LiveVerdure

# Live Verdure Ltd

**ABN 28 614 347 269**

# Annual Report - 30 June 2023

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|---|---|
| Directors | Mr Gernot Abl (Non-executive Chairman)<br>Mr Ran Vaingold (Non-executive Director)<br>Mr Corey Montry (Non-executive Director) |
| Chief Executive Officer | Mr Gernot Abl (Interim Executive role) |
| 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>Level 5, North Tower<br>485 La Trobe Street<br>Melbourne, Victoria, 3000 |
| Stock exchange listing | Live Verdure Ltd shares are listed on the Australian Securities Exchange (ASX code: LV1 and LV1OA) |
| Website | www.liveverdure.com.au |
| Corporate Governance Statement | The Company's Corporate Governance Statement has been released to ASX on this day and is available on the Company's website at the following link: https://liveverdure.com.au/governance/ |

**Transformative acquisition of Edible Beauty with successful $2.1m capital raise**

Live Verdure was 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 of $2.1 million at an issue price of A$0.15 per share.

The Company 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 health-focused and environmentally conscious demographics.

The acquisition was completed on the 1st of November 2022.

**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.

**Successful $1.6 Million Placement to Fuel Company Growth**

In March, the Company completed a $1.6 million placement, with the equity received from existing sophisticated shareholders.

Under the terms of the Placement, the Company issued 16,000,000 new fully paid ordinary shares ("New Shares") at an issue price of $0.10 per New Share. This issue price represented a discount of 33% to the Company's closing price of $0.15 on Monday, the 27th of February, 2023. These New Shares were issued alongside a free attaching listed option (LV1OA option) on a 1-for-2 basis, with an exercise price of $0.25, expiring on the 31st of August 2025 ("Placement Options"). These Placement Options are subject to shareholder approval.

The Placement comprised of two tranches, the first of which was completed on the 10th of March, 2023.

The funds were raised for working capital to deliver against new product development (NPD), fund operating capital requirements for retail partnerships, and accelerate the Company's growth further through investment in a range of sales and marketing initiatives.

Additionally, proceeds from the issue enabled the Company to further progress partnership discussions and conduct due diligence on prospective partnership and M&A opportunities.

Since the acquisition of Edible Beauty in late 2022, Live Verdure has received an increased number of local and international inquiries regarding companies looking to be acquired by or partner with LV1. These enquiries span various sectors within the health, wellness, and beauty industry, including some that incorporate ground-breaking technology into their offerings.

**New Product Development Pipeline and Existing Product Improvements.**

Throughout the year, the Live Verdure technical team was hard at work reformulating existing products to increase efficacy, lower costs, and extend shelf life while simultaneously developing a list of new products for launch.

Seven new Edible Beauty products were planned for launch during Q1 and Q2 of 2023, with five already on the market in September. These include a men's skincare range, lip scrub and balm duo, and a highly anticipated stretch mark oil.

In response to the high demand from our valued customers and popularity across the global wellness markets, we are currently exploring formulations for gummies. By collaborating with new manufacturers who offer low MOQ, we can economically address and capitalise on the identified market gap.

**Local and International Partnerships Grow**

Partnerships with local and international retail groups and distributors have been identified as reliable ways of expanding product availability, building brand awareness, and establishing 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.

Later in the year, Edible Beauty secured a new distributor for Hong Kong, Macau, and China cross-border sales, with a ~$53,000 opening order in June 2023. This figure represents a tripled minimum sales commitment.

This international distributor joins tier-1 retailers such as David Jones and Heinemann to grow the wholesale portion of revenue.

**Subsequent to Year End**

**$1.68 Million Placement to Pursue M&A Opportunities and Expand Partnerships**

Live Verdure received a $A1.68 million placement from existing sophisticated and professional shareholders in early September 2023 to accelerate growth and pursue M&A opportunities.

Under the terms of this Placement, the Company issued 22,400,000 new fully paid ordinary shares ("New Shares") at an issue price of $0.075 per New Share. This issue price represented a discount of 33% to the Company's closing price of $0.092 on Monday, the 4th of September, 2023.

The Placement consisted of 13,463,858 New Shares under the Company’s Listing Rule 7.1 capacity and 8,936,124 New Shares under the Company’s Listing Rule 7.1A capacity.

The Company completed the allotment of New Shares under the Placement by the 14th of September, 2023.

**Use of Funds**

The funds raised will be used for working capital to deliver against new product development (NPD), fund working capital requirements for retail partnerships, and to further accelerate the Company’s growth through investment in a range of sales and marketing initiatives. Additionally, proceeds from the issue will enable the Company to further progress partnership discussions and conduct due diligence on prospective partnership and M&A opportunities.

Since the acquisition of Edible Beauty in late 2022, Live Verdure has received an increased number of local and international inquiries regarding companies looking to be acquired by or partner with LV1. These enquiries span a broad range of sectors within the health, wellness, and beauty industry, including some that incorporate ground-breaking technology into their offerings—for example, leveraging artificial intelligence to deliver human resource and digital marketing optimisations among other growth-driving solutions that would substantially boost existing LV1 brands.

As Live Verdure looks to the future, staying cognisant of retail trends and global developments, we continue to assess all enquiries for the right opportunity that will complement our existing brands, deliver top-line growth, and raise the profit profile of the Company.

Live Verdure looks forward to updating the market in accordance with its continuous disclosure obligations.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Live Verdure Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

**Directors**
The following persons were directors of Live Verdure Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Gernot Abl (Non-executive Chairman)
Mr Corey Montry (Non-executive Director)
Mr Ran Vaingold (Non-executive Director)

**Principal activities**
During the financial year the principal continuing activities of the consolidated entity consisted of:
- development of Australian hemp food, beauty and nutraceutical products; and

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

**Review of operations**
The loss for the consolidated entity after providing for income tax amounted to $2,834,224 (30 June 2022: $3,964,057).

During the financial year the Company progressed the development of new food products whilst controlling its spend on marketing and promotional activities to $1,044,638 (2022: $2,898,683).

*Financial Performance*

During the financial year, revenue from ordinary activities increased by 17.4% to $2,215,922 compared to $1,886,901 in the previous corresponding period. The increase in revenue resulted from the acquisition of Edible Beauty in November 2022, an increase in online sales and customer growth numbers.

Other income during the financial year increased to $190,385 which primarily resulted from an Export development grant of $36,600 and Research and Development tax incentive grants for FY22 amounting to $152,076.

During the financial year, a share based payment expense was booked amounting to $109,155 relating to the issue of options and performance rights to Directors and employees.

*Financial Position*

The net assets increased during the financial year from a positive $362,117 at 30 June 2022 to a positive $922,977.

The cash reserves of the Company decreased to $168,561 as at 30 June 2023.

