LiveVerdure

ASX Release
24 August 2022

TRANSFORMATIVE ACQUISITION OF EDIBLE BEAUTY WITH SUCCESSFUL $2.1M CAPITAL RAISE

Highlights

- Live Verdure to acquire Edible Beauty, a highly complementary founder-led online retail platform of naturopathically formulated health, wellness, and skincare products.
- Upfront consideration of $1 million (consisting of 75% in cash and 25% in shares), representing a multiple of 0.45x actual FY22 revenue, with deferred payments based on future revenue.
- Edible Beauty achieved FY22 revenue of $2.2m, with ~74% comprising of highly repetitive, 'direct-to-consumer' (D2C) revenue primarily across Australia and New Zealand, with the remaining through wholesale and distribution channels.
- Edible Beauty will add to the existing capabilities of Live Verdure through D2C exposure, expansion of product categories, and new product development.
- The acquisition will extend Live Verdure's presence in the rapidly growing health, wellness, and skincare markets, whilst expanding the LV1 target customer profile.
- Significant opportunity exists to leverage Live Verdure's infrastructure across data, technology, warehouse and fulfilment, and marketing to expand into new geographic segments – specifically Amazon US.
- Anna Mitsios (Founder of Edible Beauty) will join the executive leadership team at Live Verdure as Founder and General Manager of Edible Beauty post-completion.
- Firm commitments received for A$2.1m via a proposed placement to new and existing institutional and sophisticated investors at an issue price of $0.15 per share.
- Funds raised via the placement will be used to fund the acquisition of Edible Beauty, including working capital requirements, and to accelerate further Live Verdure growth and acquisition initiatives.

- Completion of the Edible Beauty acquisition is expected to occur in October 2022, subject to the satisfaction of closing conditions.

Live Verdure Ltd (ASX: LV1) ("LV1", "Live Verdure" or the "Company") is proud to announce that it has received binding commitments from a range of existing and new institutional and sophisticated investors to subscribe to an equity placement (the "**Placement**") of $2.1 million at an issue price of A$0.15 per share.

The Company has also entered into a binding sale and purchase agreement to acquire 100% of the issued shares in The Beauty Apothecary Australia Pty Ltd ("Edible Beauty") for $1 million (consisting of 75% in cash and 25% in shares) on a cash-free and debt-free basis, plus deferred consideration based on future revenue generated by Edible Beauty. Edible Beauty is a naturopathically formulated range providing pure, active, and sustainable skincare and wellness products, targeting the health-focused and environmentally conscious demographics.

Live Verdure's newly appointed Chief Executive Officer, Mark Tucker said:

> "This is a brilliant opportunity to acquire an established skincare and wellness brand with ample opportunities to grow revenue and bottom line. The brand has many desirable attributes which we can further build on. We expect to develop new products to better complete the consumer offer, expand online and traditional retail distribution, and move to international markets when the timing is right.
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> LV1's resources will be applied to Edible Beauty to deliver these goals while gaining economies of scale and reducing overheads. We are delighted that the founder, Anna, is joining us as GM of Edible Beauty. Whilst working with me, I believe her naturopathic knowledge and innovative business approach will enhance Edible Beauty and our other LV1 brands."

Live Verdure's Chairman, Gernot Abl said:

> "We are absolutely thrilled by the interest we received from a range of high-quality institutional and sophisticated investors, especially those who participated in our $2.1 million Placement. I want to thank all our existing and new shareholders for their support as we embark on this exciting period of growth for the Company."

About Edible Beauty

Launched in 2014 by Sydney-based naturopath and nutritionist Anna Mitsios, Edible Beauty is a naturopathically formulated range providing pure, active, and sustainable skincare and wellness products.

The brand offers 100% PETA-certified vegan and cruelty-free formulations, with a high concentration of Australian bio-active native extracts and the highest quality natural botanicals from around the world. Edible Beauty products offer clinically proven, powerful skin-transforming results.

Anna developed the range of natural and efficacious products to fill a void for anyone seeking pure, vegan, and sustainable beauty formulas. Anna and her team are on a mission to transform people's skin holistically.

Edible Beauty has two product categories; a 25 SKU skincare category, including moisturisers, serums, oils, face masks and SPF, and a wellness category with 5 SKUs, including supplements and gut powders. National and international distribution is through D2C, wholesale distributors, and retail channels – including David Jones.

As the Edible Beauty brand grows and launches more products, it continues to broaden its customer demographic, capturing a wider portion of consumers.

Strategic Rationale for the Edible Beauty Acquisition

The Edible Beauty acquisition highlights Live Verdure's ability to identify and execute highly complementary transactions, as the transaction will double[1] the Company's current revenue footprint. The transaction significantly extends and broadens the Company's position within the health, wellness, and skincare markets.

