ASX Release
29 April 2022

LV1 March 2022 Quarterly 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 March 2022.

Record Sales Highlights

- Online Sales **increased by ~9%** to a record of **~$553,000**
- Cash Receipts **increased by ~7%** on the previous quarter to a record of **~$553,000**
- Sales through the Amazon US channel begin to scale – increasing ~67% relative to the December 2021 Quarter
- **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 **~$558,000**. This figure shows an **increase of ~285%** from the same quarter in 2021 and an increase of **~8%** from the December 2021 quarter.

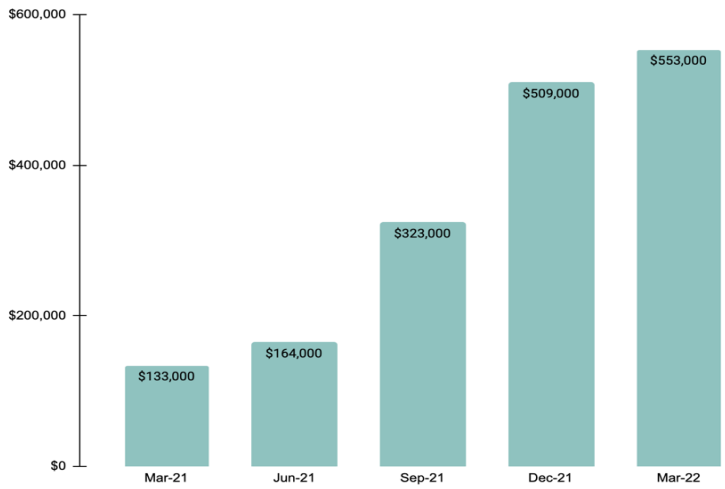
Live Verdure also advises that we **recorded the strongest cash receipts in the Company's history** during this quarter, with **~$553,000** received from customers.

Online Sales **(~$553,000)** made up ~**99**% of total sales for the quarter, an **increase from 98%** from the previous quarter. This achievement marks the **6th consecutive quarter of online revenue growth** since listing on the ASX in December 2020 and continues to prove the merit of Live Verdure's DtoC business strategy.

LV1's total number of orders for the March 2022 quarter was again the highest on record to date.

Live Verdure continued to focus on our fast-selling high-margin products such as Therajoint+, TheraNight+ and Hemp Seed Oil capsules with positive results. We are proud to share that this quarter, **a jar of capsules was sold once approximately every 7 minutes**.

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



Graph 1: Quarterly Online Sales Since IPO

Inventory Management

Company management remains cognisant of global supply chain issues impacting all aspects of business, including but not limited to raw ingredient and packaging availability. Considering our accelerated forecast growth trajectory and LV1's commitment to maintaining this momentum, we further increased investment in inventory during the quarter, including raw materials for our hero products TheraJoint+ and recently launched TheraNight+.

This increased investment in inventory ensures the Company is best placed to navigate possible disruptions due to the aforementioned global supply chain issues and is reflected in the product manufacturing and operating costs.

Strategic Advertising and Marketing Initiatives Implemented

LV1 continued to invest in existing marketing initiatives, such as improving our presence on Instagram and TikTok, whilst exploring new channels. We expect this to drive an improved return on investment on our digital spend.

LV1 has built strong digital capability in acquiring paying customers, driving repeat customers, and increasing AOV. The Company continues to assess and monitor our Customer Acquisition Cost ("CAC") and, in the medium term, is exploring opportunities to optimise customer lifetime value. We plan to do this by focusing on acquiring high-value new customers who are more likely to become repeat customers and subsequently drive the company towards profitability.

The like for like advertising and marketing expenditure for the March 2022 quarter was in line with the December 2021 Quarter. The Company continues to optimise its cost base and has implemented several strategic initiatives, including:

- Bringing the media buying function in-house. As the company continues to scale, it has now reached the appropriate inflection point to bring this expertise in-house. This move ensures reduced costs and improved quality.

- Integration of content creation within the media buying function, ensuring a more cohesive and streamlined process.
- Realise synergies within the marketing team to improve efficiency.

The above initiatives have already positively impacted Live Verdure's operations and performance. Some examples are;

- Optimising continued revenue growth across all channels – including Amazon.
- Reduction in advertising and marketing expenditure attributable to consultants of at least $150,000 per quarter.
- Optimised media buying activity to significantly improve return on advertising spend (ROAS).

Whilst the full impact of these initiatives will be reflected in the June 2022 Quarterly Review, we are pleased to report that these initiatives have already delivered a ~3% improvement in return on advertising spend for the March quarter.