**Matters subsequent to the end of the financial year**
On 18 July 2023 the Company, as part of the placement conducted on 2 March 2023 issued a further 5,000,000 shares at 10 cents ($0.10 cents) to raise a further $500,000 as part of a tranche 2. As part of the capital raisings, broker options valued at $209,520 were issued after year end. Of the $500,000, $300,000 cash was received in June 2023, with the remaining $200,000 received post year-end. The company also issued a further 16,000,000 options along side the new shares as a free attaching option (1 for 2 basis) with an exercise price of $0.25, expiring 31 August 2025.

On 15 September 2023, the Company issued 22,400,000 shares at $0.075 cents, raising $1,680,000 before transaction costs.

On 8 September 2023, the CEO, Mr Mark Tucker ceased his position as CEO. The current chair, Mr Gernot Abl has assumed an Interim Executive role.

**Likely developments and expected results of operations**
The future developments and expected results of operations of the Company will be dependent on the continued efforts on direct to consumer sales, advertising of the Company's products in a growing industry and also conducting research and development of new hemp food and nutraceutical and skin products.

**Business risk management**
The Company is committed to the effective management of risk to reduce uncertainty in the Company's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Company's strategic objectives and future prospects.

**Key risks and mitigation activities associated with the Company's objectives are set out below:**

***Competition risks***
The Company currently competes with other companies offering health, wellness and skincare products and there can be no assurance that the Company can compete effectively with these other companies. Additionally, existing competitors and new competitors to the market may replicate a business model similar to that of the Company, which could result in a loss of market share or a decrease in profitability.

Furthermore, the Company's products could be rendered uneconomical by the emergence of new competitors and products, substitute products, technological advances affecting the cost of production, marketing, or pricing actions by one or more of the Company's competitors. The Company's business, financial condition or results of operations could be materially adversely affected by any one or more of such developments. The Company aims to mitigate the risks associated with competition risks by implementing new and innovative products to market.

***Future funding risk***
As at the date of this report, the Company is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. Although the Directors consider that the Company will, following completion of the recent capital raising subsequent to the end of the financial year, have sufficient working capital to carry out its stated objectives and to satisfy the anticipated current working capital and other capital requirements, there can be no assurance that such objectives can continue to be met in the future without securing further funding.

The future capital requirements of the Company will depend on many factors, including the pace and magnitude of the development of its business and sales, and the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its products and to meet its other longer-term objectives.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, financial condition and results of operations.

As noted above, subsequent to the end of the financial year, the Company has raised approximately $2.1 million to fund an acquisition and for additional working capital which will mitigate the current funding requirements of the Company.

***Products liability risk***
The Company supplies hemp-based food, skin care and nutraceutical products. As with all food, skin care and nutraceutical products, there is a risk that the products sold by Live Verdure could cause serious or unexpected side effects, including injury to consumers. Should any of the Company's products be associated with safety risks such as misuse or abuse, mislabelling, tampering or product contamination or spoilage, a number of materially adverse outcomes could occur, including:

(i) litigation or claims by the parties affected;
(ii) regulatory authorities may revoke any approvals granted, impose more onerous regulatory requirements under any licence or approval, or force Live Verdure to conduct a product recall;
(iii) regulatory action or being sued by the regulatory authority and being held liable for any harm caused to customers; or
(iv) Live Verdure's brand and reputation being damaged.

Additionally, material risks to the health and safety of customers may force the Company to voluntarily suspend or terminate sales and/or operations.

Regardless of insurance and quality standards applied by the Company, as in any manufacturing concern, there remains a risk of defective products. These defects or problems could result in the loss or delay in revenue, or a material cost to the Company.

The Company continues to test new products before they are placed into the market place in order to ensure that there are no product liability risks which may arise in the future.

**Environmental regulation**

The Company is subject to environmental regulation under Australian and State law with respect to its Hemp food manufacturing licence.

**Information on directors**

| | |
|---|---|
| Name: | Mr Gernot Abl |
| Title: | Non-executive Chairman |
| Experience and expertise: | Mr Abl's background is in Law, Corporate Finance and Strategic Consulting and has over 18 years of entrepreneurial, business strategy, and investment experience gained as a management consultant with Deloitte Consulting and Deloitte Corporate Finance. Mr Abl has had significant success in the online gaming industry and currently serves as a director of several private start-up technology companies. Mr Abl also currently serves as an Executive Directors of Lithium Universe Limited (ASX:LU7). |
| Other current directorships: | Lithium Universe Limited (ASX:LU7) (formerly Esports Mogul Limited (ASX: ESH)) |
| Former directorships (last 3 years): | None |
| Interests in shares: | 5,915,296 fully paid ordinary shares |
| Interests in options: | 6,165,981 unlisted options |
| Interests in rights: | 1,250,000 Class B Performance rights |

| | |
|---|---|
| Name: | Mr Ran Vaingold |
| Title: | Non-executive Director |
| Experience and expertise: | Mr Ran Vaingold holds a Master of Business Administration from Melbourne Business School (Melbourne University) and a Bachelor of Business (Professional Accountancy) from RMIT University. He is an experienced corporate strategy professional having previously founded the Melbourne office of a $400m asset manager, advising fast growth companies on mergers, acquisitions, capital raisings and strategy. Prior to that, Mr Vaingold was an Executive at a mid-market M&A firm where he focused on transactions in the food and agriculture space, advising clients like Bega Cheese and Select Harvests. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | 5,852,796 fully paid ordinary shares |
| Interests in options: | 6,134,731 unlisted options |
| Interests in rights: | 1,250,000 Class B Performance rights |

| | |
|---|---|
| Name: | Mr Corey Montry |
| Title: | Non-executive Director |
| Experience and expertise: | Mr Montry is currently Chief Financial Officer for Energy Power Systems Australia and is a former General Motors (GM) Executive with over 20 years of commercial finance and accounting senior leadership experience working in U.S. multinational organisations as a U.S./Australia dual citizen. He has executive experience across diverse and complex Australian sectors & businesses including FMCG (Group Financial Controller, Metcash - CFO, IRexchange - GM Finance, Marlin Brands), Defence (Leidos) and Health (Finance Director, Melbourne Health).<br><br>Mr Montry relocated with his young family to Australia in 2010 as Corporate Controller and Chief Accounting Officer of GM Holden before leading Holden's commercial finance organisation as Director of Revenue and Future Product Programs. He is a Certified Public Accountant in the U.S. and holds a Bachelor's Degree in Business Administration (Accounting) and a Master's Degree in Business Administration (Finance). |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | Nil |
| Interests in options: | 1,000,000 unlisted options |
| Interests in rights: | Nil |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**
**Mr Justin Mouchacca CA, FGIA**

Mr Mouchacca is a qualified Chartered Accountant with over 16 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. He graduated from RMIT University in 2008 with a Bachelor of Business majoring in Accounting. Mr Mouchacca completed the Chartered Accountants Program in 2011 and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies. He specialises in the preparation of listing companies on stock exchanges, Corporations Act legislation, corporate governance policies, statutory report writing requirements, shareholder meeting requirements and assistance in the preparation of prospectuses, information memorandums and other disclosure documents.

