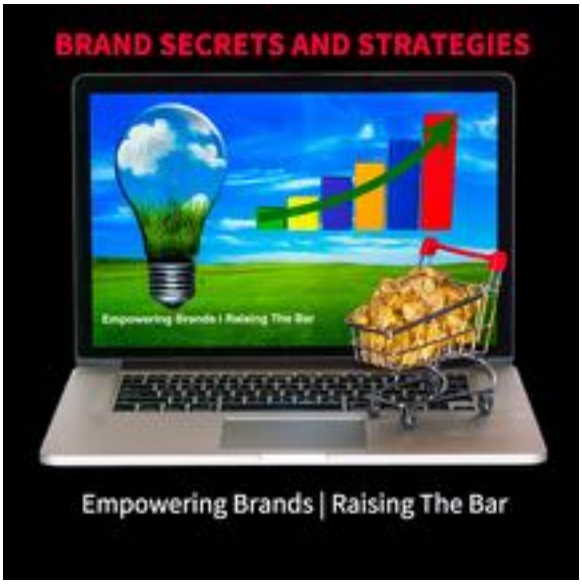


BRAND SECRETS AND STRATEGIES
PODCAST #69

Hello and thank you for joining us today. This is the Brand Secrets and Strategies Podcast #69

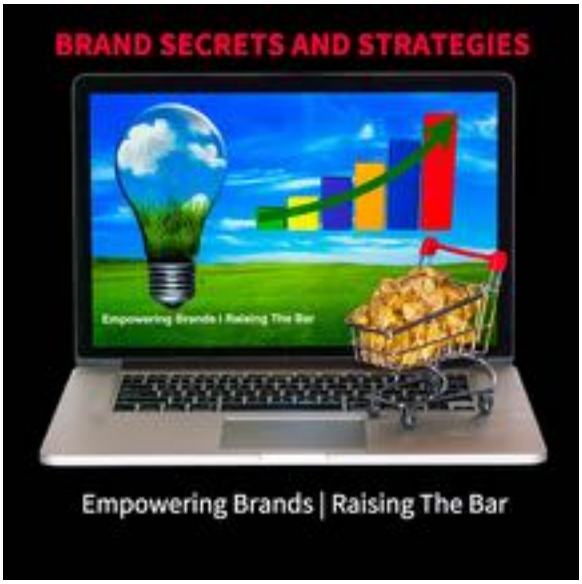
Welcome to the Brand Secrets and Strategies podcast where the focus is on empowering brands and raising the bar.

I'm your host Dan Lohman. This weekly show is dedicated to getting your brand on the shelf and keeping it there.

Get ready to learn actionable insights and strategic solutions to grow your brand and save you valuable time and money.

LETS ROLL UP OUR SLEEVES AND GET STARTED!

Dan: Welcome. Today's story's about an innovative brand that has a really audacious goal. They want to improve global health by building a better food system. That seems like a pretty big ask, but trust me, I think they're well on their way. One of the reasons I wanted to share this brand with you is to talk about the technology, to dispel a lot of the myths and a lot of the rumors, and help you get an inside look at what the future of food looks like. Now, I'm not talking about something that was conceived in

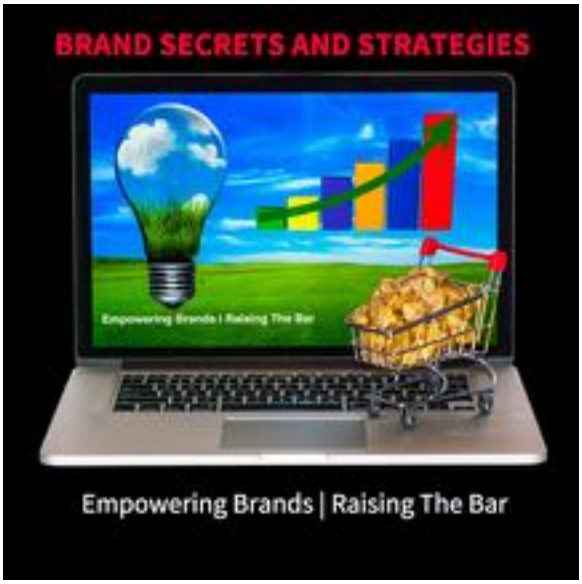


a laboratory. I'm talking about real healthy food made available to people that don't necessarily have the opportunities to get nutritious food.

On this show, we talk a lot about food poverty, and all the brands that are trying to solve this really difficult problem. Food poverty is a real concern and it affects so many different aspects of all our lives. Think about it, the healthier you are, the less you need medicine. The healthier you are, the more vibrant you are, the more energy you have and the better you're able to contribute and give back to your community. Today's guest is taking a much different approach to solving this problem. Here's my guest Brandon of Local Roots.

Brandon, thank you for coming on today. Could we start by you telling us a little bit about yourself and your journey to Local Roots?

Brandon: Yeah, thank you, Dan for having me on today. So I got involved in the natural product industry in 2005. I've co-founded four companies in the natural food industry since then. Ranging from an R & D company, to a consumer brand company, to an internationally certified contract manufacturing company, focused on organic functional foods. That led me to the realization of how inefficient and unsustainable our food chain had become. So I started to take a deep dive into the indoor agriculture industry, just learning about it, about four and a half, five years ago. There were a few companies that started to emerge in the precision controlled environment agriculture industry at that time. And a

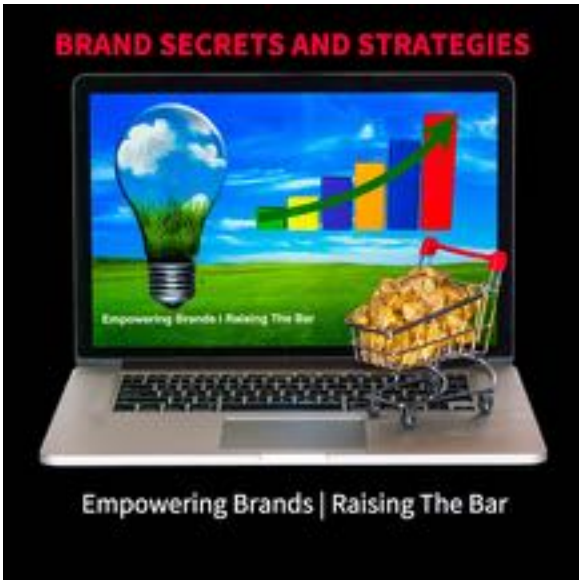


few were focusing on things that really were important as far as I was concerned, relating to the technology, the food science.

And very quickly, one of those companies rose to the top, and that was a company called Local Roots. I was introduced to the founder of Local Roots in early 2016, and started some dialogue. And very quickly I had built a relationship with him, and I was living in Phoenix at the time and his company was located in Los Angeles. I had recently at that point, exited from my last company, and was really passionate in pursuing the controlled environment agriculture space. And that's essentially what led me to Local Roots, was in 2016.

Dan: Thanks for sharing that. So let me unpack that a little bit. What things did you identify as being important to you? What was the problem that you were looking to solve?

Brandon: There were a lot of companies that were making claims on what they could do in the controlled environment indoor Ag space. Local Roots was a company that was actually growing food, and not just talking about theoretical, problem solving, and hypothetical results. They were actually growing food, so one thing that was important for me was to have a sustainable food source. A sustainable food source that could be grown in a resilient way. Resilient to all of the climate conditions, resilient from a food safety perspective, as resilient as you can get. So those were the two key factors that really drove me to the industry.

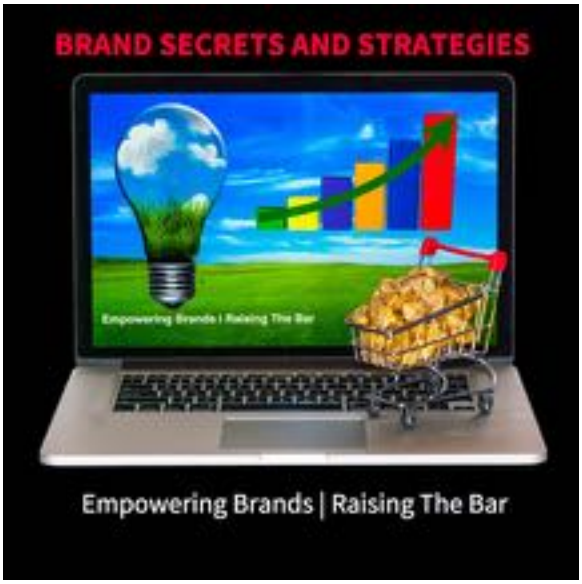


Dan: Great, well I appreciate your sharing that. So, tell us a little bit about Local Roots. Who are they, and how did they get started, how did the founders come up with this idea? How did they get from idea to actually building the tool out? Not building of the tool out, but building out the solution, and what does it mean, what does it look like?

