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# LIVE VERDURE TRADING UPDATE

## LIVE VERDURE OPTIMISATION STRATEGY IS GETTING RESULTS, AS SALES AND ORDERS PROCESSED HIT RECORD LEVELS IN NOVEMBER

## Highlights

- Live Verdure reports record sales of **around $579,000** over the month of November 2022.
- The number of orders processed during November was also a monthly record.
- The return on ad spend (ROAS) for LV1 Consolidated was an impressive 3.45x in November.
- Brand-specific growth strategies delivered improved performance statistics, with:
  - ✓ 13 Seeds growing its ROAS to 2.8x in November, up 86% on the previous corresponding period (aided by increased customer retention metrics).
  - ✓ Edible Beauty new subscriber numbers up more than 300% on the prior month level in November.

**Live Verdure Ltd** (ASX: LV1) ("LV1", "Live Verdure" or the "Company") **is** pleased to announce record monthly sales in November 2022 together with ongoing strong growth across several other important direct to consumer (D2C) metrics.

### Sales revenue surges in November, as new growth strategy delivers

Live Verdure recorded unaudited sales of around $579,000 over the month of November 2022, a total more than double the combined sales figures for the previous three months. This strong performance, graphically illustrated in Figure 1 below, in large part reflects the success of sales and marketing initiatives implemented by Live Verdure's CEO Mark Tucker, who joined the Company just several months earlier (see Live Verdure ASX Announcement, dated 24 August 2022).

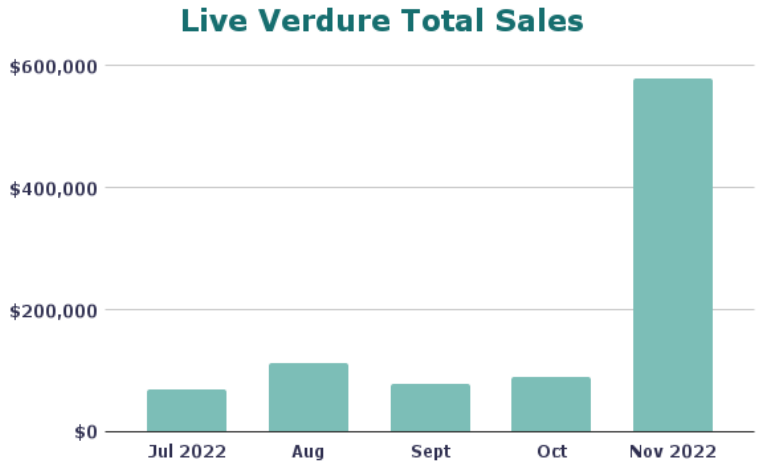



*Figure 1: Total sales surge in November 2022*

This strong headline November 2022 sales figure includes around $60,000 in wholesale sales to retailers, including Heinemann and David Jones.

Looking ahead, Live Verdure intends to leverage off Mark Tucker's extensive retail, wholesale, and distributor connections, putting in place an omni-channel strategy. This initiative has identified that an omni-channel approach to retail is a lot more than just a path toward more sales. It is also deemed essential for brand awareness, with online businesses needing to have their products in 'bricks and mortar' retailers as well, as consumers return to post the latter sales channel as disruption caused by the COVID-19 pandemic continues to fade.

The Company reasonably expects to deliver increased wholesale and retail sales in the coming months and looks forward to updating shareholders in due course.

## Order number metrics also record strong growth in November

In another sign that Live Verdure is successfully penetrating its addressable markets, 5,144 new orders were reported across the Company's brands in November 2022. This was a record monthly total.

Live Verdure's 13 Seeds business more than doubled its order numbers to 1,677 in November, from 782 in October. The Edible Beauty brand recorded 3,315 new orders in November, an all-time high. The uplift in new orders across both the 13 Seeds and Edible Beauty product offerings is shown in Figure 2 below.