**Meetings of directors**
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

| | Full Board | |
|---|---|---|
| | Attended | Held |
| Mr Gernot Abl | 7 | 7 |
| Mr Ran Vaingold | 7 | 7 |
| Mr Corey Montry | 7 | 7 |

Held: represents the number of meetings held during the time the director held office.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors remuneration*
The Constitution of the company and the ASX Listing Rules establish an aggregate or maximum level of remuneration available to non-executive directors, to be divided amongst the directors as agreed. The aggregate amount approved by shareholders to be available for remuneration of non-executive directors is $250,000 per annum.

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

*Executive remuneration*
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the company's direct competitors.

*Consolidated entity performance and link to remuneration*
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section below for details of the earnings and total shareholders return for the last five years.

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The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

***Details of remuneration***

*Amounts of remuneration*
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Live Verdure Ltd:
- Mr Gernot Abl (Non-executive Chairman)
- Mr Ran Vaingold (Non-executive Director)
- Mr Corey Montry (Non-executive Director)

And the following person:
- Mr Justin Mouchacca (Chief financial officer and Company Secretary) - resigned as Chief financial officer on 27 July 2021

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **2023** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Equity-settled $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Gernot Abl | 90,000 | - | - | 9,450 | - | - | 99,450 |
| Corey Montry | 36,000 | - | - | 3,780 | - | - | 39,780 |
| Ran Vaingold | 87,558 | - | - | 9,194 | - | - | 96,752 |
| *Other Key Management Personnel:* | | | | | | | |
| Mark Tucker | 216,026 | - | - | 22,683 | - | - | 238,709 |
| | 429,584 | - | - | 45,107 | - | - | 474,691 |

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **2022** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Equity-settled $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Gernot Abl | 90,000 | - | - | 9,000 | - | - | 99,000 |
| Corey Montry* | 36,000 | - | - | 3,600 | - | 128,090 | 167,690 |
| *Executive Directors:* | | | | | | | |
| Ran Vaingold | 185,000 | - | - | 18,500 | - | - | 203,500 |
| | 311,000 | - | - | 31,100 | - | 128,090 | 470,190 |

* Equity settled amounts relate to the share based payment value of unlisted options and performance rights issued during the financial year. These amounts are non cash and being accounted for in accordance with AASB 2 – Share Based Payments.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|---|---|---|---|---|---|---|
| Name | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| *Non-Executive Directors:* | | | | | | |
| Gernot Abl | 100% | 100% | - | - | - | - |
| Corey Montry | 100% | 24% | - | - | - | 76% |
| Ran Vaingold | 100% | 100% | - | - | - | - |
| *Other Key Management Personnel:* | | | | | | |
| Mark Tucker | 100% | - | - | - | - | - |

***Service agreements***
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Mr Mark Tucker |
| Title: | Chief Executive Officer |
| Agreement commenced: | 24 August 2022 |
| Term of agreement: | No fixed term |
| Details: | Mr Tuckers remuneration package comprises a base salary of $250,000 per annum (ex-superannuation)<br><br>The Agreement continues until terminated by either the Company or Mr Tucker giving not less than three months' written notice of termination to the other party. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

*Options*
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|
| 3 December 2020 | 3 December 2020 | 14 December 2025 | $0.20 | $0.145 |
| 8 October 2021 | 8 October 2021 | 8 October 2024 | $0.30 | - |
| 26 November 2021 | 26 November 2021 | 9 August 2024 | $0.3975 | $0.252 |

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| Gernot Abl | 4,000,000 | 3 December 2020 | 3 December 2020 | 14 December 2025 | $0.20 | $0.145 |
| Ran Vaingold | 4,000,000 | 3 December 2020 | 3 December 2020 | 14 December 2025 | $0.20 | $0.145 |
| Gernot Abl | 1,353,616 | 8 October 2021 | 8 October 2021 | 8 October 2024 | $0.30 | - |
| Gernot Abl | 812,365 | 8 October 2021 | 8 October 2021 | 8 October 2024 | $0.30 | - |
| Ran Vaingold | 1,388,250 | 8 October 2021 | 8 October 2021 | 8 October 2024 | $0.30 | - |
| Ran Vaingold | 746,481 | 8 October 2021 | 8 October 2021 | 8 October 2024 | $0.30 | - |
| Corey Montry | 1,000,000 | 18 November 2021 | 18 November 2021 | 9 August 2024 | $0.3975 | - |

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

*Performance rights*
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of rights granted | Grant date | Vesting date and exercisable date | Expiry date | Fair value per right at grant date |
|---|---|---|---|---|---|
| Mr Gernot Abl* | 1,250,000 | 3 December 2020 | Subject to vesting conditions | 14 December 2025 | $0.20 |
| Mr Gernot Abl | 1,250,000 | 3 December 2020 | Subject to vesting conditions | 14 December 2025 | - |
| Mr Ran Vaingold * | 1,250,000 | 3 December 2020 | Subject to vesting conditions | 14 December 2025 | $0.20 |
| Mr Ran Vaingold | 1,250,000 | 3 December 2020 | Subject to vesting conditions | 14 December 2025 | - |

* The performance rights were exercised during the financial year.

Performance rights granted carry no dividend or voting rights.

***Additional information***
The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

| | 2023 $ | 2022 $ | 2021 $ | 2020 $ | 2019 $ |
|---|---|---|---|---|---|
| Sales revenue | 2,215,922 | 1,886,901 | 607,531 | 398,673 | 165,342 |
| Profit/(loss) after income tax | (2,834,224) | (3,964,057) | (3,457,400) | (1,318,486) | (446,261) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Share price at financial year end ($)* | 0.09 | 0.18 | 0.19 | - | - |
| Basic earnings per share (cents per share) | (3.87) | (7.16) | (7.19) | (3.28) | (4,462.60) |
| Diluted earnings per share (cents per share) | (3.87) | (7.16) | (7.19) | (3.28) | (4,462.60) |

* The Company was listed on ASX in December 2020.