Brandon: Sure. So the founder and CEO, his name is Eric Ellestad. Eric comes from a multi generation family that, is the North American leader in refrigerated semi-truck trailers. So he grew up in the family business, looking at the perishable food supply chain, through his family's business, and just saw a lot of the logistical requirements and needs in the perishable food supply chain. Obviously focused in the US where the majority of leafy greens and produce are grown on the West Coast, and then they're transported close to 2,000 miles across the country to then be distributed. And they go through several different supply chain requirements throughout that process.

So he wanted to develop a system that was essentially collapsed most of that supply chain, the upstream part of that supply chain, to have the ability to grow food really locally everywhere. Utilizing the technology advancements in solid state lighting, precision Agra technologies, and come up with a system and a solution that could grow nutrient dense perishable foods in any region year around. And that's when and how he started Local Roots.

Dan: I think it's fascinating that he did this, so let's break this down a little more. When you're talking about collapsing the supply chain,

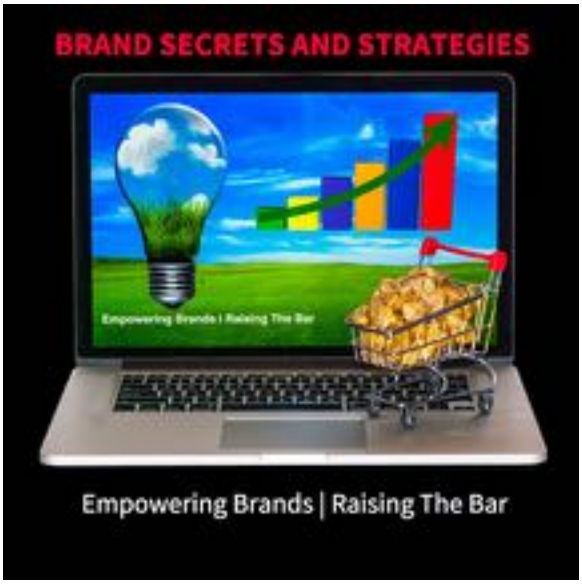


which by the way, is brilliant. I love the idea that you guys are doing that. It's so vitally important. So let's talk about that. What does that mean exactly, because if I understand you correctly, you're saying that every package or every box of produce is touched multiple times. It doesn't just go on the truck and show up at the store, and not only the 2,000 miles being the issue and the time it takes to drive it or truck it, or ship it or whatever that distance. But the fact that it's being handled multiple times, how does that impact the produce? Why is that unsustainable in terms of what we see at the shelf, and how does this solution address that?

Brandon: Sure, so I'll digress and start from the beginning. So Local Roots was founded four and a half years ago, with relatively audacious mission to improve global health by building a better food system.

Dan: Love that.

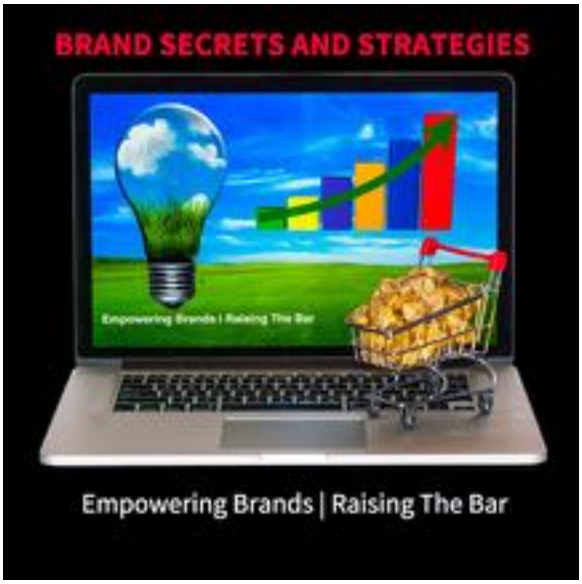
Brandon: So we started by hiring a team of plant scientists focused on botany and agronomy, and then we assembled a team of engineers, focused on machine learning, electrical engineering, mechanical engineering, and software engineering, and we had these two teams collaborate. So these two teams of engineers, and this team of plant scientists, to develop an indoor AG system, that could be mass produced and replicated at scale, to service the commercial perishable food supply chain.



So after thousands of crop trials and iterating through different types of office shelf technologies, these two teams realized that we weren't getting the type of efficiencies we wanted out of the office shelf technologies to drive productive plant growth, to get the human economics in a place that can actually scale and replicate to service the commercial market. So that's when the team started to develop technologies focused around solid state lighting, LED technologies, climate control systems, and software control systems to have a growing environment that drives all of the variables of efficient plant growth.

So the team decided to choose a 40 foot refrigerated shipping container, as the form factor to package all of the technology in. We chose a 40 foot shipping container for several reasons. A field which obviously the infrastructure exists on a global scale to deploy shipping containers abound, whether it's a sea freighter, or a flat bed truck on the road, or the railway system, so that infrastructure exists. The shipping container allows a very small form factor to dial in the very precise growing conditions, which obviously the more precise you have over your environment, the better off you're gonna be from a control standpoint, and at the end of the day, a yield standpoint when it comes to the harvest and the plant growth.

Number three, you have a form factor that could be replicating at scale. So you can develop all of your SOPs, all of your critical control points, your HACCP plans, according to that box. Right? You have a form factor that's uniform across the entire network of

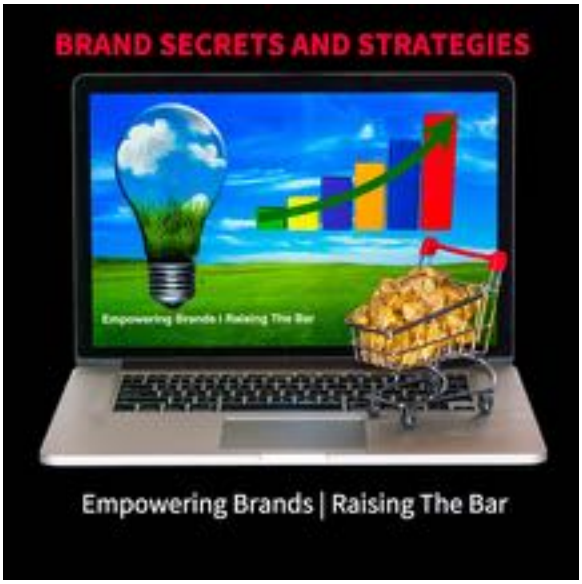


growing, as opposed to other types of indoor farming systems like large warehouses, where every single project you deploy, you have to register it in a large warehouse, it becomes very cumbersome and there's a lot of moving parts, and it's custom, every project you do. With the shipping container, you have a form factor that is uniform.

And then obviously, shipping containers are stacking up at ports all over the world, so there's an abundant supply that could be reused for a very specific purpose, and up cycled, and essentially transformed into farmland. So those are some of the reasons we chose a refrigerated shipping container as our form factor.

So the way the model works, to get back to your original question is, we packaged all of our technology inside the shipping container. We then build the shipping containers according to the commercial supply chain demand. So we are partnered with both food service distribution companies and retailers. Identify some of the crops, cultivars, and or products that they have supply chain challenges. When you hear me refer to a terra farm, that's our trademark technology name for one unit. One shipping container. So we then build our terra farm model according to the customer demand, and then we deploy those terra farms at the distribution centers of our customers, and we operate the terra farms at the site of distribution.

