

LV1 MARCH 2023 QUARTERLY BUSINESS REVIEW & APPENDIX 4C

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 31st March 2023.

March 2023 Quarter Highlights

- Strong sales of approximately **\$505,000** recorded for the quarter.
- Cash receipts of approximately **\$505,000**.
- Focus on achieving a more sustainable business model with improved ROI and reduced costs, such as;
 - Cost of Goods Sold (COGS) reduced to 29%, down from 35% in Q3 2022.
 - Reduction in Operating Costs of 38% versus the same quarter prior year, and 29% versus the prior quarter ending December 2022.
 - Total marketing spend was further optimised to be down 46% versus the previous quarter, and 74% versus the equivalent quarter in 2022.
- **Live Verdure Group ROAS holds steady at 3.31x for the quarter.**

Live Verdure reports strong sales and cash receipts

The Company is pleased to advise that we have delivered unaudited sales for the quarter of approximately **\$505,000**. In line with the Company’s recent move to an omni-channel approach, this figure includes more than **\$80,000** of wholesale sales to retailers, including Heinemann and David Jones. Live Verdure is actively engaging with additional tier-1 retailers to expand this revenue channel further.

The Company recorded cash receipts of around **\$505,000** during the March 2023 quarter, excluding government grants.

As Q3 follows the highest consumer spending period of the year, the December Quarter, which includes Black Friday, Cyber Monday, Christmas and Boxing Day sales, reduced revenue when compared to Q2 was anticipated.

By optimising marketing spend and growing subscriber numbers during this quarter, ROAS for Live Verdure Group held strong through this period, proving merit in LV1's in-house marketing strategy.

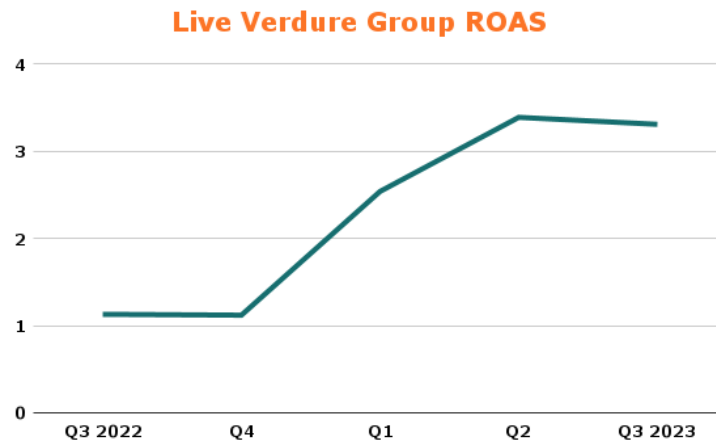


Figure 1: Blended ROAS has more than doubled since 2022 and holds strong from the previous quarter despite reduced discretionary spending in Q3.

LV1's technical team implement COGS savings and improve quality across all brands

As mentioned in the December 2022 quarterly, the LV1 technical team planned a program to reduce COGS by 25% - 38% across the **Edible Beauty** range.

This quarter, the improvements to Edible Beauty's wellness products have commenced implementation, with new ingredients successfully passing rigorous testing. This offers a longer shelf life, reduced MOQ and lower cost of goods.

Having a healthy list of new products ready to launch at key times is critical to a brand's success. By striving to meet the growing needs of customers, not only does a brand stay current, but revenue and gross margin increase as new products are launched.

A full bucket of New Product Development (NPD) is progressing with pace, and the first purchase orders on three new Edible Beauty products have been placed.

Reformulating The Beauty Dew has improved performance by adding additional active ingredients while also reducing cost. Our Collagen formulation is introducing 'Vollagen', a cutting-edge technology that enhances performance, appeals to a broader market, and allows more powerful marketing messaging to consumers. Additionally, consumer testing of two products has commenced; a natural Stretch Mark Oil and Angel Drops, a product which gives the skin a beautiful glow. Both are getting great reviews and are expected to launch later in 2023.

13 Seeds Hemp Seed Oil range, including the best-selling capsules, has also seen an improvement in the quality of the oil and a reduction in COGS of approximately 7%.

Live Verdure Group's gross margin for the March quarter increased to 71%, up from 65% during the same period in 2022. This ratio will continue to improve once savings on formulation and packaging costs are realised as new production runs of stock are undertaken.

Technical improvements, such as reformulations to increase efficacy and simultaneously lower the cost, are driven by LVI's Chief Technical Officer, Jonathan Do. By leveraging Jonathan's network and expertise, Live Verdure is able to replicate these outstanding results for new brands that are acquired or introduced into the business.

Marketing optimisations continue to deliver positive results.

Edible Beauty achieved a blended ROAS of 3.78x this quarter, and the brand gained more than 17,000 new subscribers. This represents the highest number of new subscribers achieved in a single quarter for the brand.

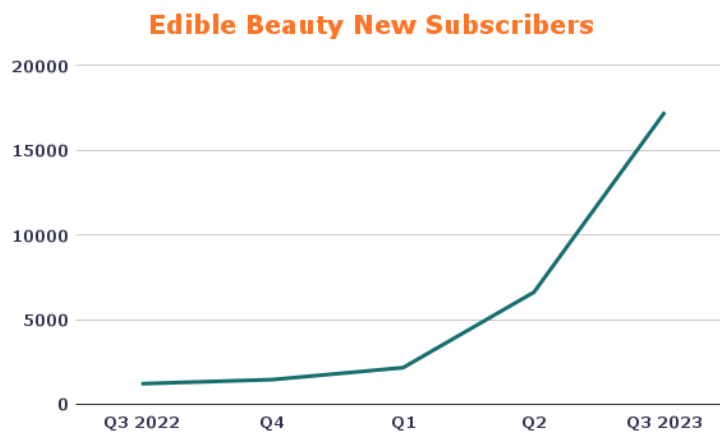


Figure 2: New Subscriber numbers showing 10x growth in Q3 of 2023 vs Q3 of 2022.

