LiveVerdure

**ASX Release**

**27 July 2021**

# LV1 June 2021 Quarterly Business Review & Appendix 4C

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

## Sales Highlights

- Online Sales **increased by ~32%** on the previous quarter
    - Records Online Sales of ~$164,000
- Quarterly Cash Receipts **increased by ~23%** on the previous quarter
    - Records Cash Receipts from customers of ~$192,000
- Continued strong growth across several important Direct to Consumer ("DtoC") metrics

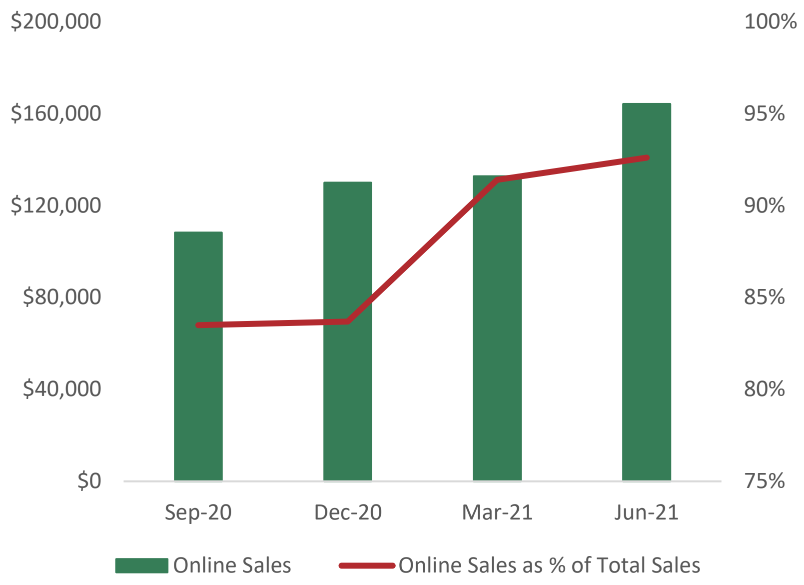
**Record Online Sales and Cash Receipts**

The Company is pleased to advise it has delivered unaudited sales for the quarter of ~$177,000. This figure shows an **increase of ~43%** from the same quarter in 2020 and an increase of ~24% from the March 2021 quarter.

LV1 is also proud to advise that **it recorded its strongest cash receipts in the history of the Company** during this quarter, with ~$192,000 received from customers.

The Online Sales of ~$164,000 made up ~93% of total sales for the quarter, an **increase from 85.2%** since the previous quarter. This marks the **3rd consecutive quarter of online revenue growth** since listing on the ASX in December 2020.

This significant upward trend in the percentage of sales through the Company's online channels clearly illustrates the merit in Live Verdure's DtoC business strategy.




**Graph 1: Summary of online sales for FY21.**

Since the end of the quarter, LV1 was pleased to announce record DtoC Sales and Orders in a single day, with ~$19,000 and 225 respectively *(ASX Announcement 14 July)*.

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 new products in the upcoming quarter,
- Scaling product promotion campaigns on multiple social media platforms,
- Continue to leverage our customer database to drive high return sales; and
- Scaling sales on the Amazon US and AU global marketplaces.

Significant increases across several categories are outlined in the table below.

| | For the 3 months ended: | | |
|---|---|---|---|
| | **Dec 2020** | **Mar 2021** | **June 2021** |
| Online Sales | ~A$122,000 | ~A$124,000 | ~$164,000 |
| Average Order Value ("AOV") | ~$95 | ~$90 | ~$86 |
| Repeat Customer Rate | 45.6% | 36.29% | 44% |

During the June quarter, Live Verdure continued to attract a significant number of new customers, which, as expected, reduced the AOV.

LiveVerdure

LV1 recognises this as an excellent opportunity to convert these new customers into repeat customers, who historically place larger orders for more products than first-time customers.

Our total order number for the June 2021 quarter also **increased by more than ~29%** compared to the previous quarter (March 2021).

During the June 2021 quarter, company expenditure included ~$70,000 on employee benefits, ~$241,000 on advertising and marketing expenses, ~$80,000 on research and development expenses, and ~$113,000 on product manufacturing and operating costs. This expenditure is in line with budget expectations.

## Operational Highlights

- LV1 Commences Distribution on Amazon Australia Marketplace
- Successful FDA Registration and Commencement of US Sales
- Commencement of Sales on Amazon US
- Former L'Oréal Managing Director, Mark Tucker, joins LV1 Advisory Board
- "13 Seeds" Premium Brand Refresh
- New Product Development to be led by Ex Swisse Wellness' - Jonathan Do
- Post reporting period highlights:
    - Launch of First TGA Registered Product and Commencement of First Sales
    - Distribution of TheraJoint+ on Amazon Australia Marketplace Commences

**LV1 Commences Distribution on Amazon Australia Marketplace**

During the quarter, Live Verdure Ltd announced *(ASX Announcement 6 April 2021)* that its "13 Seeds" products are now available on Amazon Australia.