So, we're essentially a technology enabled produce company at the end of the day. So we don't sell our technology, we don't license our technology, we design, develop, manufacture the terra

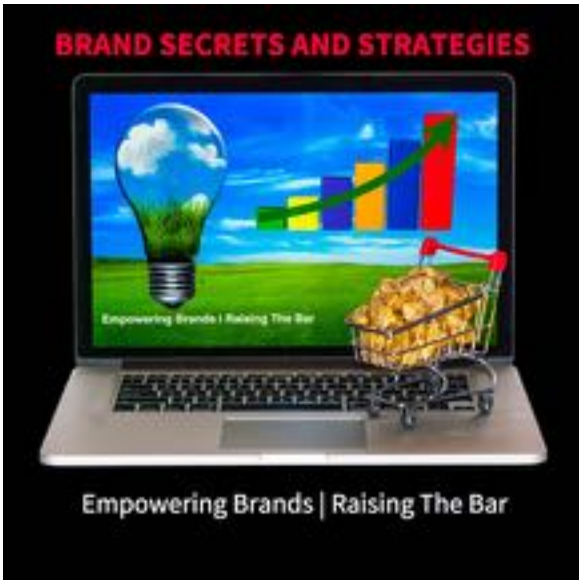


farms, and then we deploy them and operate them next to points of distribution. So what that does, is that essentially allows us to collapse an entire upstream supply chain, by co-locating the terra farm next to the point of distribution. Whereas the existing supply chain model requires the farms that are growing on the West Coast or in Imperial Valley at Yuma, Arizona, where all of that field crop has been harvested. It goes into a consolidation facility, and then it goes into a pack house, and then it travels to a distribution center, and then it goes out to the consumers from there.

So that's process could take anywhere from eight to twelve days, so you're losing shelf life, you're losing nutrient value throughout that entire process, so by shrinking and collapsing that entire supply chain, and co-locating the growing and harvesting, packaging process at the point of distribution, you now have localized perishable food supply chain in every region, serving customers and consumers essentially in their back yard, throughout the entire network of the supply chain.

Dan: Love that. And I think this is so critically important, and obviously there's a lot of controversy around it, but I think this is where we need to go as a country. We'll get into that in a minute.

So one, you talked about an eight to twelve days cycle, before product goes from a farm to get onto a retailer's shelf. You talked about the nutrient level being reduced. So how does that reduce the nutrient level, and why should the ordinary consumer or

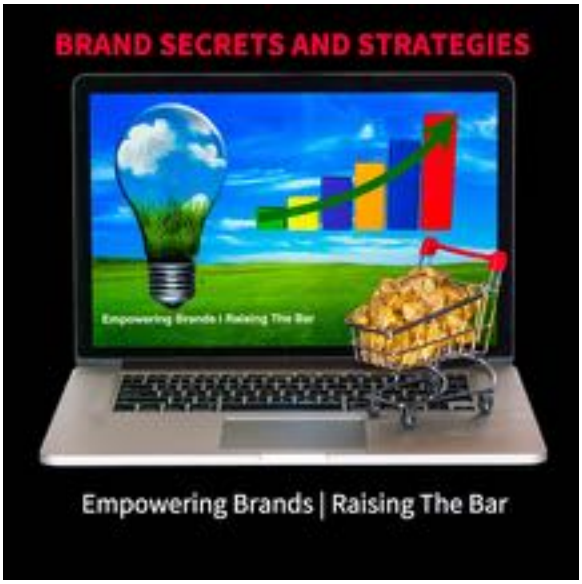


someone listening to this podcast be concerned about that? Why does that matter?

Brandon: It's relatively simple, it's degradation. So the product in the perishable world, once the product is harvested, the vegetable or fruit is harvested, once you remove it from the root zone, it will start to degradate over time. So you're losing nutrient value throughout that process. So, the closer you can get to the harvester, the more fresh the product's gonna be. The higher the nutrient content's gonna be.

Dan: Gotcha. And as you know, I was approached by Kipp Stroden a couple years ago. We've been swapping emails about this, and I'm thoroughly impressed with the technology, and what you guys are able to do. One of the things, and I wanna go down this path a little bit deeper, when you're talking about nutrient dense, you talked about how you can control all the growing conditions. And one of the things that Kipp was sharing with me, which I think is really interesting and fascinating is that, because you have so much control over the growing conditions, all the different conditions, that you can actually produce something that's more nutrient dense than what's available today. Can you talk about that?

Brandon: You bet. Yeah there are a few different levers we can pull and manipulate to drive plants' growth, and to bring out the natural attributes in the seeds. So by manipulating the wave lengths of light or the photo spectrum that we deliver to the plants, we can actually manipulate the nutritional value of the plant. So as an

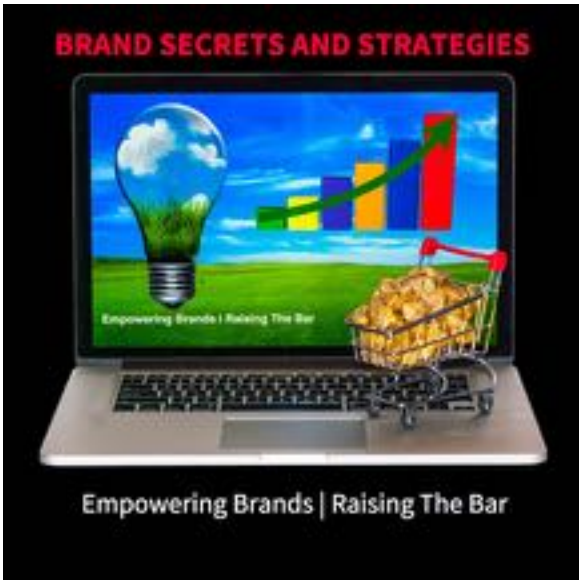


example, if we want to increase the antioxidant profile in a specific cultivar, our plant science team would do experiments on the photon delivery patterns, and determine which photon delivery patterns or methods we use to increase a certain antioxidant or mineral level in the plants, without genetically modifying the seed.

All of this, the biology all lives there in that seed. It's just maximizing the potential of the seed itself, because we have the same seed that you would plant outdoors in the field. The seed's no different, it's the same seed. We're able to deliver perfect weather patterns, perfect conditions for the plants to thrive. So by doing that, we can essentially manipulate the characteristics of the plant itself.

Dan: Love it. So let me reemphasize this, this is not Franken food. This is not something that's derived in a test tube or in a laboratory. This is real food. So why this matters? I always say on this podcast that, if you are what you eat, then what you eat matters. And what that means, what I mean by that, is that if you properly nourish your body, you need less food. If you could get your body the proper nutrients, you need less to be able to sustain it. To be able to fuel your body efficiently. And this is why this is so very important. This is one of the reasons why I was so impressed with this technology, why I was so thrilled about and anxious to have you on this show.

So when you're talking about that, one of the things that I don't think a lot of people realize, is that farms grow, and obviously I

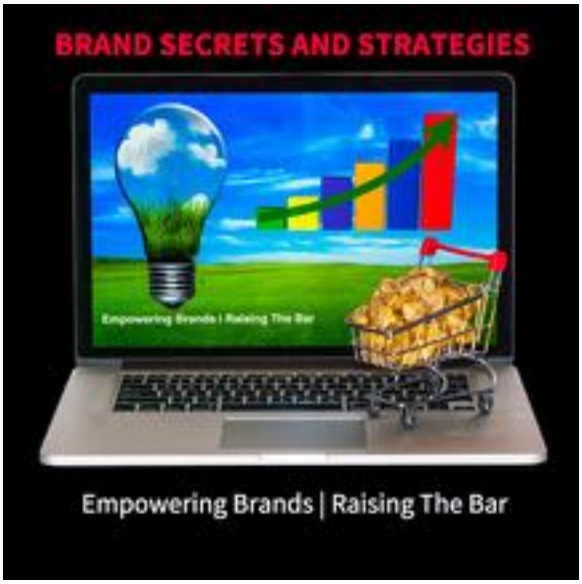


have tremendous respect for farmers and what they're doing, but there are a lot of issues out there today, and some of those issues include climate change. Include not having enough water, drought, etc. That dramatically impacts the crops themselves. So I'm from Colorado. Olathe sweet corn, which is grown in Olathe, Colorado is really sweet. It's very different, it's a very different profile than corn you might get someplace else. Beets and carrots, and strawberries, you name it, grown from different parts of the country, different parts of the world, have different attributes.