Key strategic drivers for the acquisition include:

- Transformative acquisition: On a pro-forma basis for FY22 (unaudited), the Edible Beauty business, combined with Live Verdure's existing operations delivered $4.2m[2] of revenue. The pro-forma revenue is not expected to diminish sales cannibalisation across brands, given the minimal customer, product, and channel overlap.
- Additional complementary D2C channel: Providing another channel direct to customer, enabling end-to-end margin and customer behaviour data capture.
- Significant brand equity and cultural alignment: Edible Beauty's outstanding reputation and loyal customer base were built on the back of their founder-led team, and their values resonate strongly amongst health and environmentally conscious demographic.
- Cross-sell opportunities: The Edible Beauty distribution network provides Live Verdure with the opportunity to expand its own "13 Seeds" and "8 Seeds" brand footprints across wholesale distributor and retail channels.
- Strong synergy potential: Edible Beauty's naturopathically formulated range, offering products with a high concentration of Australian bio-active native extracts, is highly complementary to Live Verdure's product portfolio. The acquisition also provides an

[1] Based on FY22 unaudited revenue

[2] Based on the unaudited preliminary final report of Live Verdure and the unaudited results for Edible Beauty for FY22.

immediate opportunity to capitalise on existing overlap in the supply chain of both businesses, in particular, procurement of key ingredients and other materials. Additionally, Live Verdure expects to add in-house digital marketing expertise to accelerate the financial profile of Edible Beauty.

Key Acquisition Terms

Live Verdure has entered into a sale and purchase agreement to acquire all the issued share capital of Edible Beauty in return for the following consideration:

- $0.75 million in cash, with $0.5 million payable on completion and the balance of $0.25 million payable within six months of completion.
- 1,666,667 shares (being $0.25 million of fully paid ordinary shares in Live Verdure at a deemed issue price of $0.15 per share), to be issued at completion subject to receipt of shareholder approval under Listing Rule 7.1. The consideration shares issued to Anna Mitsios will be subject to voluntary escrow for 12 months from the date of issue.
- Deferred cash consideration equal to 10% of the (audited) revenue generated by Edible Beauty across the 24 month period following completion.
- The sellers are Anna Mitsios (Founder and 94.8% majority shareholder of Edible Beauty), and minority shareholders Kathy Mitsios, Dimitrios Mitsios and Julie Mitsios, each of whom are unrelated to Live Verdure.
- Live Verdure anticipates that the acquisition will complete in October subject to satisfaction or waiver of the following material conditions precedent:
    - Live Verdure completing the Placement;
    - Counterparties to all material contracts having consented to or approved the change of control of Edible Beauty;
    - Certain key persons entering into employment agreements with the Company;
    - No material adverse change occurring prior to completion; and
    - Shareholders approving the issue of the Consideration Shares under Listing Rule 7.1.
- Live Verdure was advised by Equion Capital (M&A), Hamilton Locke (Legal) and JT&P Corporate (Financial).

Placement Overview

The Company is undertaking a placement to institutional, sophisticated, and professional investors and has received firm commitments to raise $2.1m (the '**Placement**'). This includes a $50,000 investment from Mr Gernot Abl, LV1's Chairman and a $50,000 investment from Non-Executive Director Mr Ran Vaingold ('**Director Participation'**). The Director Participation is subject to shareholder approval, which will be sought at a General Meeting of shareholders.

Under the Placement the Company will issue 14,000,000 fully paid ordinary shares ('**New Shares'**) at an issue price of $0.15 per New Share – equal to the last trade price. which represents no discount to the Company's 15 day weighted average share price. New Shares will be issued alongside a free attaching option on a 1 for 2 basis, with an exercise price of $0.25, expiring 31 August 2025 ("**Placement Options**"). The Placement Options are subject to shareholder approval.

The Placement will be conducted in two tranches. Tranche 1 will issue 8,313,858 New Shares under the Company's Listing Rule 7.1 capacity and 5,019,475 New Shares under the Company's 7.1A placement capacity for a total of 13,333,333 shares. Funds received from the Tranche 1 placement will total approximately $2,000,000. The Company expects to complete allotment of the New Shares to be issued under the Tranche 1 placement on or around Monday, 5th September 2022. Subject to shareholder approval, Tranche 1 will also include the issue of up to 6,666,666 Placement Options ('Tranche 1 Placement Options').

Subject to shareholder approval, Tranche 2 of the Placement consists of the issue of up to 666,666 New Shares under the Director Participation, together with approximately 333,333 Placement Options. Funds received from Tranche 2 will total approximately $100,000.

Shareholder approval for the Placement Options and Director Participation will be sought at the Company's General Meeting, anticipated to be held in October. The Company intends to issue the Placement Options under a prospectus and will seek to have the options quoted, subject to meeting the relevant ASX requirements.

CPS Capital acted as Lead Manager on the Placement.

The Company will issue 8,000,000 options to the Lead Manager (or its nominee) in consideration for these services (subject to shareholder approval), on the same terms as the Placement Options.

-Ends-

LiveVerdure

For further information, please contact:

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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.