***Additional disclosures relating to key management personnel***

*Shareholding*
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Gernot Abl | 4,331,963 | - | 1,583,333 | - | 5,915,296 |
| Ran Vaingold | 4,269,463 | - | 1,583,333 | - | 5,852,796 |
| Corey Montry | - | - | - | - | - |
| | 8,601,426 | - | 3,166,666 | - | 11,768,092 |

*Option holding*
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| Gernot Abl | 6,165,981 | - | - | - | 6,165,981 |
| Ran Vaingold | 6,134,731 | - | - | - | 6,134,731 |
| Corey Montry | 1,000,000 | - | - | - | 1,000,000 |
| | 13,300,712 | - | - | - | 13,300,712 |

*Performance rights holding*
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Vested | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Performance rights over ordinary shares* | | | | | |
| Mr Gernot Abl - Class A performance rights | 1,250,000 | - | (1,250,000) | - | - |
| Mr Gernot Abl - Class B performance rights | 1,250,000 | - | - | - | 1,250,000 |
| M Ran Vaingold - Class A performance rights | 1,250,000 | - | (1,250,000) | - | - |
| M Ran Vaingold - Class B performance rights | 1,250,000 | - | - | - | 1,250,000 |
| | 5,000,000 | - | (2,500,000) | - | 2,500,000 |

During the 2021 financial period, the Company issued 5,000,000 unlisted performance rights to Directors of the Company. The performance rights will vest in two equal tranches following satisfaction of vesting conditions as follows and expire 5 years from 14 December 2020:

- 2,500,000 unlisted performance rights (Class A Rights) will vest following 3 consecutive months of Monthly Recurring Revenue of no less than $150,000 per month; and

- 2,500,000 unlisted performance rights (Class B Rights) will vest following 3 consecutive months of Monthly Recurring Revenue of no less than $250,000 per month.

As at the date of this financial report, the Class A performance rights have vested.

***This concludes the remuneration report, which has been audited.***

**Shares under option**
Unissued ordinary shares of Live Verdure Ltd under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 3 December 2020 | 14 December 2025 | $0.20 | 8,000,000 |
| 3 December 2020 | 14 December 2023 | $0.25 | 4,000,000 |
| 9 April 2021 | 4 March 2024 | $0.30 | 2,000,000 |
| 16 July 2021 | 15 July 2024 | $0.30 | 1,000,000 |
| 9 August 2021 | 9 August 2024 | $0.3975 | 400,000 |
| 4 October 2021 | 4 October 2024 | $0.30 | 32,602,267 |
| 26 November 2021 | 9 August 2024 | $0.3975 | 1,000,000 |
| | | | 49,002,267 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**Shares under performance rights**
Unissued ordinary shares of Live Verdure Ltd under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under rights |
|---|---|---|---|
| 3 December 2020 | 14 December 2025 | - | 2,500,000 |

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**
There were no ordinary shares of Live Verdure Ltd issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

**Shares issued on the exercise of performance rights**
On 5 September 2022, 2,500,000 ordinary shares of Live Verdure Ltd were issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

**Indemnity and insurance of auditor**
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**
There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former partners of JTP Assurance**
There are no officers of the company who are former partners of JTP Assurance.

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**
JTP Assurance continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Gernot Abl
Non-executive Chairman

28 September 2023

JTP ASSURANCE

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**LIVE VERDURE LTD**
**ABN: 28 614 347 269**

**AUDITOR'S INDEPENDENCE DECLARATION**
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**
**TO THE DIRECTORS OF LIVE VERDURE LTD**

As lead auditor for the audit of Live Verdure Ltd, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

JTP Assurance

**JTP ASSURANCE**
**Chartered Accountants**

W. Tarrant

**WAYNE TARRANT**
**Partner**

**Signed at Melbourne this 28th day of September 2023**

**Live Verdure Ltd**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2023**

LiveVerdure

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from sale of goods | | 2,215,922 | 1,886,901 |
| Cost of sales | | (836,176) | (445,640) |
| Gross profit | | 1,379,746 | 1,441,261 |
| Other income | 5 | 190,385 | 150,000 |
| **Expenses** | | | |
| Administration, corporate & share based payments expenses | 6 | (2,118,469) | (1,004,326) |
| Technical, new product and market development | | (584,282) | (488,575) |
| Sales and marketing expenses | | (1,044,638) | (2,898,863) |
| Selling and distribution | | (490,367) | (298,390) |
| Finance costs | | (124,959) | (859,546) |
| Depreciation and amortisation expense | 6 | (41,640) | (5,618) |
| **Loss before income tax expense** | | (2,834,224) | (3,964,057) |
| Income tax expense | 7 | - | - |
| **Loss after income tax expense for the year attributable to the owners of Live Verdure Ltd** | | (2,834,224) | (3,964,057) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of Live Verdure Ltd** | | (2,834,224) | (3,964,057) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 32 | (3.87) | (7.16) |
| Diluted earnings per share | 32 | (3.87) | (7.16) |

*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 2023**

LiveVerdure

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 168,561 | 533,075 |
| Trade and other receivables | 9 | 129,075 | 96,509 |
| Inventories | 10 | 919,929 | 593,758 |
| Other | 11 | 49,089 | 39,932 |
| Total current assets | | 1,266,654 | 1,263,274 |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 9,008 | 22,472 |
| Intangibles acquired | 28 | 1,158,535 | - |
| Trademark registration | 28 | 16,702 | - |
| Right-of-use assets | 13 | 42,265 | - |
| Total non-current assets | | 1,226,510 | 22,472 |
| **Total assets** | | 2,493,164 | 1,285,746 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 1,141,554 | 866,710 |
| Lease liabilities | 15 | 43,870 | - |
| Employee benefits | 16 | 42,302 | 56,919 |
| Total current liabilities | | 1,227,726 | 923,629 |
| **Non-current liabilities** | | | |
| Other payables | 17 | 35,601 | - |
| Employee benefits | 18 | 17,322 | - |
| Deferred consideration | 28 | 289,538 | - |
| Total non-current liabilities | | 342,461 | - |
| **Total liabilities** | | 1,570,187 | 923,629 |
| **Net assets** | | 922,977 | 362,117 |
| **Equity** | | | |
| Issued capital | 20 | 9,714,646 | 7,052,506 |
| Reserves | 21 | 3,443,088 | 2,710,144 |
| Accumulated losses | | (12,234,757) | (9,400,533) |
| **Total equity** | | 922,977 | 362,117 |

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

| **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 20) | 67,797 | - | - | 67,797 |
| Share-based payments (note 33) | - | 546,649 | - | 546,649 |
| Balance at 30 June 2022 | 7,052,506 | 2,710,144 | (9,400,533) | 362,117 |

| **Consolidated** | **Issued capital $** | **Reserves $** | **Accumulated losses $** | **Total equity $** |
|---|---|---|---|---|
| Balance at 1 July 2022 | 7,052,506 | 2,710,144 | (9,400,533) | 362,117 |
| Loss after income tax expense for the year | - | - | (2,834,224) | (2,834,224) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (2,834,224) | (2,834,224) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 20) | 3,281,500 | - | - | 3,281,500 |
| Share-based payments (note 33) | (619,360) | 732,944 | - | 113,584 |
| Balance at 30 June 2023 | 9,714,646 | 3,443,088 | (12,234,757) | 922,977 |

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 2,258,000 | 1,862,682 |
| Payments to suppliers and employees (inclusive of GST) | | (5,184,341) | (5,171,511) |
| Receipts of R&D tax incentive grant | | 189,000 | 115,209 |
| Interest received | | 1,709 | 843 |
| Net cash used in operating activities | 31 | (2,735,632) | (3,192,777) |
| **Cash flows from investing activities** | | | |
| Payment for purchase of business, net of cash acquired | 28 | (749,883) | - |
| Net cash used in investing activities | | (749,883) | - |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 3,385,000 | 81,151 |
| Share issue transaction costs | | (264,000) | (13,354) |
| Net cash from financing activities | | 3,121,000 | 67,797 |
| Net decrease in cash and cash equivalents | | (364,515) | (3,124,980) |
| Cash and cash equivalents at the beginning of the financial year | | 533,076 | 3,658,056 |
| Cash and cash equivalents at the end of the financial year | 8 | 168,561 | 533,076 |

## 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.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### (c) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

### (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 2023 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)**

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**(e) Operating segments**
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**(f) Going concern**
During the financial year ended 30 June 2023 the Company incurred an operating loss of $2,834,224 (2022: $3,964,057) and a negative cash outflow from operating activities of $2,735,632 (2022: $3,192,777).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Subsequent to year end the Company raised $1,680,000 before transaction costs.