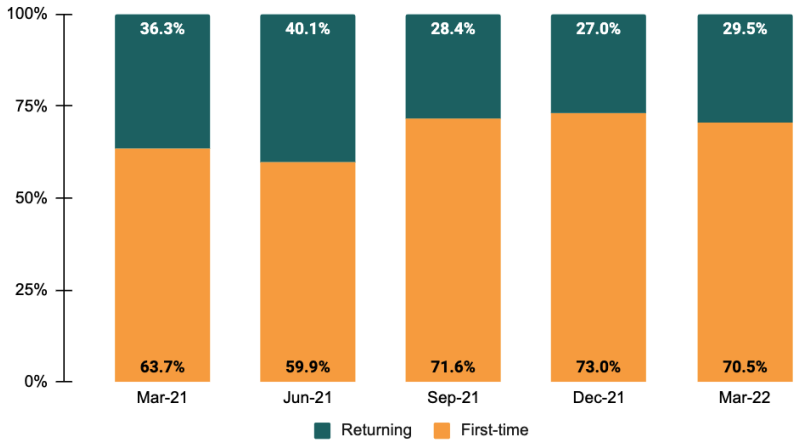
Key Direct to Consumer Metrics

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

	For the 3 months ended:					
	Dec 2020	**Mar 2021**	**June 2021**	**Sept 2021**	**Dec 2021**	**Mar 2022**
Online Sales	~$130,000	~$133,000	~$164,000	~$323,000	~$509,000	~553,000
First Time Customer Average Order Value ("AOV")	~$89	~$82	~$79	~$94	~$95	~$97
Repeat Customer Average Order Value ("AOV")	~$102	~$102	~$93	~$114	~$116	~$117
Repeat Customer Rate	45.6%	36.3%	40.1%	28.4%	23.7%	27.2%

First-Time vs Returning Customers

During the March 2022 quarter, Live Verdure continued to attract a significant number of new customers. Relative to the previous quarter, we also increased the number of repeat customers, now representing ~27% of customers. We find this particularly positive as existing customers have a higher AOV (~$117) than new customers and are more likely to promote our products to their family and friends.



Graph 2: First-Time and Returning Customers – March 2020 to March 2022
[Note: the % return is different to the table above as some customers return more than once]

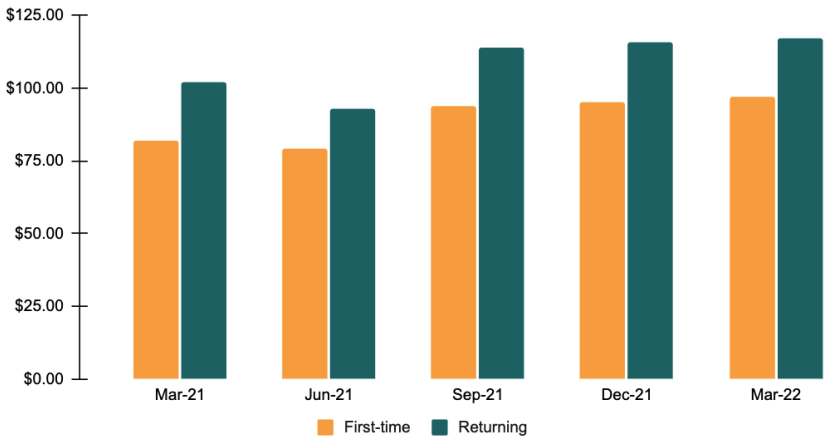
LV1 continues to scale our marketing and customer acquisition efforts and will continue to focus on social media and email campaigns to maintain high levels of engagement and reduce CAC. Customer engagement has been proven to increase customer retention and encourage repeat spending – **which will ultimately 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 $97, the AOV for first-time customers has consolidated relative to the September 2021 and December 2021 quarters. Our approach includes 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

During this quarter, the AOV for repeat customers was ~$117, which remains exceptional.

LV1's AOV over the period continues to provide the foundation for continued revenue growth and illustrates how much our customers love our products and their strong support of the 13 Seeds 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 March 2022 quarter, Live Verdure's expenditure included ~$100,000 on employee benefits, ~$837,000 on advertising and marketing expenses, ~$87,000 on research and development expenses, and ~$380,000 on product manufacturing and operating costs. This expenditure is in line with budget expectations.

Operational Highlights

- "8 Seeds" Skincare Update
- LV1 continues US ecommerce expansion with the launch of 13 Seeds on Walmart.com

8 Seeds Skincare Update

During the quarter *(ASX Announcement 10 March 2022)*, Live Verdure Ltd announced an update regarding our skincare brand, 8 Seeds. Under the guidance of our GM of Skincare, former Managing Director of Loreal, Mark Tucker *(ASX Announcement 17 August 2021),* 8 Seeds has made significant progress in bringing our innovative range of skincare products to market.

Australian Launch Update

Manufacturer

In conjunction with our Australian-based 3rd party manufacturer, who has extensive experience in Australian natural ingredients and a reputation for high-quality products, we have completed stability and compatibility research with testing currently in progress. A pre-production run on four initial premium hemp-based skincare products is also underway.