13 Seeds also recorded strong new subscriber numbers for the quarter of just over 4200 and a Blended ROAS of 2.84x, an impressive 151% increase from the corresponding quarter in 2022.

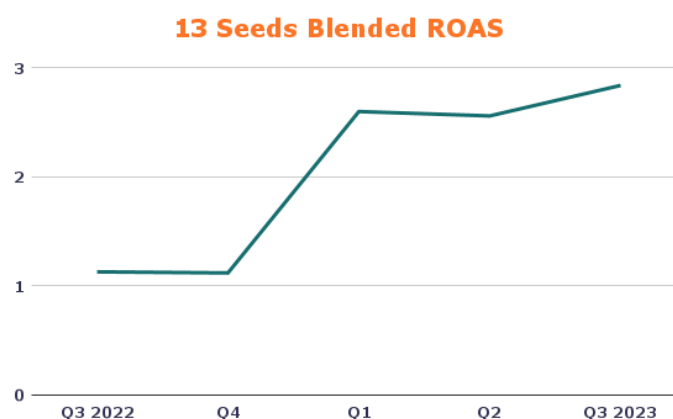


Figure 3: 13 Seeds blended ROAS has more than doubled since Q3 2022.

Building for the future, these new subscribers indicate positive consumer engagement and revenue growth potential. As Edible Beauty and 13 Seeds have a loyal following, repeat orders are likely once a new subscriber is converted into a first-time customer.

Live Verdure Group continues to closely monitor marketing metrics to refine customer targeting, grow campaign reach and improve the effectiveness of sales funnels. In turn, this will lead to an improved return on advertising funds invested.

Local partnership opportunities are growing

Discussions with local Retail Groups and Distributors have commenced, aiming to expand availability, build brand awareness, and establish trust with new consumers.

In January, Edible Beauty began TV coverage with TVSN. TVSN is a long-established TV Sales organisation with a successful sales history in the beauty and skincare category. They create dedicated brand programs that sell to large audiences nationwide while managing all logistics, including order-taking and customer dispatch. The founder of Edible Beauty, Anna Mitsios, completed ten shows in the quarter. TVSN placed four orders and achieved significant product sales.

Edible Beauty has been nominated as a finalist in the TVSN Beauty Awards for Best New Brand.

M&A: Local and international acquisition enquiries continue

Since completing the acquisition of Edible Beauty, Live Verdure has continued to field an increased number of local and international inquiries regarding companies looking to be acquired by LV1.

The Company is looking forward to updating the market in accordance with its continuous disclosure obligations.

Live Verdure CEO, Mark Tucker, said:

“In our drive to develop a more sustainable and profitable business model, we continued to focus on segmenting consumer target groups with different demographics to broaden our reach whilst using creative content that tightly engages the attributes of each group. This drive will continue to improve our ROAS whilst introducing new subscribers to the business. They are then retargeted with conversion communication and offers to get them to make their first purchase. This approach will continue as we grow our subscriber database to increase revenue.

Initiatives on lowering the Cost of Goods Sold are progressing well with formulation developments that reduce cost without diminishing the quality of product experience for consumers. Reduction in the cost of packaging is also being implemented by carefully selecting attractive but lower-cost packs. These benefits flow through to the bottom line as each new production occurs when an existing stock of products sells through.

We have implemented a more detailed P&L Account and Budgeting system, providing more transparency for the finance team. The improvement in available information is already apparent. The increased clarity on P&L items helps to tackle areas with room for improvement in terms of cost control and efficiency of spend. Our ability to more accurately forecast the P&L and Cashflow is also taking effect, allowing us to mitigate risk and plan for upside.”

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 March 2023 quarter.

In accordance with conditions to the Listing Rule 1.1 condition 12 waiver in the Company's announcement of 11 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

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Non-Executive 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 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 customer 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

28 614 347 269

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	505	1,729
1.2	Payments for		
	(a) research and development	(151)	(309)
	(b) product manufacturing and operating costs	(208)	(724)
	(c) advertising and marketing	(439)	(1,397)
	(d) leased assets	-	-
	(e) staff costs	(281)	(552)
	(f) administration and corporate costs	(288)	(1,189)
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	-	152
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(862)	(2,290)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	156	(465)
	(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	156	(465)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,019	3,118
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	(131)	(257)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	6
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	888	2,867

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	468	538
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(862)	(2,290)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	156	(465)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	888	2,867
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	650	650

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	650	468
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)	650	468

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	-
<i>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.</i>		

7.	Financing facilities <i>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.</i>	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)	(862)
8.2	Cash and cash equivalents at quarter end (item 4.6)	650
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	(212)
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.25
<i>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.</i>		
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: No, expenditure on discretionary expenses have been and will continue to be curtailed as needed, dependent on available cash reserves.	

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: The second tranche of the placement announced on March 2nd has been received. The Company continues to undertake preliminary discussions regarding potential future capital raising and is confident it can raise sufficient capital as and when required to fund its future operations.

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: Yes, as set out in section 8.6.2

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.

28 April 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.