So where I'm going with this, is I was talking to John Sebastiani on an earlier podcast. And he was talking about in the wine industry, the profile of the grapes from the ground, and how that unique profile enhances the grapes or the flavor of the wine. So it's kind of what we're talking about here. So let's dig a little bit deeper into that. When you say that you can increase the nutrient value of the crops, without genetically or artificially modifying anything, what does that mean, and what are the needs that you're hearing about from the consumers that are buying the product?

Brandon: Sure, so I wanna touch on some of the points you brought up and then I'll address that question.

Dan: Sure.



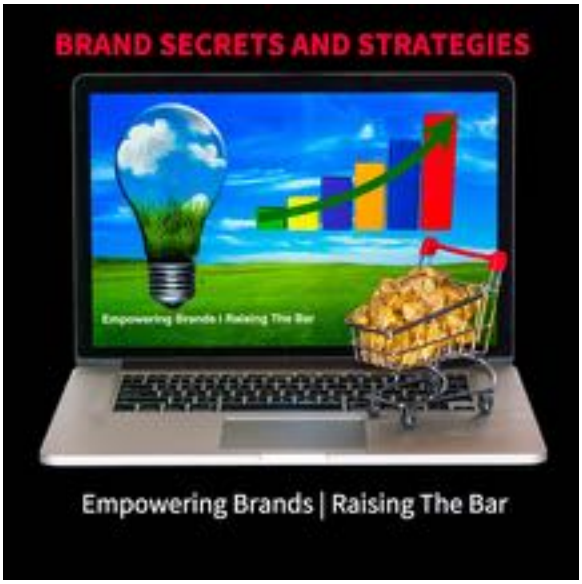
Brandon: So you brought up outdoor farming and water consumption. Indoor farming should not be looked at as a threat to outdoor farming.

Dan: Thank you for saying that.

Brandon: One of the alarming statistics that I'm sure a lot of your listeners are already familiar with, is that we need to increase food production by 70% in the next 30 years to sustain the population growth, but we're losing arable land by the day. We're having a lot of challenges with weather conditions, so it's a supplement. It's a supplemental system to support outdoor farmers. Indoor farming, especially in our form factor, in these shipping containers, isn't really conducive for row crops. You know you're restricted to vertical height, so outdoor farming, your grains, your corn crops like this, are much better suited for outdoor farming. A lot of these highly perishable leafy green products, herb products that farmers are having a lot of challenges with today as it is, from an economic standpoint, and a water resources standpoint, are just much better suited in an indoor agriculture state. But it's not a replacement, it's a supplemental system that we need on a global basis, so we all need to work together from a food production standpoint to feed our population.

From a water consumption standpoint ...

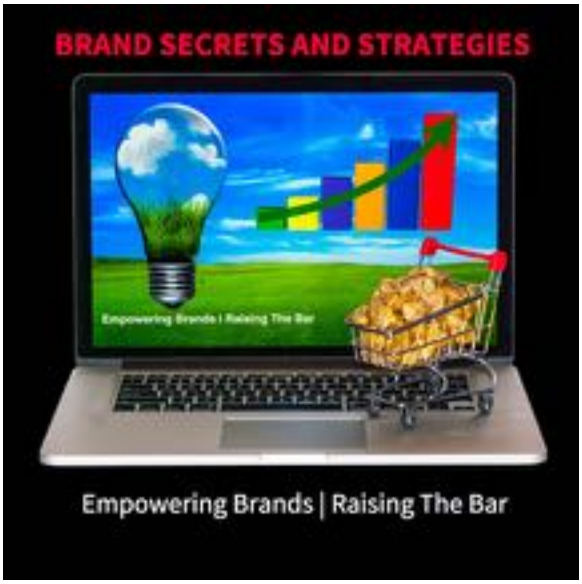
Dan: I'm just so thankful that you mentioned that, because that's one of the key points that I really wanna drive home. So, the water consumption?



Brandon: Yeah, from a water consumption standpoint, because we're in a controlled environment, and we're in a closed loop system, we used about one percent of the water to grow the same biomass, the same harvest compared to an outdoor farmer. So the water use outdoors is very inefficient. We're flooding fields, you know we have pivot systems, we have other things, but you're dealing with runoff, you're dealing with evaporation. So there's a lot of water that's essentially wasted. So this is an opportunity to conserve and be much more efficient with water usage for these types of crops and indoor systems like this.

Now as far as getting back to the last question, the nutrient profiles. I mean this is a really exciting opportunity to look at what general population is deficient in from a nutrient profile standpoint and actually grow crops to help with those deficiencies. Right? To come up with what you call a plant's recipe, which is basically the software, machine learning, artificial intelligent backend system that's controlling every, that's collecting data from every center throughout our terra farms. It's taking all that data from all those sensors, and putting together algorithms to control the terra farm itself to then drive the plant growth.

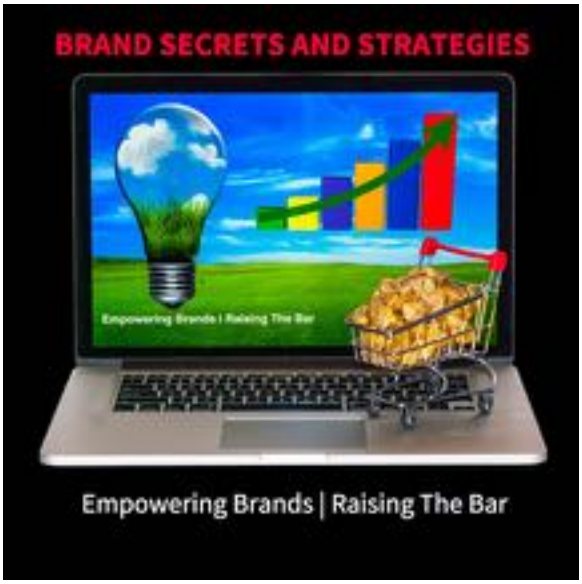
So you can program the terra farm to, if we want to grow basil that has a higher antioxidant profile, we know we need XYZ plant recipes. And then we put that software recipe into the farm, and the farm creates those conditions, the lighting conditions, the humidity conditions, the CO2 conditions, the air flow, the PH in



the water, the nutrient dosing. All of these variables are then controlled by the terra farm, and it gives that basil the perfect conditions to create those levels of antioxidants that we're looking for. So now we can fine tune and grow plants according to the customers' need or the consumers' needs.

Dan: Love it, and just to reemphasize, you're talking about purified water, purified air. You're not talking about a farm that is grown in an area that might have a lot of smog or a lot of pollution, or whatever other conditions that might impact it. I mean, think about this. With all the fires that are going on, especially on the West Coast, like you said, that runoff has to travel through the ground and through debris and stuff, and that water's tainted. And so, that is going to impact the crops. So I appreciate the fact that you're sharing this, and thank you, thank you, thank you, for going into the fact that, this is not a replacement for the traditional farmer.

One of the things that I've been really struggling with or trying to understand, when you take a look at some of the crops in the field, and you kind of alluded to this Brandon, and I appreciate you sharing that. For example, lettuce is a very labor intensive crop, so not only does it take a lot of water, not only does it take a lot of manpower, but unfortunately, there's a lot of product that rots in the field because it can't get picked fast enough, and so now, with all the issues that we've got in our political system, etc. that further impacts that. And the reason I wanted to share that, is because I don't think people are realizing that the farmers are

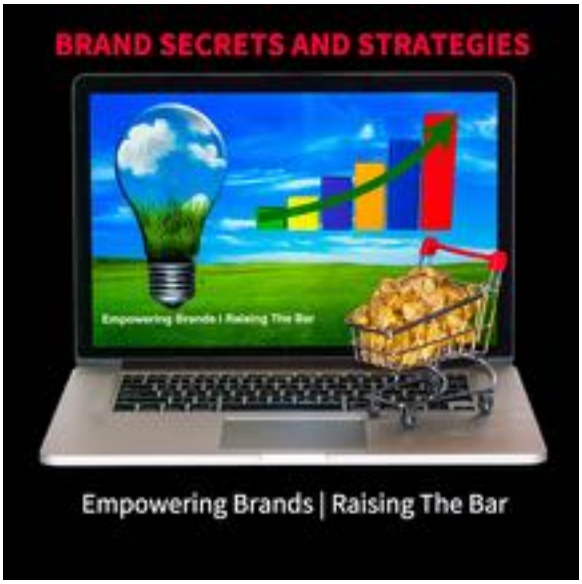


struggling to make ends meet. And where I'm going with this, is at what point do the farmers' realize that they need to pivot and go to a more sustainable crop, that doesn't require the amount of physical labor, or the amount of water to be able to support their family?

