

## Wide Open Agriculture Quarterly Report Q4 2018

31 January 2019

### Highlights

- **Agreement with Blackwood Valley Beef to develop co-branded, value added beef products and investigate regenerative beef production on WOA land**
- **R&D program for innovative crop developed for pilot shade house**
- **Commercial Shade House site selection process continues**
- **Experienced Commercial Agribusiness Manager joins team**
- **Dual listing of WOA shares on Frankfurt Stock Exchange**

### Food for Reasons™ (FFR)

WOA's food brand business has completed a detailed market analysis to identify opportunities for new product lines.

Development has continued on multiple lines of "healthy snacking" product prototypes, all of which include key ingredients from crops and livestock grown by regenerative farmers in the Wheatbelt.

In addition to developing prototypes of an oat-based breakfast cereal and drink, and a high-protein falafel mix, FFR has identified opportunities to develop high-protein, meat-based products, using regeneratively produced lamb and organic beef.

In November 2018, WOA signed an Agreement with leading regenerative Western Australian beef producer, Blackwood Valley Beef (BVB), to develop a range of co-branded, value added beef products.

The Agreement will see WOA partner with BVB to research and develop key value-added products in the \$17 billion healthy snacking market, and establish suitable production and marketing channels in both domestic and export markets.

FFR is focused on assessing product development and manufacturing partners to create planning and timelines for launch.

### Land for Reasons (LFR)

Following the Agreement with Blackwood Valley Beef (BVB), LFR is investigating the feasibility of expanding regenerative beef production at WOA's East Kulinbah property in the Perenjori Shire in WA's Wheatbelt.

LFR and BVB are looking at how larger scale rotational cattle grazing on fodder shrubs and perennial grasses could not only provide access to regeneratively produced Wheatbelt beef, but also dramatically improve soil health.

At the Andover property in the Kojonup Shire, an environmental consultancy completed baseline assessments of the land including soil health, water quality and biodiversity measures. This data provides an evidence-base to quantify future improvement in the natural capital of the land.

Such information, which demonstrates the benefits of regenerative agriculture, provides WOA with a strong base for engaging with impact-focused investors and institutional land investors/owners.

Completion of detailed financial modelling for investment, ownership and management of a diversified farmland portfolio in the Wheatbelt is also underway at Andover. The modelling will provide a framework to create a replicable and scalable model that can be applied at other farmland across the Wheatbelt.

### **Business Development: Horticulture**

Following completion of an expert report reviewing WOA's Pilot Shade House in Wagin Shire, it was established that the pilot site is best suited for ongoing research and development of crops that do not require cold chain storage and logistics.

WOA has developed an R&D program for suitable crops including native bush foods and industrial hemp (less than <1% THC), which is used for food and fibre.

Work has continued on identifying the most appropriate site for a Commercial Shade House in the Wheatbelt.

The chosen commercial site must meet a series of key criteria including a consistent, horticulture-grade water supply, access to grid-based power and access to housing and education opportunities in order to attract/retain a proven production team.

As part of this selection process, WOA has completed a social and economic assessment of the Moora and Merredin shires. A mapping project outlining high value agricultural land and water resources has also been completed.

WOA is also in negotiations with commercial vegetable growers to identify a suitable partner to invest in and manage a Commercial Shade House.

### **Corporate**

During the quarter, the WOA Board presented its revised business strategy to investors at the 2018 Annual General Meeting. The strategy identifies key pathways to scale and profitability and outlines defined financial targets for each business stream.

WOA also completed a dual listing of the Company's shares on the Frankfurt Stock Exchange. The company's shares trade under the code '2WO' in Frankfurt and 'WOA' on the ASX.

The Frankfurt listing expands WOA's investor appeal and increases the Company's exposure to European markets, where there is growing support and interest in regenerative agriculture.

Also during the quarter, Dr Jim Mackintosh stepped down from the Board and Mr Hans Schut joined the Board as Non-Executive Director.

Mr Schut has a strong background in investments, including in sustainable food and agribusiness, and was Managing Director of Triodos Investment Management, the impact-investing arm of Triodos Bank, one of the world's leading sustainable banks. He was an Investment Advisor at Commonland Foundation, one of WOA's cornerstone investors.

Tim Whyte also joined the team during the quarter as Commercial Manager. Mr Whyte is a Chartered Accountant with experience as a Senior Consultant with Ernst and Young and most recently was a Commercial Manager with one of Australia's largest, vertically-integrated agribusinesses.

Current cash at bank is \$4,143,966 as at 31 December 2018.

Following discussions with Commonland Foundation regarding the consolidation and extension of the remaining unsecured loan agreements, on 21 December 2018, WOA consolidated its three loans into one loan (\$811,863). The loan is interest free and repayable on 9 February 2026.

## **Outlook**

WOA has set the following key future milestones across its business streams:

- Release of co-branded Food for Reasons™ food product/s
- Launch R&D crop program at pilot shade house
- Completion of detailed financial modelling for investment, ownership and management of diversified farmland portfolio in the Wheatbelt
- Commercial Shade House site selection process complete

## **About Wide Open Agriculture Ltd**

Wide Open Agriculture (WOA) is a regenerative food and agriculture group based in the Wheatbelt region of Western Australia. The Company's vertically integrated food and agriculture business comprises farmland assets, protected cropping and a food brand, Food for Reasons™.

WOA operates under a '4 Returns' framework and seeks to deliver measurable outcomes on financial, natural, social and inspirational returns. The Company manages its farmland under the principle of identifying 3 zones (economic, combined and natural zones) and investing over a 20-year framework.