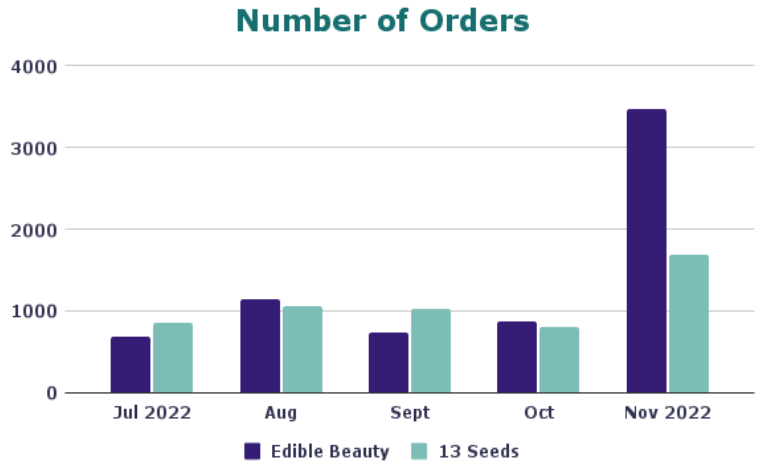



*Figure 2: Out-sized new order growth reported in November 2022*

## Plans to optimise digital marketing expenditure are being implemented

Live Verdure had previously informed the market of recently appointed CEO Mark Tucker's plans to implement a wide-ranging growth strategy that included cost-cutting initiatives, but also optimised digital marketing expenditure as the Company targeted positive unit economic growth (see Live Verdure ASX Announcement, dated 31 October 2022), As part of this process, the Company's Facebook and Google media buying activity has been refined to deliver a significantly improved return on ad spend (ROAS). This leaves the Company well-positioned to now optimise ROAS for scale across all its stable of brands.

In a clear sign that this reworked digital marketing expenditure strategy is already paying dividends, Live Verdure's consolidated ROAS was 3.45x in November 2022. This is an exceptionally strong result in the context of the 85% gross margins on most of the Company's product range. This improvement is all part of Live Verdure's plans to build scale to a profitable base.

## Brand-specific growth strategies continue to be successfully implemented

Live Verdure has always recognised that brands need both new and returning customers to achieve long-term growth.

Returning customers have a number of attributes that ensure they are generally more valuable than first-time customers;

- Repeat customers have a higher average order value (AOV) than first-time customers
- Repeat customers are easier to sell to, as they better understand the product offering
- New customers cost more to acquire.

That said, it also essential that Live Verdure achieved a consistent flow of new customers who later down the track convert into returning customers and balance churn rate.

To meet the challenges associated with both retaining existing customers and capturing new ones, the new CEO and his team are now deliberately approaching the growth of each brand individually. This strategy is already proving successful for Live Verdure.

Brand-specific strategies are outlined below.

## 13 Seeds: repeat customers climb and ROAS improves

Live Verdure's 13 Seeds business has historically reported a substantially larger percentage of first-time customers. The Company is now focussing on conversion of new clients into brand loyalists, in the process increasing returning customers' share of total sales.

The Company's Q3 CY22 marked the first quarter that the majority of orders were placed by returning customers, and this positive trend has extended into subsequent months. November 2022 recorded the highest percentage of returning customers in Live Verdure's history (59%), proving the power of its growing database and successful strategy execution.

The higher repeat rate achieved, coupled with a reduction in the customer acquisition cost (CAC) metric, underwrote a strong November gain in 13 Seeds' ROAS, with this metric rising to 2.8x (see Figure 3 below). This was 17% above the October 2022 number and a huge 87% uplift on the 1.49x figure reported in November 2021.

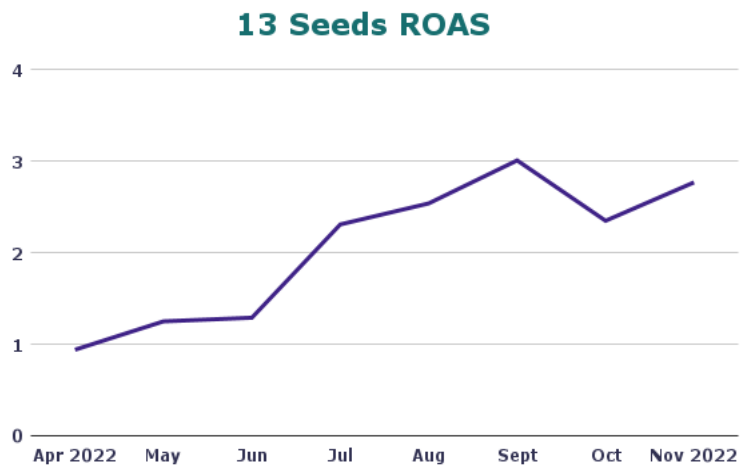



*Figure 3: 13 Seeds ROAS well up on levels reported earlier in CY22*

## Edible Beauty: new subscribers and first-time customers

Live Verdure's previously announced proactive decision to extend its well-considered in-house digital marketing strategy to Edible Beauty (see Live Verdure ASX Announcement, dated 31 October 2022), identified an underinvestment in Edible Beauty's digital marketing. As a top priority, the new CEO and his team has quickly moved to fill this gap in Edible Beauty's sales/marketing strategy.

