LiveVerdure

ASX Release
31 August 2022

# FINANCIAL REPORT: STRONG END TO FY22 AND GROWTH INTO FY23

## Highlights - FY22

- Record revenue of $1,886,970 for FY2022 an increase of 210% compared to revenue of $607,531 in the corresponding FY2021 period.
- Growth driven by the successful development and launch of two TGA registered products – TheraJoint+ & TheraNight+.
- 8 Seeds Skincare product development completed ahead of proposed Q2 FY23 soft launch.
- Company-wide focus on efficient and optimised marketing spend to drive profitable customer acquisition implemented and taking effect in Q4, driving a significant increase in return on advertising spend.

## Highlights – Subsequent to Period End

- Appointment of Mark Tucker, former L'Oréal Managing Director, as Chief Executive Officer (CEO) of the Company.
- The acceleration of the Company's inorganic growth pathway commenced with the acquisition of Edible Beauty, a highly complementary founder-led online retail platform of naturopathically formulated health, wellness, and skincare products. driven by strong inbound partnership & acquisition enquiries.
- Edible Beauty achieved FY22 revenue of $2.2m (unaudited), 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.
- Firm commitments received for A$2.1m via a proposed placement to new and existing institutional and sophisticated investors
- Strong acquisition pipeline coupled with brand and revenue growth expected to drive outcomes in FY23.

Live Verdure's Chairman, Gernot Abl said:

“It has been a transformational period for Live Verdure. Record revenue growth predominantly driven by the successful development and launch of two TGA registered products – TheraJoint+ & TheraNight+.

Mark’s appointment as CEO, coupled with the brilliant opportunity to acquire an established skincare and wellness brand in Edible Beauty offers ample opportunity to grow both revenue and bottom line.

We will continue to work hard to forge a path to profitability, to deliver value for shareholders and innovate new and exciting products”

-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 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.

## 1. Company details

| | |
|---|---|
| Name of entity: | Live Verdure Ltd |
| ABN: | 28 614 347 269 |
| Reporting period: | For the year ended 30 June 2022 |
| Previous period: | For the year ended 30 June 2021 |

## 2. Results for announcement to the market

| | | | | $ |
|---|---|---|---|---|
| Revenues from ordinary activities | up | 210.6% | to | 1,886,901 |
| Loss from ordinary activities after tax attributable to the owners of Live Verdure Ltd | up | 14.7% | to | (3,964,057) |
| Loss for the year attributable to the owners of Live Verdure Ltd | up | 14.7% | to | (3,964,057) |

*Dividends*
There were no dividends paid, recommended or declared during the current financial period.

*Comments*
The loss for the consolidated entity after providing for income tax amounted to $3,964,057 (30 June 2021: $3,457,400).

*Financial Performance*
During the financial year, revenue from ordinary activities increased by 210.6% to $1,886,970 compared to $607,531 in the previous corresponding period. The increase in revenue resulted from an increase in online sales and customer growth numbers.

Other income during the financial year increased to $150,000 which primarily resulted from Research and Development tax incentive grants for FY21 amounting to $148,981.

The Company saw an increase in online sales which was a result of additional sales and marketing expenditure compared to the previous financial year.

During the financial year, a share based payment expense was booked amounting to $546,649 relating to the issue of options and performance rights to Directors and employees.

*Financial Position*
The net assets decreased during the financial year from $3,711,728 at 30 June 2021 to $362,117. The decrease in net assets of the Company followed the use of cash to grow the business.

Subsequently the cash reserves of the Company decreased to $533,075 as at 30 June 2022.

## 3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---|---|
| Net tangible assets per ordinary security | 0.65 | 6.72 |

## 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

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### 6. Dividends

*Current period*
There were no dividends paid, recommended or declared during the current financial period.

*Previous period*
There were no dividends paid, recommended or declared during the previous financial period.

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### 7. Dividend reinvestment plans

Not applicable.

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### 8. Details of associates and joint venture entities

Not applicable.

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### 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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### 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

This report is in the process of being audited. At the date of this report, the Directors are not aware of any matter that will result in a qualification of the audit report.

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### 11. Attachments

*Details of attachments (if any):*

Preliminary Financial Report for the year ended 30 June 2022.