The Directors have plans to undertake further capital raisings in the ensuing 12 months, together with continued growth in revenue and containment of discretionary expenditure as appropriate. As a result, the Directors believe that the Company will continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis. No adjustments have been made relating to the recoverability and classification of assets and classification of liabilities that might be necessary should the Company not continue as a going concern.

**(g) Revenue recognition**
The consolidated entity recognises revenue as follows:

*Sale of goods*
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Research and development tax incentive grants*
Research and Development tax incentive grants are recognised when they are probable of recovery and the amounts can be reliably measured, which presently is in the year when the claim is received.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

**(h) Income tax**
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**Note 2. Significant accounting policies (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**(i) Current and non-current classification**
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**(j) Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(k) Trade and other receivables**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(l) Inventories**
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

The cost of manufactured products include direct material, direct labour and an appropriate portion of fixed and variable overheads, the latter being applied on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Note 2. Significant accounting policies (continued)**

**(m) Investments and other financial assets**
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Impairment of financial assets*
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**(n) Property, plant and equipment**
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Leasehold improvements | 3-10 years |
| Plant and equipment | 3-7 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**(o) Right-of-use assets**
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

**Note 2. Significant accounting policies (continued)**

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**(p) Impairment of non-financial assets**
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**(q) Trade and other payables**
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(r) Borrowings**
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**(s) Lease liabilities**
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**(t) Finance costs**
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**(u) Employee benefits**

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

## Note 2. Significant accounting policies (continued)

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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**Note 2. Significant accounting policies (continued)**

**(v) Fair value measurement**
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**(w) Issued capital**
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(x) Business combinations**
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## Note 2. Significant accounting policies (continued)

### (y) Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Live Verdure Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (z) Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### 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 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Allowance for expected credit losses*
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Provision for impairment of inventories*
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Estimation of useful lives of assets*
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Income tax*
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## Note 4. Operating segments

*Identification of reportable operating segments*
The company is organised into one operating segment: sale of hemp food, beauty and 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 5. Other income

| | Consolidated | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Research and development tax incentive grant | 152,076 | 115,209 |
| Export development grant | 36,600 | 33,772 |
| Interest Income | 1,709 | 1,019 |
| Other income | 190,385 | 150,000 |

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## Note 6. Expenses

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| Loss before income tax includes the following specific expenses: | | |
| *Depreciation* | | |
| Plant and equipment | 41,640 | 5,618 |
| *Superannuation expense* | | |
| Defined contribution superannuation expense | 95,860 | 69,125 |
| *Share-based payments expense* | | |
| Share-based payments expense relating to director and employee incentives | 109,155 | 546,649 |
| *Employee benefits expense excluding superannuation* | | |
| Employee benefits expense excluding superannuation | 823,613 | 698,625 |

## Note 7. Income tax expense

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense | (2,834,224) | (3,964,057) |
| Tax at the statutory tax rate of 25% | (708,556) | (991,014) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 27,288 | 136,662 |
| Grant income not assessable | (47,169) | (37,245) |
| Current year tax losses not recognised | 728,437 | 891,597 |
| Income tax expense | - | - |

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 8,840,693 | 5,926,945 |
| Potential tax benefit @ 25% (2022: 25%) | 2,210,173 | 1,481,736 |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed and the Company generates sufficient taxable earnings.

## Note 8. Current assets - cash and cash equivalents

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| Cash at bank | 168,561 | 533,075 |

## Note 9. Current assets - trade and other receivables

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Trade receivables | 89,173 | 6,908 |
| Other receivables | 20,900 | 68,383 |
| GST receivable | 19,002 | 21,218 |
| | 129,075 | 96,509 |

## Note 10. Current assets - Inventories

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Raw materials, packaging and consumables at realisable value | 500,414 | 247,091 |
| Finished goods at realisable value | 419,515 | 346,667 |
| | 919,929 | 593,758 |

## Note 11. Current assets - other

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Prepayments | 44,906 | 38,832 |
| Security deposit | 4,183 | 1,100 |
| | 49,089 | 39,932 |

## Note 12. Non-current assets - property, plant and equipment

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Plant and equipment - at cost | 10,000 | 50,000 |
| Less: Accumulated depreciation | (992) | (27,528) |
| | 9,008 | 22,472 |

## Note 13. Non-current assets - right-of-use assets

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Leasehold improvements - right-of-use | 70,441 | - |
| Less: Accumulated depreciation | (28,176) | - |
| | 42,265 | - |

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## Note 14. Current liabilities - trade and other payables

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Trade payables | 441,242 | 640,931 |
| Other payables | 456,273 | 225,779 |
| Deferred consideration | 244,039 | - |
| | 1,141,554 | 866,710 |

Refer to note 23 for further information on financial instruments.

## Note 15. Current liabilities - lease liabilities

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Lease liability | 43,870 | - |

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| | 1 year $ | 1 - 5 years $ | 5 years $ | Total undiscounted lease liabilities $ | Lease liabilities included in this Statement of Financial Position $ |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Lease liabilities | 45,427 | - | - | 45,427 | 43,870 |
| **2022** | | | | | |
| Lease liabilities | - | - | - | - | - |

The amounts recognised in the statement of profit or loss and other comprehensive income relating to interest expense on lease liabilities and short-term leases or leases of low value assets are shown below:

| | 2023 $ | 2022 $ |
|---|---|---|
| Interest expense on lease liabilities | 2,549 | - |
| Depreciation expense | 28,176 | - |
| | 30,725 | - |

## Note 16. Current liabilities - employee benefits

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Annual leave | 42,302 | 56,919 |

### Note 16. Current liabilities - employee benefits (continued)

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

### Note 17. Non-current liabilities - Other payables

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Trade payables | 35,601 | - |

Refer to note 23 for further information on financial instruments.