Drawing on the lessons from past strategy and the success in growing the 13 Seeds database, acquiring new customers, and converting them into returning customers, Live Verdure has begun implementing a similar approach with Edible Beauty.

The end result of the Company's decision to appropriately invest in "top of the funnel" media buying to attract new prospects for the brand has been an impressive sales uplift in November 2022, an increase in new database subscribers and new customer orders.

Edible Beauty reported an influx of 4,301 new database subscribers in November 2022, a figure that was more than 300% above October's new subscriber numbers statistic. This jump is illustrated in Figure 4 below.

In another positive development, the November new subscriber conversion rate was huge. At around 20%. Importantly, the remaining new subscribers, who have not yet made a purchase, offer the brand a valuable opportunity to convert them into first-time customers over the following weeks and months.

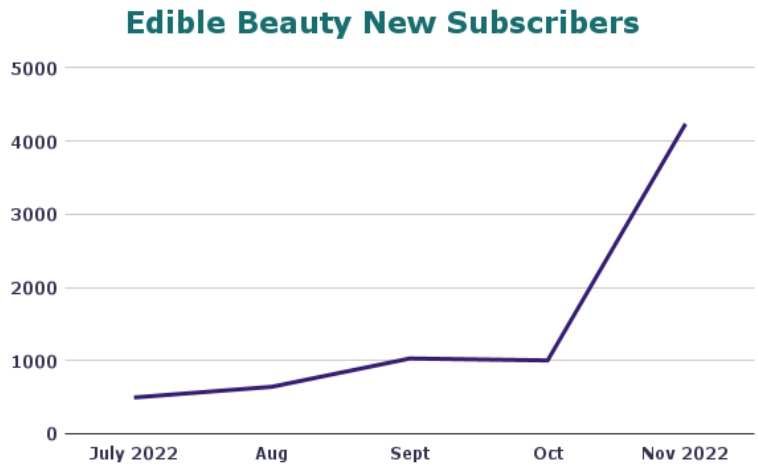



*Figure 4: Edible Beauty new subscribers grow threefold in November 2022*

### Live Verdure CEO Mark Tucker said:

> *"We are pleased by the initial performance gains flowing from our business optimisation strategy, which as a package is so much more than just a simple cost cutting exercise. It underwrote sharp improvements in a number of key financial metrics over the month of November, headed by record group sales revenue and new orders levels. And going down to brand level, the well-considered marketing initiatives included in the strategy are already resulting in big uplifts to a host of critical operational benchmarks, including return on ad spend and customer acquisition cost levels.*
>
> *But what really excites us is that the payoff from the optimisation initiatives being implemented across the Live Verdure group has only just started to flow through. From here we will continue to realise the ample scope available to grow our revenue base by successfully pushing a number of levers, in the process delivering scale to the Live Verdure business. We will target further gains in our Average Order Value, which is currently just above the $100 mark. We are also intent on*

*realising opportunities to improve our customer repeat rates. Success here will see us add to a healthy client list full of consumers who love our products. Over the months ahead, we look forward to informing the market of both our success in deriving increased sales out of our continually growing active subscribers book, which currently numbers 72,000, as well as further additions to our product suite."*

## -Ends-

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*This announcement has been authorised for release by the Board of LV1.*

## About Live Verdure (ASX:LV1)

Live Verdure is an Australian Health, Wellness and Skincare company making a range of naturally-based products with effective active ingredients. Its products are primarily sold Direct-to-Consumer (D2C), using the Company's websites to market directly to a growing database of loyal consumers. Social media paid advertising is also used to introduce new consumers to Live Verdure's product ranges and database. Live Verdure is committed to making innovative products that are high quality, sustainable and provide effective results for their consumers.

The company is now focussed on both organic growth and expansion by acquisition within the verticals of Health, Wellness and Skincare. Live Verdure's marketing strategy continues to be underpinned by an ability to identify the needs of a growing current and addressable client base, after due regard for the latter's available purchasing power.

To learn more, please visit: www.liveverdure.com.au/