I would believe that there is going to be a shift in some farms at some point, try to find products or crops rather, that can better sustain their family and their farm. What are your thoughts on that?

Brandon: It's definitely something that needs to be explored. You know 52% of the produce that's grown in the US is thrown out due to spoilage, due to lengthy supply chains, and you can only imagine how much water it took to grow all that produce, for it just to be wasted. So, yeah we need to look at all this. Localized farmers, that community focusing on crops that are efficient to grow, sustainable to grow, that are economically viable for the farmer, and work with the indoor farming community to help supplement and support both outdoor and indoor. We all need to work together to make sure that we're feeding the population in the most sustainable, economically viable way. And it's gonna take a collaboration, it's gonna take a collaboration on a global scale, but we need to start here in the US and work together to figure that out.

Dan: Agreed, so very important. And one of the notes, one of the points that you made, one percent of all the water compared to traditional farms. I was talking to Carol Levine of Lotus Foods,

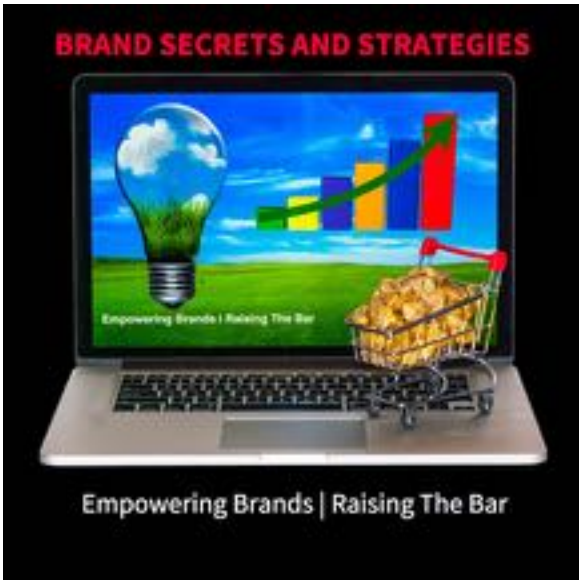


and they have a one crop per drop strategy. And what they mean by that, in growing rice, it's a very water intensive, water consuming crop, and so they've developed a strategy, well not developed, but they're leveraging the technology to help grow rice in a very different way, that requires less water, gives more back to the ground, and produces higher yields as a result. Higher quality crops.

So there are other examples of this, in other industries, in other areas of farming, where farmers are trying to think out of the box, or trying to think more strategically to help give back. Now, one of the other points that you mentioned, 52% of all produce is wasted. One of the biggest things that you're beginning to hear about, Expo West, Expo East, etc. is, people trying to figure out a way to solve the problem, well how do we reduce the amount of wasted food that we produce? Think about it. The farmer spends a lot of money trying to produce food, and a lot of it's thrown out. Well a lot of people don't realize that those sales are guaranteed. So that means somebody's not getting paid, or somebody's eating that, and that raises the cost for all the rest of us, for the food that we do eat. So there's an adverse relationship there as well, that I think it's great that you guys are working on that.

Can you talk a little bit more about food waste, and how this is impacting that, and creating a solution, a viable solution to address that?

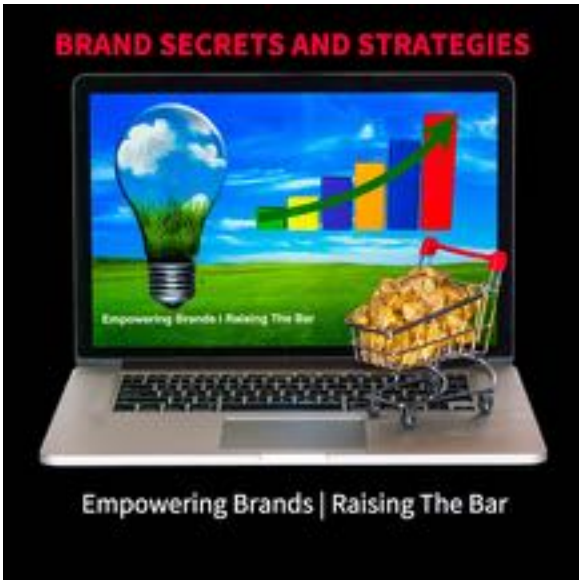
Brandon: Sure, yeah so the way we're approaching it is we look at the existing consumption, or demand if you will, from our current



customers, whether it's retailers or food service distributors. They have all the historical data on the food that they're purchasing that then goes to their stores or to their restaurants. And we build the capacity according to that demand. So, we're able to, it's just some quick math on our side, if one of our customers buys a thousand pounds of spinach every week, we know we have to build X amount of terra farms to grow a thousand pounds of spinach for that customer on a weekly basis.

So then we build the terra farms, we then deploy them, and we operate them, and we grow and we deliver that amount, based on their historical trends. So it's not planting a thousand acres and hoping the demand is always there. If the demand starts to increase and their demand goes up to 2,000 pounds of spinach every week, then we build the terra farm's capacity to supply the additional thousand pounds. Now, if something drops off, let's say that extra thousand pounds of spinach drops off the next season, and for some reason the consumption falls back, we transfer, we basically transplant that terra farm with another crop, another cultivar, and then we fill the gap for whatever the new cultivar is. So if it's kale, of if it's arugula, then we have that capacity. So we build according to the demand, so we decrease waste.

Dan: Love it. Think about this. You make energy bars, canned soup, it doesn't matter what you make. The biggest challenge that brands have today are one, helping retailers avoid out of stocks, and two, making sure you have enough demand to support the consumption. But the problem is, how do you plan for the right

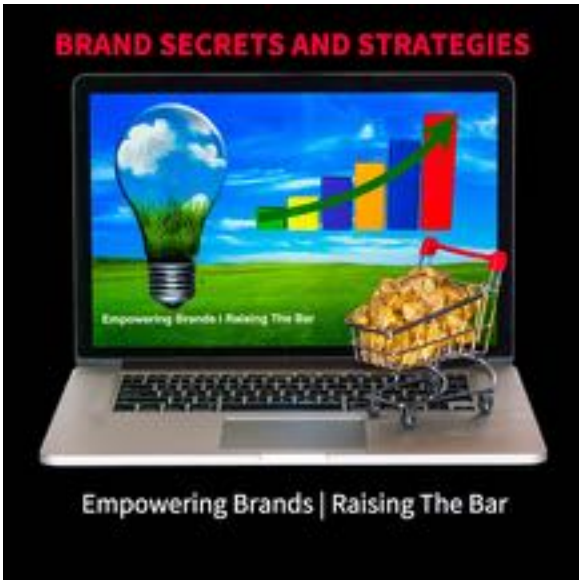


amount of demand, when you've got to build your product, whatever it is, months in advance, and it has a shelf life? So that makes this equation very difficult. So let me back up to one of the things you were saying earlier. Because of the controlled environment, you can control your yields. How closely can you control them? I mean, is it to the point where, obviously you've got a longer shelf life, because you're making the product literally right in the distribution center, almost right out in the parking lot of the store. So how effectively or how efficiently can you control the yield that you're producing for that retailer or for that distribution center?

Brandon: It's flat. I mean it's consistent and resilient.

Dan: Love that.