### Note 18. Non-current liabilities - employee benefits

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Long service leave | 17,322 | - |

### Note 19. Non-current liabilities - Deferred consideration

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Deferred consideration | 289,538 | - |

### Note 20. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 2023 Shares | 2022 Shares | 2023 $ | 2022 $ |
| Ordinary shares - fully paid | 84,759,056 | 55,425,722 | 9,714,646 | 7,052,506 |

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## Note 20. Equity - issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 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 | | - | - | (13,354) |
| Balance | 30 June 2022 | 55,425,722 | | 7,052,506 |
| Exercise of performance rights | 5 September 2022 | 2,500,000 | - | - |
| Issue of shares for capital raising | 5 September 2022 | 13,333,334 | $0.15 | 2,000,000 |
| Issue of shares for acquisition of Edible Beauty | 3 November 2022 | 1,666,667 | $0.15 | 250,000 |
| Issue of shares to settle creditors | 3 November 2022 | 166,667 | $0.15 | 25,000 |
| Issue of shares for capital raising | 3 November 2022 | 666,666 | $0.15 | 100,000 |
| Issue of shares for placement | 14 March 2023 | 11,000,000 | $0.10 | 1,100,000 |
| Capital raising costs | | - | - | (812,860) |
| Balance | 30 June 2023 | 84,759,056 | | 9,714,646 |

*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 2022 Annual Report.

**Note 21. Equity - reserves**

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| Share-based payments reserve | 3,443,088 | 2,710,144 |

*Share-based payments reserve*
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*
Movements in each class of reserve during the current and previous financial year are set out below:

| **Consolidated** | Share based payments reserve $ | Total $ |
|---|---|---|
| Balance at 1 July 2021 | 2,163,495 | 2,163,495 |
| Share based payments | 546,649 | 546,649 |
| Balance at 30 June 2022 | 2,710,144 | 2,710,144 |
| Share based payments | 732,944 | 732,944 |
| Balance at 30 June 2023 | 3,443,088 | 3,443,088 |

**Note 22. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 23. Financial instruments**

***Financial risk management objectives***
The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

*Price risk*
The consolidated entity is not exposed to any significant price risk.

***Liquidity risk***
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### Note 23. Financial instruments (continued)

*Remaining contractual maturities*
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| **Consolidated - 2023** | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 441,242 | - | - | - | 441,242 |
| Other payables | - | 700,312 | - | - | - | 700,312 |
| Total non-derivatives | | 1,141,554 | - | - | - | 1,141,554 |

| **Consolidated - 2022** | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 447,871 | - | - | - | 447,871 |
| Other payables | - | 225,779 | - | - | - | 225,779 |
| Total non-derivatives | | 673,650 | - | - | - | 673,650 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### Note 24. Key management personnel disclosures

*Directors*
The following persons were directors of Live Verdure Ltd during the financial year:

| | |
|---|---|
| Mr Gernot Abl | Non-executive Chairman |
| Mr Ran Vaingold | Non-executive Director |
| Mr Corey Montry | Non-executive Director |

*Other key management personnel*
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

| | |
|---|---|
| Mark Tucker | Chief Executive Officer |

## Note 24. Key management personnel disclosures (continued)

*Compensation*
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Short-term employee benefits | 429,584 | 311,000 |
| Post-employment benefits | 45,107 | 31,100 |
| Long-term benefits | - | 128,090 |
| | 474,691 | 470,190 |

## Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by JTP Assurance, the auditor of the company:

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| *Audit services - JTP Assurance* | | |
| Audit or review of the financial statements | 43,000 | 30,750 |

## Note 26. Related party transactions

*Subsidiaries*
Interests in subsidiaries are set out in note 29.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

*Transactions with related parties*
There were no transactions with related parties during the current and previous financial year.

*Loans to/from related parties*
There were no loans to or from related parties at the current and previous reporting date.

## Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Loss after income tax | (2,074,399) | (3,964,057) |
| Total comprehensive income | (2,074,399) | (3,964,057) |

**Note 27. Parent entity information (continued)**

*Statement of financial position*

| | Parent | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Total current assets | 40,854 | 1,263,274 |
| Total assets | 4,849,410 | 1,285,746 |
| Total current liabilities | 657,541 | 923,628 |
| Total liabilities | 947,831 | 923,628 |
| Equity | | |
| Issued capital | 9,714,646 | 7,052,506 |
| Share-based payments reserve | 3,443,088 | 2,710,144 |
| Accumulated losses | (9,256,155) | (9,400,533) |
| Total equity | 3,901,579 | 362,117 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 2023 and 2022.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 2023 and 2022.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 2023 and 2022.

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 28. Business combinations**

On 24 August 2022, the Company announced that it had 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.

Details of the acquisition and provisional fair values of the identifiable net assets acquired are as follows:

| | **Fair value $** |
|---|---|
| Cash and cash equivalents | 7,094 |
| Trade receivables | 74,084 |
| Other receivables | 12,420 |
| Inventories | 572,410 |
| Trademarks | 16,702 |
| Trade payables | (265,857) |
| Borrowings | (34,834) |
| Net assets acquired | 382,019 |
| Goodwill and intangibles | 1,158,535 |
| Acquisition-date fair value of the total consideration transferred | 1,540,554 |
| Less: | |
| Cash used to acquire business, net of cash acquired: | |
| Less: shares issued by company as part of consideration | (250,000) |
| Less: total deferred consideration | (533,577) |
| Less: cash acquired | (7,094) |
| Net cash used | (749,883) |

The Company paid a cash consideration of $0.75 million and issued 1,666,667 fully paid ordinary shares with a fair value of $0.15 per share to the vendors of Edible Beauty. The acquisition is also subject to deferred consideration and an estimate of $533,577 has been recorded as at 30 June 2023. The deferred consideration payable is equal to 10% of the unaudited revenue generated by Edible Beauty across the 24 months following completion.

## Note 28. Business combinations (continued)

### (a) Acquisition related costs

Acquisition-related costs amounting to 209,549 are not included as part of consideration for the acquisition and have been recognised as transaction costs. These costs have been included within administration expenses in the statement of profit or loss and other comprehensive income.

### (b) Identifiable net assets

As at 30 June 2023, the Company has provisionally assessed the net identifiable assets which have been acquired as part of the acquisition as follows:

- Brand Intellectual Property - $0.099 million
- Customer database - $0.162 million
- Trademarks - $0.072 million
- Domain names - $0.018 million
- Social media accounts - $0.009 million
- Formulations - $0.036 million
- Manufacturer contract - $0.018 million

### (c) Goodwill

Goodwill of $0.744 million was primarily related to the providing the company a significant opportunity to accelerate growth in the consumer health and wellness sectors. Goodwill was allocated to a single cash generating unit as at acquisition date. The goodwill that arose from this business combination is not deductible for tax purposes.

### (d) Contribution to the Consolidated Entity's result

Edible Beauty contributed revenues of $1.149 million and net loss of $0.208 million from the date of the acquisition to 30 June 2023.

In accordance with the Australian Accounting Standards (AASB3), the consolidated entity has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The consolidated entity will commence an exercise to consider the fair value of intangible assets acquired. As at the date of this report, this assessment is not complete.

