

ASX Release
31 July 2024

LV1 JUNE 2024 QUARTERLY BUSINESS REVIEW

Live Verdure Ltd (ASX: LV1) (“LV1”, “LiveVerdure” or the “Company”), owner of Health & Wellness brands Edible Beauty, 13 Seeds and strategic partner of Decidr.ai (“Decidr”), is pleased to release its quarterly activities report and Appendix 4C for the three months ended 30th June 2024.

Highlights

- The Edible Beauty business posted revenue of \$336k, a 7% increase vs pcp, while continuing with its cost reduction and performance improvement initiatives from the prior quarter.
- The Company’s incorporated R&D entity, Decidr.ai Pty Ltd (“Decidr.ai”) completed scoping of proof-of-concept (“POC”) AI workflow technology into the Edible Beauty business.
- The Company received \$578K via the exercise of unlisted options by supportive shareholders.

Group Position

The Company exited the quarter with continued execution on its cost and marketing optimisation plan. Performance continued to increase in nearly all revenue areas; top-line revenue, net new customers and subscription revenue. Cost control initiatives continued to yield results on a half yearly basis with successful reductions in customer acquisition costs in Edible Beauty and the continued optimization in the 13 Seeds business.

In addition, the Company continued to advance its strategy of applying *whole-business AI* into the LV1 brands using Decidr technology. This AI enablement strategy continued its momentum with the completion of scoping and release of Decidr into the Edible Beauty business.

Edible Beauty

Continued delivery on cost and marketing optimization

Cost and performance efforts continued to yield leading growth signals in the quarter. Ecommerce sales in Q4’24 saw a 12% increase compared to the prior quarter, driven by stronger end-of-fiscal-year sales. When reviewing H2’24, overall e-commerce revenue was up 26% vs pcp. This increase was driven via improvements in digital spend which was brought in-house, bringing better control over top-of-funnel campaigns.

Active product subscriptions was up vs pcp (+306%) due to a focus on recurring revenue from loyal customers.

Growth in new customers was also strong, up 33% compared to Q4 '23, but slightly down (17%) as compared to Q3’24. This lower quarter-to-quarter result is seasonal as winter months have lower skin protection (SPF50) product demand as compared to the summer period.

The businesses focus on cost controls continued with the cost of acquiring new customers (“CAC”) decreasing by 12% year-over-year due to more efficient ad spending. Quarter-to-quarter CAC rose by 30% due to expected seasonal lead cost increases.

Wholesale channels

Wholesale revenue dropped by 33% due to tougher retail environments and higher sales targets from key retailers. To counter this, Edible Beauty implemented new paid referrals, PR, and TikTok marketing streams to diversify its customer acquisition outcomes.

International wholesale efforts continued in the period and captured early traction with a new retailer relationship commencing with Central Market which will be launching into 8 retail stores across Texas in August 2024. Focus on AsiaPac sales continued with a specialist consultant engaged to introduce new retail opportunities.

13Seeds

The Company continues to optimise eCommerce and product positioning in the 13Seeds business. A review of this business and strategy has commenced with the goal of improving overall performance and contribution for the group.

Group technology leverage & Decidr.ai

Scoping for a proof of concept (“POC”) deployment in Edible Beauty using Decidr technology was completed in the quarter. Development of seven (7) deployment areas across marketing, sales, procurement and data management commenced and completed shortly after the conclusion of the quarter.

These POC areas represent significant AI enablement opportunities for the Edible Beauty business to avoid classic human costs:

Area 1. (a) Integration of Edible Beauty data into the Decidr Architecture:

Cost avoidance: data connectivity, preparation, normalisation, management and hosting costs, including additional costs for AI readiness.

Unique opportunities: Structured and unstructured data being made available for AI in a high-context environment for enhanced intelligence.

Area 2.(b) Intelligent on-site agent & (c,d) marketing integration

Cost avoidance: AI training data costs, resource time to create branching logic, product taxonomy, translation, coding unique user responses and ongoing management and maintenance of a commercial agent.

Unique opportunities: Speed-to-deploy and high model inference from high-context data. Real-time, adaptable, product and user interaction based activities on integrated revenue and behavioural goals.

Area 3. (e) Real-time FAQ and (f) Content Production

Cost avoidance: Classic human production and management costs relating to content production.

Unique opportunities: Significant increases in content output typically not possible because of time or budget constraints, intelligent content production linked to product purchasing, revenue trends, goals and external market data. Integrated FAQ intelligence made available to other micro agent AI (i.e. Intelligent on-site agents) to improve upstream customer interactions.