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### 12. Signed

Signed ____________________ Date: 31 August 2022

Gernot Abl
Non-executive Chairman

LiveVerdure

# Live Verdure Ltd

**ABN 28 614 347 269**

# Annual Report - 30 June 2022

| | |
|---|---|
| Directors | Mr Gernot Abl (Non-executive Chairman)<br>Mr Ran Vaingold (Non-executive Director)<br>Mr Corey Montry (Non-executive Director) |
| Company secretary | Mr Justin Mouchacca |
| Registered office | Level 21<br>459 Collins Street<br>Melbourne, Victoria 3000 |
| Principal place of business | Level 21<br>459 Collins Street<br>Melbourne, Victoria 3000 |
| Auditor | JTP Assurance<br>10th Floor,<br>446 Collins Street<br>Melbourne, Victoria, 3000 |
| Stock exchange listing | Live Verdure Ltd shares are listed on the Australian Securities Exchange (ASX code: LV1) |
| Website | www.liveverdure.com.au |

LiveVerdure

**Live Verdure Ltd**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2022**

| | Note | Consolidated 2022 $ | 2021 $ |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from sale of goods | | 1,886,901 | 607,531 |
| Cost of sales | | (445,640) | (327,391) |
| Gross profit | | 1,441,261 | 280,140 |
| Other income | 4 | 150,000 | 127,981 |
| **Expenses** | | | |
| Administration, corporate & share based payments expenses | | (1,004,326) | (2,246,925) |
| Sales and marketing expenses | | (2,898,863) | (1,096,204) |
| Technical, new product and market development | | (488,575) | (165,425) |
| Selling and distribution | | (298,390) | (119,529) |
| Finance costs | | (859,546) | (230,416) |
| Depreciation and amortisation expense | | (5,618) | (7,022) |
| **Loss before income tax expense** | | (3,964,057) | (3,457,400) |
| Income tax expense | | - | - |
| **Loss after income tax expense for the year attributable to the owners of Live Verdure Ltd** | | (3,964,057) | (3,457,400) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of Live Verdure Ltd** | | (3,964,057) | (3,457,400) |
| | | **Cents** | **Cents** |
| Basic earnings per share | | (7.16) | (7.19) |
| Diluted earnings per share | | (7.16) | (7.19) |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Live Verdure Ltd**
**Statement of financial position**
**As at 30 June 2022**

LiveVerdure

| | Note | Consolidated 2022 $ | Consolidated 2021 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 533,075 | 3,658,056 |
| Trade and other receivables | 5 | 96,509 | 72,290 |
| Inventories | 6 | 593,758 | 359,787 |
| Other | 7 | 39,932 | 53,711 |
| Total current assets | | 1,263,274 | 4,143,844 |
| **Non-current assets** | | | |
| Property, plant and equipment | | 22,472 | 28,090 |
| Total non-current assets | | 22,472 | 28,090 |
| **Total assets** | | 1,285,746 | 4,171,934 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 8 | 866,710 | 415,685 |
| Employee benefits | | 56,919 | 38,626 |
| Total current liabilities | | 923,629 | 454,311 |
| **Non-current liabilities** | | | |
| Provisions | | - | 5,895 |
| Total non-current liabilities | | - | 5,895 |
| **Total liabilities** | | 923,629 | 460,206 |
| **Net assets** | | 362,117 | 3,711,728 |
| **Equity** | | | |
| Issued capital | 9 | 7,052,505 | 6,984,709 |
| Reserves | | 2,710,144 | 2,163,495 |
| Accumulated losses | | (9,400,532) | (5,436,476) |
| **Total equity** | | 362,117 | 3,711,728 |

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Live Verdure Ltd**
**Statement of changes in equity**
**For the year ended 30 June 2022**

LiveVerdure

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2020 | 1,695,189 | - | (1,979,076) | (283,887) |
| Loss after income tax expense for the year | - | - | (3,457,400) | (3,457,400) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (3,457,400) | (3,457,400) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 9) | 5,289,520 | - | - | 5,289,520 |
| Share-based payments | - | 2,163,495 | - | 2,163,495 |
| Balance at 30 June 2021 | 6,984,709 | 2,163,495 | (5,436,476) | 3,711,728 |

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2021 | 6,984,709 | 2,163,495 | (5,436,476) | 3,711,728 |
| Loss after income tax expense for the year | - | - | (3,964,057) | (3,964,057) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (3,964,057) | (3,964,057) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 9) | 67,797 | - | - | 67,797 |
| Share-based payments | - | 546,649 | - | 546,649 |
| Balance at 30 June 2022 | 7,052,505 | 2,710,144 | (9,400,532) | 362,117 |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

| | Consolidated 2022 $ | 2021 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers (inclusive of GST) | 1,862,682 | 628,489 |
| Payments to suppliers and employees (inclusive of GST) | (5,171,511) | (2,209,192) |
| Receipts of R&D tax incentive grant | 115,209 | 50,755 |
| Interest received | 843 | 1,370 |
| Receipts of government grants | - | 57,740 |
| Net cash used in operating activities | (3,192,777) | (1,470,838) |
| Net cash from investing activities | - | - |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | 81,151 | 5,500,000 |
| Share issue transaction costs | (13,355) | (514,377) |
| Net cash from financing activities | 67,796 | 4,985,623 |
| Net increase/(decrease) in cash and cash equivalents | (3,124,981) | 3,514,785 |
| Cash and cash equivalents at the beginning of the financial year | 3,658,056 | 143,271 |
| Cash and cash equivalents at the end of the financial year | 533,075 | 3,658,056 |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. General information

The financial statements cover Live Verdure Ltd as a consolidated entity consisting of Live Verdure Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Live Verdure Ltd's functional and presentation currency.