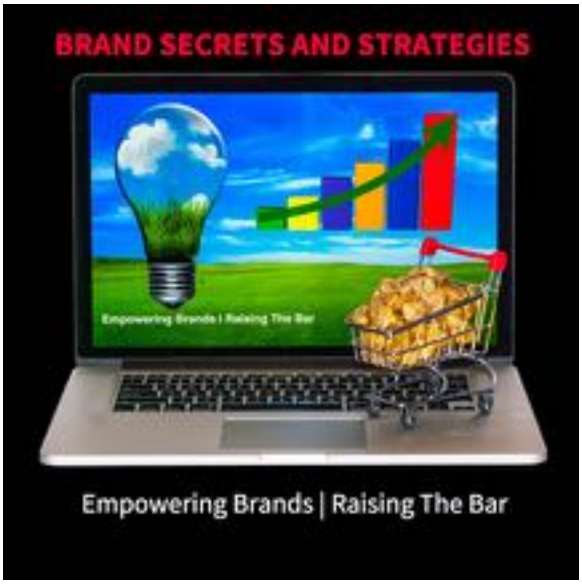
Brandon: So, we can plan out a year ahead of time, almost to the pound or to the kilo of what we're gonna yield on a weekly, monthly, quarterly, annually basis, and flat line that. That's relatively stable and it's resilient, so we're not affected by outdoor weather conditions, we're not affected by droughts because of just the limited amount of water that we're actually consuming, so it's predictable. Which is really exciting, especially for buyers because they're buying on the stock market, and getting involved in futures. And if we can come to the market with a very predictable and stable platform, it really helps smooth out the entire supply chain process just from the procurement standpoint, and the whole supply chain cycle. It takes all of that variability out of that equation and just streamlines it.



Dan: So imagine if you're a brand or you're a retailer, and you can actually remove the line item on your income statement that says spoilage. Wow. Think about how much money you could put back into profits, and reinvest in your brand, and how much more good you could do for the environment, for the world. Brands that go beyond the four corners of the package, so I love that. Again, that's one of the main reasons I wanted to have you on my show. Okay, now let's talk about that iffy topic that I was talking to Kipp about. A lot of people don't like to eat vegetables, so how do you fix that equation? What solutions do you have to make the crops taste better?

And where I'm going with this Brandon, not to put you on the spot, but there's a big difference from something that you eat that comes right out of the ground, that you pick and eat right that day. That's what people like in their own gardens. So how do you bake that into your selling story so that you can help consumers understand that this isn't something that's tired and old, and's been sitting around like a lot of the produce, not to knock it, but how do you build that into your selling story? How do you help retailers leverage that, that mindset, that idea?

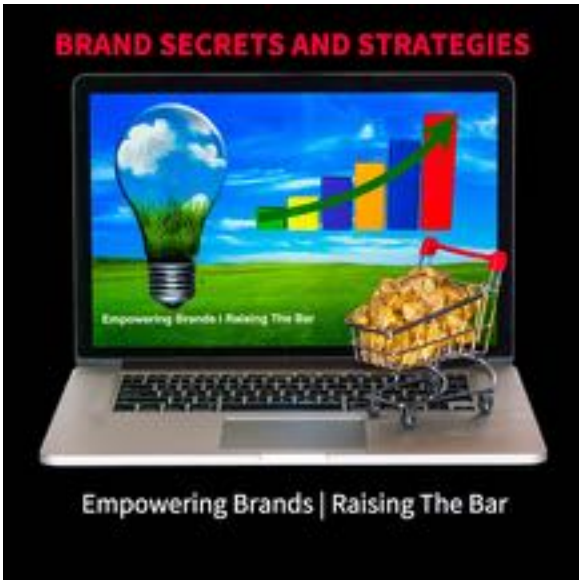
Brandon: That's a real exciting question for us because there hasn't been a lot of innovation in the produce aisle, in retail specifically in a while. Kale, when the kale came out, not when it came out, but when it started to gain a lot of traction because of the nutrient profile and, I mean that was considered innovation. Right? So there just hasn't been a lot of innovation in produce in general.



So we have the opportunity because we can precisely control the growing environment to bring back these heirloom seeds, that have never been introduced into the commercial supply chain before. And all these amazing taste profiles, and giving chefs the opportunity to say, "Look, I really want basil that tastes like citrus," or, look for a seed in a seed bank that would have this certain profile to it, from a texture standpoint, from a taste standpoint.

So when our plant science team that works with the seed banks and then we do some research and we figure out what could potentially best fit that profile. We run R & D trials on the seeds and we grow the product, and we do organoleptic studies and then we plant and we commercialize it. So it's gonna be a lot of fun over the next several years, bringing to market all these really unique cultivars and taste profiles, that consumers have never had access to before. Because if there's a seed that grew in the Andes in Ecuador, but we don't have the growing environment here in Salinas Valley, or Yuma, Arizona, we can actually create that environment in the terra farm, and grow it and bring it to market. So really exciting times ahead, from a product development standpoint.

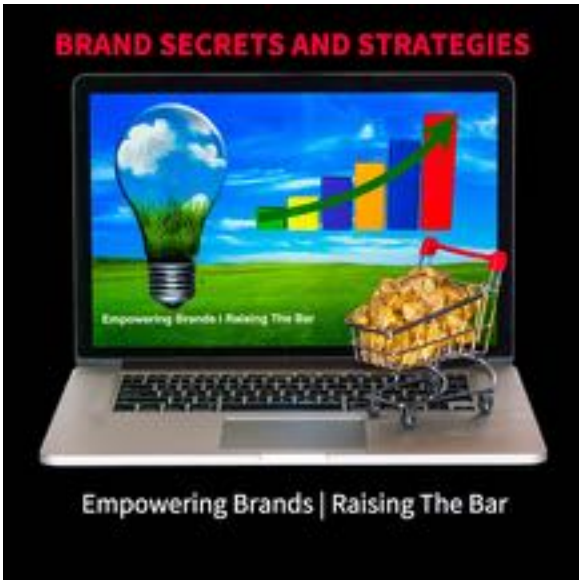
Dan: I can't wait to see what you guys come up with, I'm really impressed. Kind of a little bit off the subject, but I love sweet potatoes. Not yams, not those orange things, but the yellow sweet potatoes. And where I'm going with this, is that a sweet potato grown in one region is very different from a taste profile,



from a sweet potato grown in another region. And if you can get a sweet potato grown in a different country, it's an entirely different texture, color, etc. So again, this is not Franken food. These are naturally produced, naturally occurring foods that you're bringing back.

So again, Lotus Foods, we're talking about heirlooms varieties of rice. Here you're talking about heirloom varieties of other crops that people haven't tried. And so alot of people like arugula versus lettuce, versus romaine, versus whatever. To be able to come up with a product, I don't wanna say designer product but be able to produce something that has such an incredible flavor profile, that consumers are gonna want. I see that as being a game changer. Especially now with people switching to plant based diets and vegan diets, and so on and so forth. So can you talk a little bit Brandon, around how does this support that? Do you have plans at some point to be able to start working to support plant-based diet manufacturers, as an ingredient supplier?

Brandon: Absolutely. Yeah, we're actually working with some of those suppliers today for long term projects that are already on the horizon. We are a consumer branded company. We have our salad mixes in clam shells on shelf, in mass market retail today, under the Local Roots brand. But there's that large opportunity to become a ... call it a value-added raw material supplier, to help supplement the supply chain on the service side. So there's certainly a fit there. Then again, to get back to your point about,



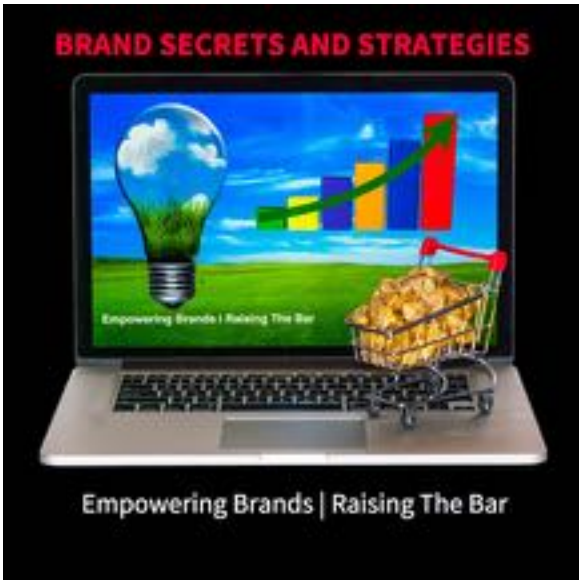
you know that you've used the term Franken food a couple of times. I just wanna touch on that again. That we're quite literally unlocking the potential of the biology, right? This lives in the seed, the seed has so much potential. And the biology is a magical process. So we're simply unlocking the potential that the seed has by giving it different types of conditions, without any sort of genetic modification in the GMO sense, right?