Live Verdure continues to simultaneously drive sales (and manage order fulfilment) through its existing sales platforms, including the brand website: www.13seeds.com.au.

LV1 will take advantage of Amazon Australia's recent growth[1], outstanding reputation, and decreased delivery times (due to its multiple distribution centres across the country) to expand product reach and further improve 13 Seeds customer satisfaction.

**Successful FDA Registration and Commencement of US Sales**

Live Verdure Ltd announced *(ASX Announcement 22 April 2021)* the successful FDA registration of our co-manufacturers, the first shipment of hemp-based gel capsules arriving with our US-based 3PL supplier and the first sales in an international market.

LV1 will continue to expand its marketing push in the US by driving traffic to our online assets, exploring local affiliate channels and maximising Social Media platforms for DtoC sales.

[1] https://www.afr.com/companies/retail/amazon-australia-sales-exceed-1b-20210208-p570ii

**Commencement of Sales on Amazon US**

Live Verdure Ltd announced *(ASX Announcement 26 May 2021)* that our “13 Seeds” range of hemp-based gel capsules have been approved by Amazon for sale through their US-facing marketplace. Sales have already commenced.

Live Verdure maintains control and flexibility over the product packaging, price of each item, logistics processes, and product marketing within the quality assurance framework Amazon has established. This framework ensures all products sold through Amazon US adhere to nation-specific product liability requirements.

Amazon US provides Live Verdure with a significant opportunity for growth by leveraging the Marketplaces 300m+ active user base[2], the product discovery feature, and the complimentary Fulfilment by Amazon (FBA) service.

**Former L’Oréal Managing Director Joins LV1 Advisory Board**

During the quarter, Live Verdure was proud to announce *(ASX Announcement 3 June 2021)* the appointment of Mark Tucker, former L’Oréal Managing Director, to the Advisory Board.

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 in excess of 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.

**“13 Seeds” Premium Brand Refresh**

Live Verdure Limited was also pleased to announce our global brand and website refresh (*ASX Announcement 30 June 2021)*.

2 https://codisto.com/choosing-international-amazon-marketplace.html

Building on LV1's knowledge of consumer needs, we are now looking at the health and wellness industry from a wider viewpoint. To ensure "13 Seeds" stays aligned with Live Verdure's refined strategy, we identified the need to update the brand visuals.

This customer-facing outlook also forms the basis of a new innovative and higher-margin product range, with development being led by Johnathan Do.

Our new product range aims to improve a broader range of health conditions for our consumers. Due to this, LV1 has begun to incorporate more superfood ingredients into our products.

By no longer being limited to only one hero ingredient (Hemp), we expect LV1's high level of consumer trust and overall experience to improve even further.

LV1's new products will be launched during 2021 via our e-commerce platform (https://13seeds.com.au/) and through channels such as Amazon Australia and the US.

**POST REPORTING PERIOD HIGHLIGHTS**

**Launch of First TGA Registered Product and Commencement of First Sales**

During the quarter but announced after quarter-end *(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 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, 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,
- Included record DtoC Sales on a single day of ~$19,000; and
- Included 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**

Subsequent to quarter-end, 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, including www.13seeds.com.au and https://therajoints.com.

**Management Changes**

During the quarter, the Company appointed a General Manager of Finance to assume a full-time role with the Company. Previously, this role was carried out by our Company Secretary, Justin Mouchacca. Effective today, Justin will cease his role as Chief Financial Officer of the Company and will remain on as Company Secretary.

**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 | $528,000 |
| Raw materials and packaging supplies | $1,175,000 | $428,000 |
| Administration costs | $1,857,000 | $883,000 |
| Research and development | $700,000 | $88,000 |
| **Total** | **$5,495,000** | **$2,441,000** |

Amounts included in section 6.1 of the Company's December 2020 Appendix 4C relate to the following Directors fees and superannuation payments for the June 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.

# 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 June 2021 |

| | Consolidated statement of cash flows | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 192 | 627 |
| 1.2 | Payments for | | |
| | (a) research and development | (80) | (88) |
| | (b) product manufacturing and operating costs | (113) | (499) |
| | (c) advertising and marketing | (240) | (654) |
| | (d) leased assets | - | - |
| | (e) staff costs | (69) | (464) |
| | (f) administration and corporate costs | (149) | (504) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | 2 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 34 | 109 |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(425)** | **(1,471)** |

| | | | |
|---|---|---|---|
| **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 | - | - |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12 months) $A'000** |
|---|---|---|---|
| 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) | - | 5,500 |
| 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 | - | (509) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | (5) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **-** | **4,986** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,083 | 143 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (425) | (1,471) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 4,986 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **3,658** | **3,658** |

| **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 | 3,658 | 4,084 |
| 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)** | **3,658** | **4,084** |

| **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 | 79 |
| 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**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*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) | (425) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 3,658 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 3,658 |
| 8.5 | **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | 8.61 |

*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.

Date: ...........27 July 2021.........................................................................

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.