ASX Release
31st October 2023

LV1 SEPTEMBER 2023 QUARTERLY BUSINESS REVIEW

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 30th September 2023.

Highlights

- Successful $1.68 Million placement fuels accelerated growth and the pursuit of M&A opportunities.
- Subscription-model customer segment is growing rapidly.
- The pursuit of further wholesale and retail partnerships continues, fuelled by the launch of 5 Edible Beauty Australia products.
- Tech-based M&A and partnership opportunities are being assessed as potential growth-driving solutions.

$1.68 Million Placement to Pursue M&A Opportunities and Expand Partnerships

On 6 September 2023, Live Verdure announced that it had received commitments for a $A1.68 million placement from existing sophisticated and professional shareholders to accelerate growth and pursue M&A opportunities (placement completed on 15 September 2023).

Over the past 30 days, LV1 has continued to make significant progress on a number of fronts and is pleased to provide this update to shareholders.

13 Seeds and Edible Beauty

Reduction in Marketing and Operational Costs

Macro trends around increasing inflation rates have translated into increased operational and production costs. Customer acquisition costs have also continued to increase. Consumers have continued to expect the pandemic-related trends of steep discounting and free shipping, reducing profit margins.

In light of this, LV1 continues to assess and implement cost-reduction strategies while maintaining or increasing gross margins for the 13 Seeds and Edible Beauty brands. The Company continues to reduce online advertising spend and implement other significant cost-reduction initiatives, accelerating each brand's path to profitability.

Revenue Growth Initiatives

In April 2023, the Company started focusing on building a subscription-based offering. A subscription offering for a product or service retains customers by offering an automated discount for consistently bought products. This model produces a consistent recurring revenue stream whilst reducing customer churn.

We have seen significant growth in our subscription-based model of automated ordering, where the Company is seeing its fastest-growing customer segment. Customers who opt into this program have a lifetime value of almost double the average, and we continue to focus efforts on this growth area.

Edible Beauty has an exciting pipeline of new products, including a hybrid makeup/skincare formula scheduled to go to market in November. This arrival has the brand entering a new and in-demand category. Following will be a botanical sleep support formula and a botanical resurfacing mask, due February. This exciting mask formula utilises natural active technology for resurfacing and skin brightening.

Additionally, following a review, the Company sees a potential revenue unlock from an increased investment into paid media spend for the 13 Seeds brand.

We expect to see further positive impacts of these initiatives reflected in subsequent quarters, and the Company looks forward to providing updates to our valued shareholders in accordance with its continuous disclosure obligations.

Growing Wholesale Channels

Live Verdure continues to grow its retail, wholesale, and distributor connections as it continues to execute against an omnichannel strategy to provide customers with a seamless and unified brand experience, regardless of which channel they use.

An omni-channel approach to retail is essential for brand awareness, with online businesses needing to have their products in 'bricks and mortar' retailers as the disruption caused by the COVID-19 pandemic continues to fade.

Existing tier-1 retailers such as David Jones and Heinemann have recently been complemented by the addition of the long-established TV Sales organisation 'TVSN' and a new distributor for Hong Kong, Macau, and China cross-border sales.

Given the significant working capital implications of growing wholesale channels, LV1 continues to strategically assess several large Tier-1 wholesale partnerships to ensure that any such partnership opportunities will provide for top-line revenue growth and meaningful EBITDA contribution in the long term.

New Product Development (NPD) Pipeline and Existing Product Improvements

Live Verdure has worked to reformulate existing products to increase efficacy, lower costs, and extend shelf life while simultaneously developing a list of new products for launch.

Seven new Edible Beauty products were planned for launch during Q1 and Q2 of 2023, with five already on the market as of September. These include a men's skincare range, lip scrub and balm duo, and a highly anticipated stretch mark oil.

The November sales period, marked by Black Friday and Cyber Monday, will offer Edible Beauty a key opportunity to boost sales and introduce and test these new product offerings. The heightened consumer interest during this period provides a unique platform for launching NPD initiatives. Moreover, the data and insights gathered during November sales will further inform future NPD and marketing strategies.

