December 2021 quarter, Live Verdure's expenditure included ~$77,000 on employee benefits, ~$736,000 on advertising and marketing expenses, ~$68,000 on research and development expenses, and ~$142,000 on product manufacturing and operating costs. This expenditure is in line with budget expectations.

Operational Highlights

- Launch of Second TGA Registered Product and Commencement of First Sales
- LV1 Signs Retail Distribution Agreement to Enter US Market

Launch of Second TGA Registered Product and Commencement of First Sales

During the quarter *(ASX Announcement 1 December 2021)*, Live Verdure Ltd launched, distributed, and booked the first sales of TheraNight+, our new, scientifically formulated, and TGA approved sleep capsules.

TheraNight+ is the second product to be developed and launched under our refined strategy. This strategy focuses on delivering an even broader range of high margin DtoC products, further assisting our consumers with their health and wellness needs. TGA approval allows LV1 to make specific claims (rather than vague suggestions) regarding the effects of TheraNight+ on its ability to provide long term improvements to the consumers' sleep.

TheraNight+ was developed after conducting a deep dive survey of our customer database. The responses revealed considerable consumer demand for a solution to a lack of sleep or poor sleep quality. LV1 identified this as a significant opportunity and began working with some of Australia's top pharmaceutical scientists to create a product which would help. The result, TheraNight+, has been carefully formulated to contain a unique combination of natural herbal ingredients in very high quantities. The formulation of these ingredients allows them to work synergistically, aiding relaxation and improving sleep quality.

TheraNight+ is the second new product to be launched under the 13 Seeds brand during 2021.

LV1 Signs Retail Distribution Agreement to Enter US Market

Subsequent to the end of the December 2021 quarter *(ASX Announcement 24 January 2021)*, Live Verdure Ltd announced it has entered a non-exclusive national sales and distribution contract (**Agreement**) with TruLife Distribution ("TruLife"). Under this Agreement, TruLife agrees to distribute, market, and sell products from LV1's brand, 13 Seeds, across the United States through a variety of major e-commerce and brick-and-mortar retailers. The partnership with TruLife will pave the way for the rapid entry and expansion of the 13 Seeds brand in the U.S. health and wellness marketplace.

Under the terms of the Agreement, TruLife's compliance team has been working with LV1 to ensure all 13 Seeds product labelling is FDA compliant. Following this, TruLife will utilise their existing relationships and market the 13 Seeds product range into the following distribution channels.

- National Nutrition Food & Drug Mass Retailers
- Regional Nutrition Food and Drug Retailers
- Specialty Health and Nutrition Stores

The TruLife Distribution team includes many top industry leaders with vast experience in nutritional health and wellness product marketing and distribution. With over 100 years of combined experience, TruLife's team has established relationships with industry buyers and a proven track record of national distribution to top

retail accounts. Given TruLife's sales and marketing experts and FDA compliance professionals, we are confident that TruLife is strategically positioned to distribute 13 Seeds brands successfully across the U.S. The TruLife team in conjunction with the relevant retailers will determine which retailers will market and sell the 13 Seeds product.

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	$1,698,000
Raw materials and packaging supplies	$1,175,000	$909,000
Administration costs	$1,857,000	$1,372,000
Research and development	$700,000	$231,000
Total	**$5,495,000**	**$4,724,000**

Amounts included in section 6.1 of the accompanying Appendix 4C relate to the following Directors fees and superannuation payments for the December 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.

During the current quarter, the Company achieved 3 consecutive months with revenues over $150,000 per month. Upon completion of the December 2021 Half-year financial report and verification by the Company's auditors, the Company will notify its Managing Director and Non-executive Chairman that the vesting condition on a total of 2,500,000 performance rights has been achieved in accordance with the Company's IPO Prospectus and the performance rights may be 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	31 December 2021

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	518	855
1.2	Payments for		
	(a) research and development	(68)	(143)
	(b) product manufacturing and operating costs	(142)	(481)
	(c) advertising and marketing	(736)	(1,170)
	(d) leased assets	-	-
	(e) staff costs	(77)	(164)
	(f) administration and corporate costs	(233)	(325)
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
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(738)**	**(1,313)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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)	33	33
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	50	50
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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 (6 months) $A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**83**	**76**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,076	3,658
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(738)	(1,313)
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)	83	76
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,421**	**2,421**

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	2,421	3,076
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)**	**2,421**	**3,076**

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)	(738)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,421
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,421
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.28
	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.

31 January 2022

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.