Dan: Right.

Brandon: Yeah, it's certainly planting.

Dan: Yeah, and I'm glad you're sharing that. There are a lot of people out there, that are gonna say, "Ah, I don't want that, this isn't the way we do things. No, this is wrong." Etc. But when you really dig into the technology and you understand that at a very granular level, this is exactly the same kind of seed that I plant in my garden, but because you can control the water, and the environment, and everything around it, then it's actually gonna produce a much healthier plant variety than what I can produce if I grew it in my back yard. So I appreciate you sharing that.

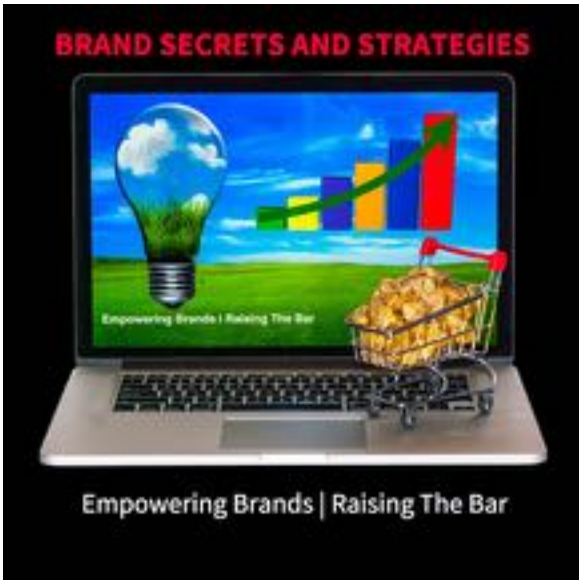
One of the things I really wanted to touch on is attributes. I talk about this a lot on this podcast, and this is actually one of the reasons Kipp reached out to me. I've done a lot of work with understanding how various nutrients drive consumer growth. So, where I'm going with this Brandon, is consumers want what they want. They want products that are going to better meet the needs of their friends and their family. They want products that



are going to provide the solutions that they want from a nutrient standpoint that are going to help benefit them. And so when you're talking about product attributes, and you're talking about more nutrient dense, this is an area that I think a lot of brands really need to focus on.

And my point being here is that, the fact that you've got a red box or a blue box doesn't matter. What consumers want at the end of the day is food that sustains them. Food that fills their needs. Can you talk a little bit of, going back into the nutrient dense, what are some of the things that you've seen from the companies and the brands, and the groups that you've been working with around their requirements for this?

Brandon: The go to kind of request is antioxidant profiles. We're at early stage development on nutrient profiles and growing for nutrient density, so we're in R & D phase now, as far as putting our plant recipes together for the growing conditions to have these types of attributes, from a nutrient dense profile standpoint. So we work really closely with our customers, the buyers in the retail space and the food service space, who have the consumer data, saying this is what consumers are asking for. This is what, from a diet and health standpoint, this is where we're lacking. This is where general, this human population is lacking in nutrient profile standpoint, and it's challenging because there are ... it's a wide range, right? So it's coming up with some sort of data set that allows us to address a lot of these needs. But we're in early stage

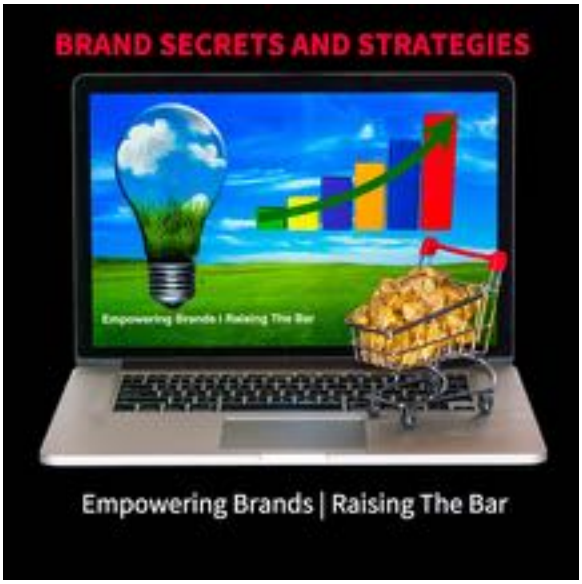


development today, and excited to customize growing conditions for everyone in need.

Dan: Great, I appreciate your sharing that. I've got some strategies around that, so maybe we'll talk offline. But one of the things I'm thrilled with is the fact that you're able to produce, to be able to do what you're able to do. So I want to thank Eric and Matt for starting down this path and building this out.

Now obviously this is an extremely expensive venture to start, to launch, the testing, everything behind it. So, next question I wanna ask you is, you first launched with Walmart. And first of all, why Walmart, and secondly, what was the strategy behind that? And I wanna frame it this way. To be able to get a major food retailer onboard with this, to help offset the cost, to help fuel you, help build your runway, I think is a brilliant strategy. You'd need to do that. There's no way that you could effectively start with a mom and pop shop, and be able to provide the food, and everything that they need. So starting with a larger retailer, and then working backwards as we shared offline, I think is a great strategy. Can you talk a little bit about that? Where can we find your products, and where do you see yourself being today, tomorrow, and five years from now?

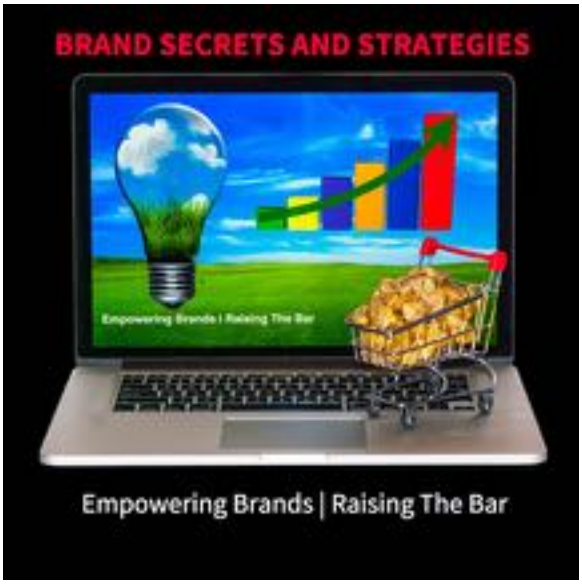
Brandon: Sure. Our strategy always starts with our mission. Our mission is to improve global health by building a better food system. So when you talk about strategy, we make decisions, it starts with the mission and we go from there. That's a very, very audacious mission. It's a very large mission. Global health, right? So when



we think global, obviously a company like Walmart has a global presence, and Walmart is extremely invested in and extremely dedicated to delivering nutrient dense produce to their consumers. Walmart is also very focused on putting together resilient food supply chain systems. They want resiliency in their food supply chain. They wanna offer the very best, the highest quality products that they can to their consumers, so when you look at all these different factors and variables, they were ... our missions were very closely aligned, and they have put a lot of resources into just diligence in our systems, and making sure that we had the ability to provide products to their consumers that they were looking for, and we had the ability and the system, and the platform to scale.

So those are some of the reasons we chose to launch the program with Walmart specifically. We are in discussions with several other mass market retailers and large, global food service distributors as well. So we have, we launched with three product SKUs with Walmart. We had a product called Mars Mix, which is kind of our fun version, and a new innovative, compelling version of Spring Mix. Different types of cultivars. It's got a spiciness to it, it's got sweetness to it. We just think Spring Mix is kind of mundane, and old, and a little bit outdated so we wanna bring some innovation that's a compelling product to the produce shelves, so that's what Mars Mix is.

We have a product called Royal Gems, which is a baby romaine, a gem romaine blend of romaine gems. Really sweet and crunchy,



and we have a product called Baby Butter Blend, which is a butter lettuce blend of top cut butter lettuce leaves. Which is really smooth and savory, so those are the three products we launched with. We have several others in talks development phase, and have some exciting projects we're working on with some other customers as well.