## Note 29. 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:

| Name | Principal place of business / Country of incorporation | Ownership interest 2023 % | Ownership interest 2022 % |
|---|---|---|---|
| 13 Seeds Pty Ltd | Australia | 100.00% | 100.00% |
| 8Skincare Pty Ltd | Australia | 100.00% | 100.00% |
| Therajoint Pty Ltd | Australia | 100.00% | 100.00% |
| The Beauty Apothecary Australia Pty Ltd* | Australia | 100.00% | - |

* Acquired in November 2022

## Note 30. Events after the reporting period

On 18 July 2023 the Company, as part of the placement conducted on 2 March 2023 issued a further 5,000,000 shares at 10 cents ($0.10 cents) to raise a further $500,000 as part of a tranche 2. As part of the capital raisings, broker options valued at $209,520 were issued after year end. Of the $500,000, $300,000 cash was received in June 2023, with the remaining $200,000 received post year-end. The company also issued a further 16,000,000 options alongside the new shares as a free attaching option (1 for 2 basis) with an exercise price of $0.25, expiring 31 August 2025.

## Note 30. Events after the reporting period (continued)

On 15 September 2023, the Company issued 22,400,000 shares at $0.075 cents, raising $1,680,000 before transaction costs.

On 8 September 2023, the CEO, Mr Mark Tucker ceased his position as CEO. The current chair, Mr Gernot Abl has assumed an Interim Executive role.

## Note 31. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Loss after income tax expense for the year | (2,834,224) | (3,964,057) |
| Adjustments for: | | |
| Depreciation and amortisation | 40,840 | 5,618 |
| Share-based payments | 732,952 | 546,649 |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (32,566) | (24,218) |
| Increase in inventories | (326,171) | (233,971) |
| Decrease in prepayments | 34,713 | 13,779 |
| Decrease/(increase) in other operating assets | (628,725) | 451,025 |
| Increase in trade and other payables | 274,844 | - |
| Increase in employee benefits | 2,705 | 12,398 |
| Net cash used in operating activities | (2,735,632) | (3,192,777) |

## Note 32. Earnings per share

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| Loss after income tax attributable to the owners of Live Verdure Ltd | (2,834,224) | (3,964,057) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 73,244,444 | 55,361,851 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 73,244,444 | 55,361,851 |
| | Cents | Cents |
| Basic earnings per share | (3.87) | (7.16) |
| Diluted earnings per share | (3.87) | (7.16) |

No options or performance rights have been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The rights to options are non-dilutive as the consolidated entity is loss generating.

## Note 33. Share-based payments

During the 2023 financial period, the Company issued 8,000,000 broker options with an exercise price of $0.25 on before 31 August 2025 in accordance with a lead manager mandate. The value of the options using a Black Scholes valuation method is $619,360.

**Note 33. Share-based payments (continued)**

During the 2021 financial year, the Company issued 5,000,000 unlisted performance rights to Directors of the Company. The performance rights will vest in two equal tranches following satisfaction of vesting conditions as follows and expire 5 years from 14 December 2020:

- 2,500,000 unlisted performance rights (Class A Rights) will vest following 3 consecutive months of Monthly Recurring Revenue of no less than $150,000 per month. The vesting conditions of these performance rights were previously achieved and exercised during the current period; and
- 2,500,000 unlisted performance rights (Class B Rights) will vest following 3 consecutive months of Monthly Recurring Revenue of no less than $250,000 per month.

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 the 2,500,000 performance rights with a nil exercise price issued to its Managing Director and Non-executive Chairman, remain on issue and have not been converted.

Below is a summary of options granted during the current and previous financial periods:

2023

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 03/12/2020 | 14/12/2025 | $0.30 | 8,000,000 | - | - | - | 8,000,000 |
| 03/12/2020 | 14/12/2023 | $0.20 | 4,000,000 | - | - | - | 4,000,000 |
| 09/04/2021 | 05/03/2024 | $0.25 | 2,000,000 | - | - | - | 2,000,000 |
| 15/07/2021 | 15/07/2024 | $0.30 | 1,000,000 | - | - | - | 1,000,000 |
| 09/08/2021 | 09/08/2024 | $0.3975 | 400,000 | - | - | - | 400,000 |
| 26/08/2021 | 26/08/2024 | $0.30 | 1,000,000 | - | - | - | 1,000,000 |
| 26/11/2021 | 09/08/2024 | $0.3975 | 1,000,000 | - | - | - | 1,000,000 |
| 28/10/2022 | 31/08/2025 | $0.25 | - | 8,000,000 | - | - | 8,000,000 |
| | | | 17,400,000 | 8,000,000 | - | - | 25,400,000 |

Set out below are the options exercisable at the end of the financial year:

| Grant date | Expiry date | 2023 Number | 2022 Number |
|---|---|---|---|
| 03/12/2020 | 14/12/2025 | 8,000,000 | 8,000,000 |
| 03/12/2020 | 14/12/2023 | 4,000,000 | 4,000,000 |
| 09/04/2021 | 09/08/2024 | 200,000 | 200,000 |
| 26/08/2021 | 26/08/2024 | 300,000 | 300,000 |
| 26/11/2021 | 09/08/2024 | 500,000 | 500,000 |
| 15/07/2021 | 15/07/2024 | 666,667 | 666,667 |
| 09/04/2021 | 05/03/2024 | 1,249,999 | 1,249,999 |
| 28/10/2022 | 31/08/2025 | 8,000,000 | - |
| | | 22,916,666 | 14,916,666 |

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 28/10/2022 | 31/08/2025 | $0.15 | $0.25 | 100.00% | - | 3.43% | $0.077 |

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

___________________________
Gernot Abl
Non-executive Chairman

28 September 2023

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVE VERDURE LTD**
**ABN 28 614 347 269**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report , being a general purpose financial report ,of Live Verdure Ltd (the Company), and Controlled entities ( the Group ) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Live Verdure Ltd and Controlled entities, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and its financial performance for the year then ended;

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw your attention to Note 2 (f) (Going Concern) in the financial report, which indicates the Group incurred an operating loss of $2,834,224 and a negative cash outflow from operating activities of $2,735,632.

As stated in Note 2(f), this event or condition, along with other matters as set forth in Note 2(f), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Share Options and Equity Transactions (refer to notes 20,21 and 33 )**

The Company issued shares and options to directors and senior management under a share-based compensation plan. These arrangements have differing terms and conditions that give rise to different accounting outcomes.

Share based payment arrangements require judgemental assumptions including volatility rate and expected life in determining the fair value of the arrangements and the expensing of that fair value over the estimated service period.

In recognising these transactions, the Company performed a valuation to calculate the accounting expense. Details of the share based payment arrangements offered to directors, executive management, third parties and shareholders, are disclosed in the Remuneration Report and notes 16,17 and 28 to the financial report.

The audit of the share-based payment arrangements and the associated expense is a key audit matter due to the judgements required in determining fair value.