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Area 4. (g) AI enabled inventory management

Cost avoidance: Classic human costs associated with data preparation, analysis, forecasting and report production.

Unique opportunities: Real-time reviews, recommendations and actions based on integrated company goals.

These proof of concept deliverables are intended to demonstrate the application of Decidr technology and an AI-organisational approach in multiple business areas within the Edible Beauty business.

LV1 looks forward to providing continued updates for shareholders regarding the development and progress of Decidr.ai and its application to group businesses and new categories.

Commenting on the trading performance of the Edible Beauty business, LV1 Chairman, David Brudenell said, "The Edible Beauty team has continued to deploy best-in-class strategy and execution in their dual-track strategy. Trading conditions remain challenging, however the business continues to improve and diversify the ways that they communicate and where they interact with new and existing customers. This solid execution framework, paired with the potential of AI-enablement pilots with Decidr, could set Edible Beauty as the AI business leader in their category and a template for other categories."

M&A Assessments

The business continues to explore innovative strategies and approaches to complement our eCommerce businesses and AI operating platform via Decidr. LV1 has received consistent enquiries to partner with these businesses.

We look forward to updating our shareholders as we explore these opportunities in line with our continuous disclosure obligations.

Expenditure during the quarter

During the quarter, the Company incurred the following operating cash expenditure:

- Product and manufacturing expenditure amounted to \$254,000;
- Advertising and marketing expenditure amounted to \$195,000;
- Staff related expenditure amounted to \$226,000; and
- Administrative and corporate costs amounted to \$228,000.

During the quarter, the Company incurred the following investing cash expenditure:

- Loan funds of \$905,000 provided to Decidr.ai to assist with the development of Decidr.ai's business.

The expenditure during the quarter was generally in line with the Company's budgets.

Additional Information

The amount of \$47,000 included in section 6.1 of the accompanying Appendix 4C (payments to related parties) relates to Directors fees and superannuation payments for June 2024 quarter.

On 11 June 2024, at a General Meeting it was agreed to grant directors David Brudenell and Adrian Bunter 2.0m and 1.0m unlisted options respectively at an exercise price of \$0.75 (75 cents) with an expiry term of 3 years. The options were issued on 12 June 2024.

-Ends-

For further information, please contact:

David Brudenell
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), via eCommerce digital marketing channels to existing and new customers. Live Verdure is committed to making innovative products that are high quality, sustainable and provide effective results for their consumers.

The company is also focused on delivering growth and business-wide optimisations by developing and deploying cutting-edge technical applications into the existing 13 Seeds and Edible Beauty business ecosystems. LV1 will also leverage this technology to fuel innovation through new product development, allowing its existing businesses to develop pioneering new products, services, and customer experiences in the plant-based food, nutraceutical and skin care markets, to unlock rapid growth and gain a competitive edge for its existing businesses and its go-to-market strategy.

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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")

30 June 2024

| 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 | 425 | 2015 |
| 1.2 Payments for | | |
| (a) research and development | - | (300) |
| (b) product manufacturing and operating costs | (254) | (907) |
| (c) advertising and marketing | (195) | (898) |
| (d) leased assets | - | - |
| (e) staff costs | (226) | (947) |
| (f) administration and corporate costs | (228) | (1743) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 10 | 27 |
| 1.5 Interest and other costs of finance paid | - | (6) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | 414 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (468) | (2345) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | (210) |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

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| 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 | (2) | (2) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | (905) | (1365) |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (907) | (1577) |

| | | | |
|-------------|---|------------|-------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 3930 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 578 | 1316 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (30) | (353) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | (37) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 548 | 4856 |

| | | | |
|-----------|--|-------|--------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1930 | 169 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (468) | (2345) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (907) | (1577) |

Quarterly cash flow report for entities subject to Listing Rule 4.7B

| 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) | 548 | 4856 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1103 | 1103 |

| 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 | 1103 | 1933 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | (3) |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1103 | 1930 |

| 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 | 47 |
| 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.

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| 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) | 40 | - |
| 7.4 Total financing facilities | 40 | - |
| 7.5 Unused financing facilities available at quarter end | | 40 |
| 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. | | |
| St George Bank, business overdraft facility, 13.71%, unsecured. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (468) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 1103 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 40 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 1143 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 2.44 |
| <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: 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 | |
| <i>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.</i> | |

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: 31 July 2024

Authorised by: The Board of Directors

 (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.