In response to the high demand from our valued customers and popularity across the global wellness markets, we are currently exploring formulations for gummies. Gummies are a broad category of gelatin-based chewable sweets serving to deliver active supplement ingredients orally. The gummy supplements market has grown significantly, preliminarily driven by the shift toward preventive health management practices and convenience.

We can economically address and capitalise on the identified market gap by collaborating with new manufacturers who offer low minimum order quantity (MOQ).

M&A and Technology Partnership Assessments

LV1 continues to search for innovative strategies to set themselves apart and advance quickly in what is now a fiercely competitive world of eCommerce. Since the acquisition of Edible Beauty, Live Verdure has received and assessed an increased number of local and international inquiries regarding companies looking to be acquired by or partner with LV1. These enquiries span a broad range of sectors within the health, wellness, and beauty industry, including some that incorporate ground-breaking technology into their offerings—for example, leveraging artificial intelligence to deliver human resource and digital marketing optimisations among other growth-driving solutions that would substantially boost existing LV1 brands.

LV1 recognises the significant unlock that utilising innovative and bespoke technological solutions may provide our existing suite of brands - whilst also building a bank of IP to yield a significant competitive advantage.

LV1 anticipates that its 13 Seeds and Edible Beauty brands will be able to increase momentum in consumer awareness, offer tailored real-time buying experiences, maximise marketing campaigns and streamline administrative procedures. This aims to drive NPD and supply chain efficiencies and improve top and bottom-line growth.

Live Verdure looks forward to updating the market in accordance with its continuous disclosure obligations.

Live Verdure's Chairman, Gernot Abl, said:

> "We are working expeditiously to drive improved business performance across the LV1 business. The potential incorporation of ground-breaking technology - including artificial intelligence - into direct-to-consumer enterprises can be a game-changer that would reshape the future of LV1 and its existing suite of brands and potentially the entire D2C industry. Businesses may acquire a competitive edge and enhance strong consumer loyalty by using technology-driven strategies. This would deliver untold consumer benefits- an exhilarating prospect for us to be a part of. I look forward to keeping all partners and shareholders updated over the coming months."

Expenditure during the quarter

During the quarter, the Company incurred the following expenditure:

- Research and development expenditure amounted to $113,000;
- Product and manufacturing expenditure amounted to $211,000;
- Advertising and marketing expenditure amounted to $261,000; and
- Administrative and corporate costs amounted to $496,000

The expenditure during the quarter was in line with the Company's budgets in order to progress with a number of initiatives to fund growth and develop partnership opportunities.

Additional Information

The amount of ~$55,000 included in section 6.1 of the accompanying Appendix 4C (payments to related parties) relates to Directors fees and superannuation payments for the September 2023 quarter.

In accordance with conditions to the Listing Rule 1.1 condition 12 waiver in the Company's announcement of 11th December 2020, the Company confirms that 5,000,000 performance rights with a nil exercise price were issued to the Managing Director and Non-executive Chairman. 2,500,000 of these performance rights have been exercised and subsequently converted. The remaining 2,500,000 performance rights remain on issue and have not been converted.

-Ends-

For further information, please contact:

Live Verdure

Gernot Abl
Chairman

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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 focused 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/

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 2023

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	555	555
1.2	Payments for		
	(a) research and development	(113)	(113)
	(b) product manufacturing and operating costs	(211)	(211)
	(c) advertising and marketing	(261)	(261)
	(d) leased assets	-	-
	(e) staff costs	(226)	(226)
	(f) administration and corporate costs	(496)	(496)
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	223	223
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(529)**	**(529)**

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	(48)	(48)
	(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**	**(48)**	**(48)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,880	1,880
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	(197)	(197)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(37)	(37)

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**	**1,646**	**1,646**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	169	169
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(529)	(529)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(48)	(48)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,646	1,646
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,238**	**1,238**

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	1,238	169
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)**	**1,238**	**169**

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	55
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)	(529)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,238
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,238
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.34

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 October 2023

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.