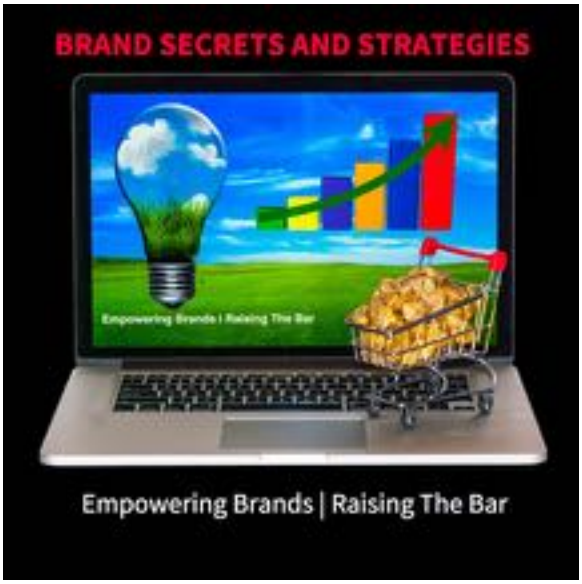
Dan: That sounds great, and so what I should also point out, is that you guys just launched. I mean, you physically just started putting products on the shelves just recently. How long ago was that?

Brandon: Roughly 90 days.

Dan: That's pretty recent. So in other words, I can't go down the local store and buy it tomorrow, which is sad because it sounds tasty. So congratulations on meeting that milestone.

We covered a lot, Brandon. What other things do you think I've missed? What other comments do you wanna make? What other points do you wanna share with us?

Brandon: I just think I'm gonna reiterate the fact that controlled environment agriculture, indoor farming, vertical farming, is here to support the food supply chain system. It should not be looked at as a threat to outdoor farming at all. We all need to work together and collaborate to grow the most efficient sustainable, nutrient dense food that we possible can. That's part of our mission to improve global health. We need to, the food system



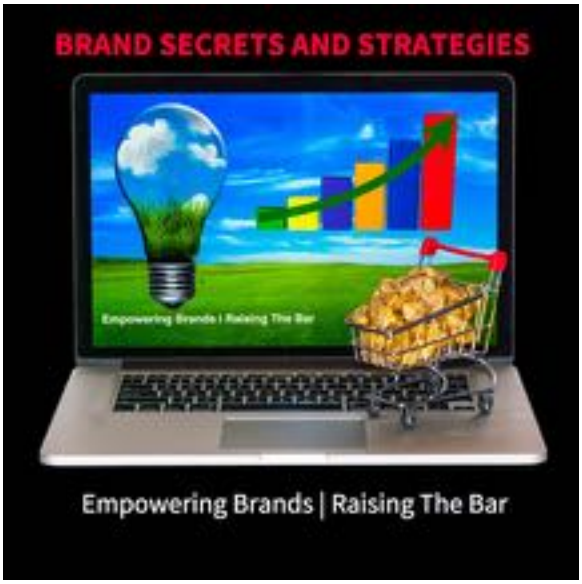
needs to evolve in a lot of ways. The perishable food supply chain, like I said before, is very wasteful. So it needs to evolve, and we're past due for that. So that's something we're gonna be hyper focused on, and that we have the right team the execute it. We're doing it today. And we're excited to continue to pave the road.

Another differentiation that we have compared to outdoor farming is, the need for pesticides.

Dan: Oh I love that.

Brandon: Controlled environment agriculture, indoor agriculture, we don't require or use any pesticides whatsoever. So this is another challenging point with outdoor farming. You don't have much choice, other than to use pesticides. I mean even organic farming requires pesticides, and most people don't realize that. They're just approved through the organic board for recognizing them as an organically certified pesticide. So our terra farm technology does not require using any pesticides whatsoever. So, this is another thing that we need to address with pesticides polluting soils, cross contamination. Just a lot of challenges around the use of chemicals and pesticides, that indoor farming and Local Roots does not use at all. So just wanted to make that point.

Dan: Well I'm glad you shared that, and one of the things I wanna throw out there, is I don't think a lot of people think about this, when you talk about cross contamination. If you're an organic farmer and you're on the south side of the road, and your farmer

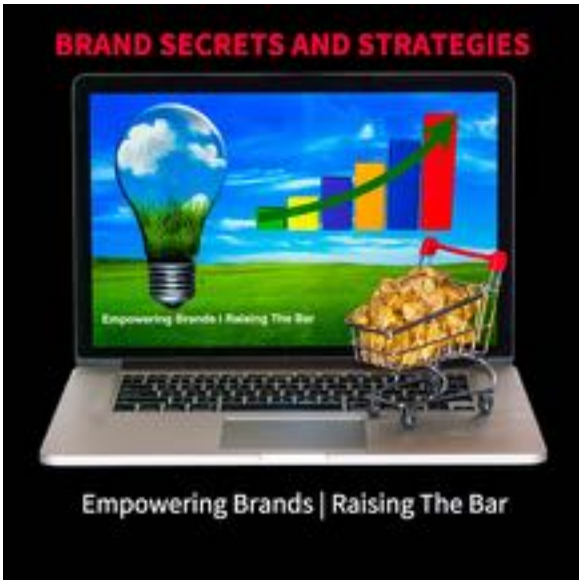


to the north is not an organic farmer, there's this thing called wind, just trying to be a little sarcastic. But anyhow it blows sometimes, those pesticides over on your crops, and that could take away your organic certification. That could taint your product. So to be able to eliminate that, that's one of the challenges that organic farmers have, is how do they protect their investment? How do they support what they've been working so many years, to be able to produce and provide. And so, there is a dramatic need for more organic farms, and I don't think a lot of people realize that. We talk a lot about that on this show, and so thank you Brandon for sharing that as well.

Brandon: It's a very real problem. No, I think that's good, thank you, Dan. I appreciate all the questions, and I think we did cover a lot of bases, so I'll finish there.

Dan: I appreciate that, and again, that's why I wanted to have you on the show, because this is a new technology. You guys are hitting all the key points. Reducing waste, food waste. Reducing the amount of water, being able to provide more nutrient dense food, being able to feed the nation, the world, the globe. I love that. And at the end of the day, that's what some of these other brands are doing, but you've come up with a really creative way to help do this. And so I really wanted to celebrate this, but I wanted to help kick your mission off, and give you a boost, and so hopefully this helps with that.

Thank you for coming on today. I really appreciate your time, and I look forward to seeing Local Roots in my local store. And by the



way, I'll be sure to put a link to your website on the show notes and on the podcast webpage.

Brandon: Beautiful, thank you, Dan. I really appreciate your time.

Dan: I want to thank Brandon for coming on today, for sharing his insights, and his story about this unique and innovative company. I'll include a link to Local Roots in the show notes, and on this podcast webpage. You can get there by going to brandsecretsandstrategies.com/session69.

Today's freebie is my Top 10 items that you need to have to be successful. You can download them instantly by texting "Top10" to 44222 or by going to the podcast show notes. As always, thank you for listening, and I look forward to seeing you in the next show.

Local Roots Farms: https://www.localrootsfarms.com

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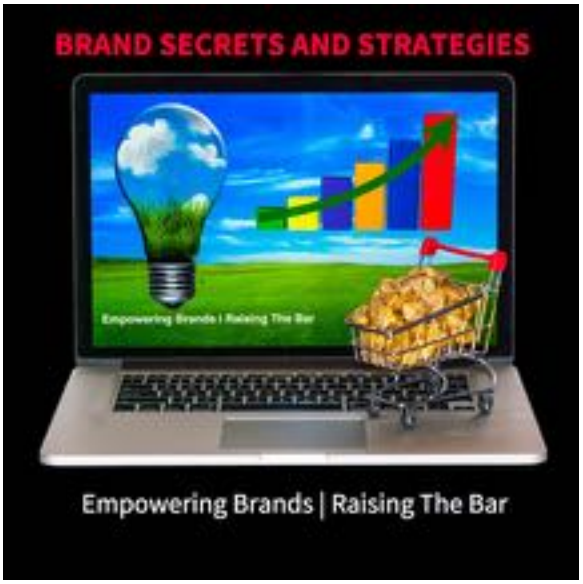

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I appreciate all the positive feedback. Keep your suggestions coming.

Until next time, this is Dan Lohman with Brand Secrets and Strategies where the focus is on empowering brands and raising the bar.