WOA is listed on the Australian Securities Exchange (code: WOA) and the Frankfurt Stock Exchange (code: 2WO) and is the world's first '4 Returns' publicly listed company.

# Appendix 4C

Wide Open Agriculture Ltd

# Contents

- 3 Consolidated Statement of Cash Flows
- 6 Compliance Statement

# Consolidated Statement of Cash Flows

Wide Open Agriculture Ltd

For the 3 months ended 31 December 2018

ABN		Quarter ended ("current quarter")
86 604 913 822		31 December 2018

	CURRENT QUARTER	YEAR TO DATE (6 MONTHS)
<b>1. Cash Flows From Operating Activities</b>		
1.1 Receipts From Customers	-	506
1.2 Receipts From Rental Income	-	177
1.3 Payments to Suppliers and Employees	(395,380)	(706,694)
1.4 Interest Received	1,204	2,283
1.5 Interest and Other Costs of Finance Paid	(85)	(202)
1.7 Other	40,000	40,000
<b>1.6 Net Cash Flows from Operating Activities</b>	<b>(354,261)</b>	<b>(663,930)</b>
<b>2. Cash Flows From Investing Activities</b>		
<b>2.1 Payments to Acquire</b>		
(a) Property, Plant and Equipment	(8,197)	(8,197)
<b>2.2 Net Cash Flows from Investing Activities</b>	<b>(8,197)</b>	<b>(8,197)</b>
<b>3. Cash Flow From Financing Activities</b>		
3.1 Proceeds From Issue of Shares	-	(8,000)
3.2 Proceeds From Exercise of Shares Options	-	1,063
3.3 Transaction Costs Related to Issues of Shares, Convertible Note or Options	-	(98,623)
3.4 Proceeds from Borrowing	1,028	46,781
3.5 Repayment of Borrowings	(14,021)	(268,640)
3.6 Government Grants and Tax Incentives	18,000	18,000
<b>3.7 Net Cash Flows from Financing Activities</b>	<b>5,007</b>	<b>(309,419)</b>
<b>Net Cash Flows</b>	<b>(357,451)</b>	<b>(981,546)</b>
<b>4. Net Increase / (Decrease) in Cash and Cash Equivalents for the Quarter</b>		
4.1 Net Cash From / (Used In) Operating Activities	(354,261)	(663,930)
4.2 Net Cash From / (Used In) Investing Activities	(8,197)	(8,197)
4.3 Net Cash From / (Used In) Financing Activities	5,007	(309,419)
<b>4.4 Net Cash Flows for Quarter</b>	<b>(357,451)</b>	<b>(981,546)</b>
<b>5 Reconciliation of Cash and Cash Equivalents</b>		
5.1 Cash and cash equivalents at beginning of quarter	4,501,417	5,125,512
5.2 Cash and Cash Equivalents	(357,451)	(981,546)
5.3 Cash and cash equivalents at end of quarter	4,143,966	4,143,966
<b>5.4 Cash and Cash Equivalents at End of Quarter</b>	<b>(357,451)</b>	<b>(981,546)</b>

1.7 Other Cash Flows from Operating Activities noted as funds received from Commonland

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current Quarter \$A'000</b>									
6.1	Aggregate amount of payments to these parties included in item 1.3	63									
6.2	Aggregate amount of cash flow from loans to these parties included in item 2	NIL									
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2										
	<table border="1"> <thead> <tr> <th>6.1.1</th> <th></th> <th>\$A'000</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Wages paid to directors</td> <td>59</td> </tr> <tr> <td>2.</td> <td>Superannuation paid to directors</td> <td>4</td> </tr> </tbody> </table>	6.1.1		\$A'000	1.	Wages paid to directors	59	2.	Superannuation paid to directors	4	
6.1.1		\$A'000									
1.	Wages paid to directors	59									
2.	Superannuation paid to directors	4									

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current Quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.3	NIL
7.2	Aggregate amount of cash flow from loans to these parties included in item 2	NIL
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
	NIL	

<b>8.</b>	<b>Financing facilities available</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	NIL	NIL
8.2	Credit standby arrangements	NIL	NIL
8.3	Other	N/A	812
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
	Other comprises: <ul style="list-style-type: none"> <li>Shareholders Loan <i>Interest free, non-secured loan. Repayable in 2026.</i></li> </ul>		

1.7 Other Cash Flows from Operating Activities noted as funds received from Commonland

<b>9.</b>	<b>Estimated Cash Outflows for Next Quarter</b>	<b>\$A'000</b>
9.1	Research & Development	14
9.2	Product manufacturing and operating costs	68
9.3	Advertising and marketing	5
9.4	Leased Assets	NIL
9.5	Staff Costs	199
9.6	Administration and Corporate Costs	55
9.7	Other (provide detail if material)	143
<b>9.8</b>	<b>Total Estimated Cash</b>	<b>484</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (item 2 above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of Entity	NIL	NIL
10.2	Place of Incorporation or Registration	NIL	NIL
10.3	Consideration for Acquisition or Disposal	NIL	NIL
10.4	Total Net Assets	NIL	NIL
10.5	Nature of Business	NIL	NIL

1.7 Other Cash Flows from Operating Activities noted as funds received from Commonland

# Compliance Statement

Wide Open Agriculture Ltd

For the 3 months ended 31 December 2018

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Signed:  Position: CFO

Print Name: RSM AUSTRALIA PTY LTD Date: 22/01/19

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Any dividends received are classified as cash flows from investing activities, per the accounting policy of the entity.