**How our audit addressed the key audit matter**

To evaluate the share transactions, we performed the following procedures, amongst others:

- In performing our procedures we assessed the terms of the share based payment arrangements issued during the period including review of documentation issued to shareholders.
- We assessed the methodology used by the Company in valuing the share options.
- We assessed the expense recorded on the statement of comprehensive income.
- We assessed whether the disclosures in notes 16,17 and 28 in relation to the arrangements was adequate and whether it complied with Australian Accounting Standards.

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Live Verdure Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

JTP Assurance

W. Tarrant

**JTP ASSURANCE**
**Chartered Accountants**

**WAYNE TARRANT**
**PARTNER**

**Signed at Melbourne this 28th day of September 2023**

The shareholder information set out below was applicable as at 25 September 2023.

**Distribution of equitable securities**
Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | | Options over ordinary shares | |
|---|---|---|---|---|
| | Number of holders | % of total shares issued | LV1OA Number of holders | % of total shares issued |
| 1 to 1,000 | 12 | - | 1 | 0.01 |
| 1,001 to 5,000 | 53 | 0.14 | 1 | 0.01 |
| 5,001 to 10,000 | 53 | 0.41 | 2 | 0.05 |
| 10,001 to 100,000 | 217 | 9.77 | 50 | 8.51 |
| 100,001 and over | 133 | 89.68 | 40 | 91.42 |
| | 468 | 100.00 | 94 | 100.00 |
| Holding less than a marketable parcel | 22 | - | - | - |

**Equity security holders**

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| Hardwood Holdings Pty Ltd | 13,369,241 | 12.48 |
| Mr Andrew D Wilson (Wilson Family A/C) | 4,450,000 | 4.15 |
| KG Venture Holdings Pty Ltd | 4,290,565 | 4.00 |
| Seed Strategic Advisory Pty Ltd | 3,076,296 | 2.87 |
| Vincent Corp Pty Ltd (The V Barbagallo Family A/C) | 3,025,000 | 2.82 |
| DRH Superannuation Pty Ltd (DRH Superannuation No 2 A/C) | 3,000,000 | 2.80 |
| Lead Nation Holdings Limited | 2,840,942 | 2.65 |
| Blue Boat Group Limited | 2,829,724 | 2.64 |
| SQ Nominees Pty Ltd (447 A/C) | 2,776,500 | 2.59 |
| Refresh Wild Pty Ltd | 2,500,000 | 2.33 |
| Kli Pty Ltd (The T Teh's Family A/C) | 2,350,230 | 2.19 |
| Mr Gordon Waterfall (G & S Waterfall Family A/C) | 2,033,333 | 1.90 |
| Block Capital Group (INT) Pty Ltd | 2,000,000 | 1.87 |
| Malcora Pty Ltd (C & C Cenviva A/C) | 1,750,000 | 1.63 |
| Sangreal Investments Pty Ltd | 1,650,000 | 1.54 |
| CSNA Pty Ltd (CGL A/C) | 1,624,731 | 1.52 |
| Broadacre Finance Pty Ltd (The Rule 303 Super A/C) | 1,600,000 | 1.49 |
| Mr Justin John McNicol (JM Investment A/C) | 1,600,000 | 1.49 |
| Anna Mitsios | 1,580,333 | 1.47 |
| Rock the Polo Pty Ltd (Rock the Polo A/C) | 1,484,160 | 1.39 |
| Top 20 holders of ordinary fully paid shares (Total) | 59,831,055 | 55.82 |

| | Options over ordinary shares LV1OA Number held | % of total options issued |
|---|---|---|
| Hardwood Holdings Pty Ltd | 6,087,500 | 19.57 |
| Dark Grey Holdings Pty Ltd | 5,388,875 | 17.33 |
| CPS Capital No. 5 Pty Ltd | 3,907,575 | 12.56 |
| Mr Andrew D Wilson (Wilson Family A/C) | 3,785,850 | 12.17 |
| Chifley Portfolios Pty Limited (David Hanon A/C) | 925,000 | 2.97 |
| 708 Capital Pty Ltd | 600,000 | 1.93 |
| Mr James W Buckley | 580,834 | 1.87 |
| Vincent Corp Pty Ltd (The V Barbagallo Family A/C) | 475,000 | 1.53 |
| Broadacare Finance Pty Ltd (The Rule 303 Super A/C) | 400,000 | 1.29 |
| Team JGJM Pty Ltd (JGJM Family A/C) | 400,000 | 1.29 |
| Sharic Superannuation Pty Ltd (Farris Super Fund A/C) | 398,334 | 1.28 |
| Mr Gordon Waterfall (G & S Waterfall Family A/C) | 362,500 | 1.17 |
| Malcora Pty LTd (C & C Cenvivia A/C) | 350,000 | 1.13 |
| Shanti Capital Pty Ltd (Peter Marks S/F A/C) | 350,000 | 1.13 |
| Rimoyne Pty Ltd | 300,000 | 0.96 |
| Circe Point Pty Ltd (JR Cranston Family A/C) | 250,000 | 0.80 |
| Mr Simon L Hills | 250,000 | 0.80 |
| Transact Capital Pty Ltd | 250,000 | 0.80 |
| Wimalex Pty Ltd (Trio S/F A/C) | 250,000 | 0.80 |
| Gosavi Pty Ltd | 200,000 | 0.64 |
| LV1OA listed options | 25,511,468 | 82.02 |

*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Options exercisable at $0.25 on or before 14 December 2023 | 4,000,000 | 4 |
| Options exercisable at $0.20 on or before 14 December 2025 | 8,000,000 | 2 |
| Options exercisable at $0.30 on or before 4 March 2024 | 2,000,000 | 1 |
| Options exercisable at $0.30 on or before 15 July 2024 | 1,000,000 | 1 |
| Options exercisable at $0.3975 on or before 9 August 2024 | 1,400,000 | 3 |
| Options exercisable at $0.30 on or before 4 October 2024 | 32,602,627 | 60 |
| Performance rights | 2,500,000 | 2 |

**Substantial holders**
Substantial holders in the company are set out below:

| | Ordinary shares Number held | % of total shares issued |
|---|---|---|
| Hardwood Nominees Pty Ltd | 13,369,241 | 12.48 |
| KG Venture Holdings Pty Ltd & CSNA Pty Ltd | 5,915,296 | 5.52 |
| Seed Strategic Advisory Pty Ltd & SQ Nominees Pty Ltd | 5,852,796 | 5.46 |

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
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.

### Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with ASX Listing Rule 4.10.9, the consolidated entity states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objectives are maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the Company. Consistent with the use of funds which were disclosed in the Company's Prospectus dated 26 October 2020, the consolidated entity believes it has used its cash in a consistent manner for the following purposes:

- expenses of the Public Offer;
- sales and marketing costs;
- raw materials and packaging costs;
- administration costs; and
- research and new product development.