Product Range

The initial product range includes a hydrating facial moisturiser with SPF, facial serum, cleansing oil and body repair crème. All products contain hemp seed oil as an active ingredient and various natural, Australian-native ingredients. We believe this unique combination of ingredients offers consumers an innovative and efficacious product selection. These initial four products are part of a high-quality line for regular skincare users and those seeking new and more effective products. We are targeting a soft launch of the products to our existing database of customers in Q3 of 2022.

Utilising the anti-inflammatory attributes of hemp, a second Dermaceutical line targeting common skincare conditions (acne, eczema, psoriasis, and rosacea) and a third gentler non-irritating, anti-inflammatory line for users with sensitive skin are also currently under development. Between the general skincare line and these additional nine highly targeted SKUs (products), we expect to cover most consumer needs. We anticipate these skin-condition-specific products to be rolled out over the balance of the year post-launch of the initial product range in Q3 2022.

Go-to-Market

Planning of our go-to-market strategy for Australian sales has commenced and features an omnichannel focus. These channels include our D2C database, key online retailers in beauty and fashion, and bricks and mortar retail beauty outlets across the globe.

The United States & UK Launch Update

Manufacturer

LV1 has partnered with a leading US-based 3rd party manufacturer who has extensive experience developing and producing high-end skincare products. The manufacturer has significant knowledge of local suppliers, consumer needs, competitor brands, market trends and regulatory requirements. LV1 has been working with them for the past five months.

Product Range

Our US and UK product plan focuses on three key market segments; general skincare users, the dermaceutical segment, which focuses on skin conditions (acne, eczema, psoriasis, and rosacea), and consumers with sensitive skin. The development plan covers 15 products overall, some to be released in the initial launch and the others as part of the follow-up range extension. These products include more highly regulated OTC (over the counter) products targeting serious skin conditions and non-OTC products for routine care and protection.

Go to Market

The go-to-market strategy for US sales will be developed in conjunction with strategic partner THG (ASX Announcement 9 March 2021) and some of the most prominent traditional beauty retail outlets.

LV1 continues US ecommerce expansion with the launch of 13 Seeds on Walmart.com

During the March 2022 quarter *(ASX Announcement 17 March 2022)*, Live Verdure Ltd announced it was continuing to execute against our ecommerce expansion strategy in the US after receiving approval from Walmart Inc (Walmart) to begin selling 13 Seeds products through Walmart.com.

The approval for listing on Walmart.com will see 13 Seeds products, TheraJoint+ and TheraNight+, sold on Walmart's ecommerce platform. The Walmart.com platform is exceptionally high volume, receiving approximately 100,000,000 visitors each month. Walmart.com and LV1 are both able to terminate the engagement at any time. This opportunity is strategically material for LV1 as it accelerates the Walmart approval process for future product expansion. New products are expected to launch throughout 2022 as they are developed.

Walmart.com sales in the US amounted to more than US$43 billion in 2021, a 70% increase from 2020. These figures make it the second-largest ecommerce marketplace in the US, behind Amazon[1]. LV1 began selling our 13 Seeds products on Amazon US in mid-2021 *(ASX Announcement 26 May 2021)*.

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	$2,535,000
Raw materials and packaging supplies	$1,175,000	$1,289,000
Administration costs	$1,857,000	$1,683,000
Research and development	$700,000	$318,000
Total	**$5,495,000**	**$6,339,000**

Amounts included in section 6.1 of the accompanying Appendix 4C relate to the following Directors fees and superannuation payments for the March 2022 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 was issued to its Managing Director Non-executive Chairman remain on issue and have not been converted.

As previously announced, the company achieved three consecutive months with revenues over $150,000 per month during the current quarter. The Company has notified 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. The performance rights have yet to be exercised.

-Ends-

[1] https://www.statista.com/statistics/1109330/walmart-ecommerce-sales-by-division-worldwide/

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 Ltd (ASX:LV1) ("LV1" or the "Company") is an Australian Direct to Consumer (DtoC) plant-based food, nutraceutical and skincare company that owns fast-growing hemp consumer brands "13 Seeds" and "8 Seeds", with Tasmanian hemp as its hero ingredient.

LV1 is built based on a deep understanding of our consumers' purchasing behaviour, focusing 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 March 2022

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	553	1,408
1.2	Payments for		
	(a) research and development	(87)	(230)
	(b) product manufacturing and operating costs	(380)	(861)
	(c) advertising and marketing	(837)	(2,006)
	(d) leased assets	-	-
	(e) staff costs	(100)	(264)
	(f) administration and corporate costs	(210)	(536)
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**	**(1,061)**	**(2,374)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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	-	76
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 (9 months) $A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**76**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,421	3,658
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,061)	(2,374)
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)	-	76
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,360**	**1,360**

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	1,360	2,421
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)**	**1,360**	**2,421**

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)	(1,061)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,360
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,360
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.28
	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: Yes

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: The Company has undertaken preliminary discussions regarding a potential future capital raising and is confident it can raise sufficient capital as and when required to fund its future operations.

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: Yes, as set out in section 8.6.2.

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.

29 April 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.