LiveVerdure

ASX Release
3 April 2024

Chairman's Letter to Shareholders

Dear Shareholders,

I am pleased to take this opportunity, as your incoming Chairman, to share with you my views and priorities for the future of your Company.

Since my appointment in March of this year, my primary focus has been on listening to shareholders, reviewing the forward strategy, and understanding our options around capital management. A significant amount of work has also been devoted to evaluating the performance of our current health and wellness ventures, as well as our strategic investment in Decidr.ai ("Decidr").

This has led to some diverse and productive conversations between new and existing board members which have been governed by the common theme of getting the best possible outcome for shareholders.

There is much work still to be done, however this period of review has given me great confidence in the future of your Company.

Listening to Shareholders

Our major shareholders and various representatives of retail shareholders have been generous with their time, suggesting a diverse range of topics and opportunities for the board to consider. The common themes are now our highest priorities. These include clarity around our artificial intelligence strategy and machine learning ("AL/ML") enabled strategy, extracting value from the existing asset base and capital allocation to these new frontier opportunities.

Business Plan

Against the backdrop of our quarterly business update, the board has undertaken a review of the Company's strategy, evaluating several go-forward approaches. The overriding principle in evaluating strategic alternatives was to extract increased value out of our direct-to-consumer ("D2C") brands via improved scale in our customer acquisition, retention, and average order value ("AOV"). This focus aligned to the consideration of our investment into Decidr and the integration of its AI business operating platform into Live Verdure's owned brands.

The strategic review's main elements were: a thorough evaluation of the 13 seeds' and the Edible Beauty companies' current plans; customer acquisition, and retention strategies; strategic technology integrations; and domestic and international partnerships. Also included was a comprehensive review of the R&D partnership with Decidr Pty Ltd, which included the creation of a product roadmap that included Edible Beauty operating areas for pilot deployment; and go-to-market ("GTM") planning that makes use of new Generative AI ("GenAI") product expansion.

The review's outcome was the board's adoption of a well-balanced approach that allows for flexibility and optionality to adjust as markets, technology, and other outside factors demand.

The highest strategic priority remains to amplify our existing businesses with advanced customer acquisition and retention analytics and processes. These investment areas aim to provide predictable, growing economic returns to establish a solid base of future earnings and free cash flow. The Company continues to focus on this priority, and the board has set clear milestones to demonstrate the early and maturing commercial signals of this focus.

In parallel, we are pursuing our AI-led business enablement investment in Decidr. This strategy with Decidr aims to deliver growth and scale with our existing businesses, open new AI-led opportunities in the Health & Wellness vertical and potentially other industries and markets for the Company.

This dual-track strategy of investment in scalable customer marketing foundations and Generative AI enablement is designed to maximise shareholder return.

Shareholders should also be aware it is the board's intention that any deployment of capital into our AI-led business enablement strategy will be managed to provide sufficient funds for our current businesses to grow independently of any new technology.

Should circumstances change, the board and management will have completed the work to consider other initiatives.

Business Applications of Generative AI

The last 18 months have been a pivotal period for technology, with artificial intelligence ("AI") taking a quantum leap.

While consumers and businesses have used AI/ML products for several years (for example, spell check, predictive text, simple chatbots, and text-to-speech assistants like Siri and Alexa), the introduction of ChatGPT by OpenAI, image generators by MidJourney, and billion-dollar investments in AI by industry titans like Microsoft and Google brought the topic of generative AI firmly into the public eye. Remarkably, the application of generative AI is likely to be in nearly every area of our personal and business lives. It will remake how we live and work. We believe that the next decade will usher in the AI era.

We have invested ahead of the AI curve with the incorporation of Decidr.ai (an AI focussed subsidiary) and the partnership with Decidr Pty Ltd, a 'Broad GenAI' business operating platform. Decidr Pty Ltd's focus on optimising business processes using a novel approach to GenAI, offers unique opportunities across many business functions in our existing D2C brands.

With engagement, the Company will have privileged access to cutting-edge methods for applying AI to our 13 Seeds and Edible Beauty businesses. These applications may result in cost savings, allow scalability, and provide new avenues for increasing shareholder value.

Capital Management

Like our strategy, the board's priority for capital management is to achieve the best returns for shareholders in the medium and long term. Currently, it is the board's view that this is best achieved by investing in our existing businesses and into new technology via our partnership with Decidr Pty Ltd.

To support future capital allocation in our Edible Beauty and 13 Seeds businesses, an expanded marketing expenditure and analytics analysis is planned to commence in FYQ4.

Understanding the early-stage nature of the Company's engagement with Decidr, the board has set product MVP (minimum viable product) goals and time-limits to implement into LV1 businesses. The Company has existing cash reserves to support this MVP. We will keep shareholders informed of developments at the appropriate time.

Outlook

Our strategic path has the capacity to deliver meaningful short-term gains, whilst retaining flexibility to adapt to changing circumstances to achieve the based outcomes for our medium to long-term shareholders.

In the next few months we look forward to reporting progress on the marketing analytics and AI-enablement strategy to realise continued value from our Edible Beauty and 13 Seeds businesses.

On behalf of the board, I thank shareholders for their continued support of the Company.

For and on behalf of the Board:

David Brudenell
Non-executive Chairman

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This announcement has been authorised for release by the Board of LV1.

About Live Verdure (ASX:LV1)

Live Verdure is an Australian Health, Wellness and Skincare company making a range of naturally-based products with effective active ingredients. Its products are primarily sold Direct-to-Consumer (D2C), using the Company's websites to market directly to a growing database of loyal consumers. Social media paid advertising is also used to introduce new consumers to Live Verdure's product ranges and database. Live Verdure is committed to making innovative products that are high quality, sustainable and provide effective results for their consumers.