Live Verdure Ltd is a listed public company limited by shares, incorporated and domiciled in Australia.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### (b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### (d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Live Verdure Ltd ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Live Verdure Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

## Note 2. Significant accounting policies (continued)

**New Accounting Standards and Interpretations not yet mandatory or early adopted**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 3. Operating segments

*Identification of reportable operating segments*
The company is organised into one operating segment: sale of hemp and food nutraceutical. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

## Note 4. Other income

| | Consolidated | |
|---|---|---|
| | 2022<br>$ | 2021<br>$ |
| Research and development tax incentive grant | 148,981 | 50,755 |
| Export development grant | - | 34,855 |
| COVID-19 government grants | - | 41,118 |
| Interest Income | 1,019 | 1,253 |
| Other income | 150,000 | 127,981 |

## Note 5. Current assets - trade and other receivables

| | Consolidated | |
|---|---|---|
| | 2022<br>$ | 2021<br>$ |
| Trade receivables | 6,908 | 3,746 |
| Other receivables | 68,383 | 27,627 |
| GST receivable | 21,218 | 40,917 |
| | 96,509 | 72,290 |

## Note 6. Current assets - Inventories

| | Consolidated | |
|---|---|---|
| | 2022<br>$ | 2021<br>$ |
| Raw materials, packaging and consumables | 247,091 | 268,789 |
| Finished goods | 346,667 | 90,998 |
| | 593,758 | 359,787 |

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## Note 7. Current assets - other

| | Consolidated 2022 $ | Consolidated 2021 $ |
|---|---|---|
| Prepayments | 38,832 | 52,611 |
| Security deposit | 1,100 | 1,100 |
| | 39,932 | 53,711 |

## Note 8. Current liabilities - trade and other payables

| | Consolidated 2022 $ | Consolidated 2021 $ |
|---|---|---|
| Trade payables | 640,931 | 320,797 |
| Other payables | 225,779 | 94,888 |
| | 866,710 | 415,685 |

## Note 9. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 2022 Shares | 2021 Shares | 2022 $ | 2021 $ |
| Ordinary shares - fully paid | 55,425,722 | 55,247,300 | 7,052,505 | 6,984,709 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2020 | 42,275,000 | | 1,695,189 |
| Settlement for consulting fee | 31 August 2020 | 95,000 | $0.10 | 9,500 |
| Conversion of Convertible Notes | 09 September 2020 | 26,674 | $0.08 | 2,134 |
| Issue of seed capital shares | 11 September 2020 | 7,500,000 | $0.05 | 375,000 |
| Issue of seed capital shares | 15 September 2020 | 2,500,000 | $0.05 | 125,000 |
| Consolidation of shares - 2 for 1 | 12 October 2020 | (26,198,335) | - | - |
| Issue of IPO shares | 03 December 2020 | 25,000,000 | $0.20 | 5,000,000 |
| Conversion of Convertible Notes | 03 December 2020 | 4,048,961 | $0.16 | 647,833 |
| Issue of IPO broker options | | - | - | (447,680) |
| Capital raising costs | | - | - | (422,267) |
| Balance | 30 June 2021 | 55,247,300 | | 6,984,709 |
| Issue of unlisted options | 8 October 2021 | - | - | 23,415 |
| Issue of unlisted options | 20 October 2021 | - | - | 4,209 |
| Exercise of options | 22 October 2021 | 125,000 | $0.30 | 37,500 |
| Exercise of options | 2 November 2021 | 13,672 | $0.30 | 4,102 |
| Exercise of options | 12 November 2021 | 27,250 | $0.30 | 8,175 |
| Exercise of options | 20 April 2022 | 12,500 | $0.30 | 3,750 |
| Capital raising costs | | - | - | (13,355) |
| Balance | 30 June 2022 | 55,425,722 | | 7,052,505 |

### Note 9. Equity - issued capital (continued)

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2021 Annual Report.

### Note 10. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| | | Ownership interest | |
|---|---|---|---|
| **Name** | **Principal place of business / Country of incorporation** | **2022 %** | **2021 %** |
| 13 Seeds Pty Ltd* | Australia | 100.00% | 100.00% |
| 8Skincare Pty Ltd** | Australia | 100.00% | 100.00% |

* Incorporated 7 February 2021.
** Incorporated 7 February 2021.

### Note 11. Events after the reporting period

Subsequent to the end of the financial year, the consolidated entity announced the following:

The appointment of Mark Tucker, former L’Oréal Managing Director, as Chief Executive Officer (CEO) of the Company.

The acquisition of Edible Beauty, a highly complementary founder-led online retail platform of naturopathically formulated health, wellness, and skincare products.

An equity placement (the “Placement”) of $2.1 million at an issue price of A$0.15 per share.