

ASX Announcement

8 January 2024

Letter from CEO providing business update

Dear Stakeholders:

Before we get too far into 2024, I'd like to take a moment to reflect on last year and communicate our priorities for the year ahead. 2023 at WOA alternated between some incredible execution of complex challenges, and some extremely frustrating setbacks. As I mentioned to our Leadership Team, I have more gray hair in my beard – and less overall hair of any color – after a year like we've just had.

For most of 2023 the financial markets for small growth companies were extremely challenging. The multiples for valuing plant-based foods companies compressed globally. WOA was not immune to this. Fortunately, we were able to adjust our capital strategy at the beginning of the year. We focused on 1) **accelerating speed to market** and 2) **reducing the capital requirements to commercialise Buntine Protein®**. We made some missteps in how we communicated the shift in strategy. These created real frustration for investors and management. We had the intention of sharing how we planned to bring our flagship product, Buntine Protein® to market in a nimble, partner-based approach, which had the benefit of being capital light and fast to market. While the communication strategy was executed poorly, this was the correct set of business decisions.

We focused our resources on the areas of the business where we have a demonstrable competitive advantage. We retrenched from the areas where we were at a disadvantage. We built a high quality partner ecosystem to ensure we achieved our top priorities. This practical approach is core to my management philosophy: understand what you do best, do that well, and collaborate elsewhere.

Advantages in the plant-based protein market. In WOA's case, we have deep expertise—and globally defensible Intellectual Property (IP) – in the extraction and preparation of lupin protein isolate. Our IP improves the taste and techno-function of lupin protein, positioning us as a high-performance alternative to soy and pea, the largest incumbent plant protein ingredients. Last year the market for soy protein was in excess of A\$10 billion, with pea protein soon expected to exceed A\$3 billion. We compete as a new entrant with a differentiation strategy. Soy and pea are commodity proteins, which require the inclusion of other ingredients (often unnatural ingredients) to achieve the taste, texture, gelation, and solubility requirements for recipe development. Our lupin protein portfolio offers a clean taste with high techno-function, enabling our customers to produce delicious new products with a reduced ingredient list. Lupins are competitive for health benefits as well, with all nine essential amino acids, antidiabetic properties, an attractive Omega 3 to 6 ratio, and good digestibility.

Lupin's compelling environmental benefits should not be disregarded, either. Lupins naturally fix nitrogen in soils. This facilitates a significant reduction in the nitrogen fertilizer required in a grain cropping rotation that incorporates lupins. Of course, lupins also require significantly less water to flourish than whey, soy, almonds, and pea protein. So, while taste and functionality are our lead selling attributes to 'Big Food,' an increasing number of multinational food companies are looking to improve their sustainability claims. We offer the best of both worlds. This allows us to charge a premium to pea and soy.

It's now time to convert our pipeline into sales. This is our top priority in 2024.

2023 Year in Review

Despite the market challenges faced in 2023, I'm pleased to report that Wide Open Agriculture executed our top priority for the year: Buntine Protein® is ready for commercialisation. I'm incredibly proud of the team for remaining focused on execution and exceeding expectations. We have a clear plan for commercial volumes in 2024, and optionality to expand that by fivefold in the future.

Commercialise Buntine Protein. Our top priority in 2023 was to move our lupin-based protein program from pilot to commercial scale while building a demand pipeline. We outlined an ambitious plan to bring Buntine to market fast, via a capital-light strategy to avoid the significant time and expense of a greenfield build.

We met this ambition due to the great team we have at WOA. I am particularly proud of the exceptional leadership provided our Chief Operating Officer Miranda Stamps, who runs our lupin program, and our Chief Financial Officer Matthew Skinner, who was a calm force of execution in a very challenging financing and M&A environment.

Here are some of the key highlights of the year:

- **Prolupin GmbH Acquisition.** In October we acquired the manufacturing facility of Prolupin GmbH for A\$4.2m. We believe this facility would have cost WOA more than A\$20m to construct. In addition to the purpose built facility for lupin protein extraction, we also gained an experienced German engineering and production team, and a complimentary patent portfolio covering proprietary methods for lupin protein extraction.

The Prolupin facility is a game changer for WOA. It brings us to market now, in Europe – the world's most advanced consumer market for plant-based foods. This facility has the potential to reach a potential production rate of 1,000tpa (tonnes per annum) by the end of 2024. This capacity is sufficient to sell to very large global prospects.

Reflecting higher pricing in Europe and the potential for dietary fiber co-product sales, we have estimated that this facility has the potential to triple turnover at WOA if we are able to achieve sales at full production capacity.

- **Integration Update.** The majority of WOA's integration with Prolupin's production and engineering team is complete. Equipment required for a 'Buntine upgrade' was installed in mid-December. Initial test production runs have taken place and met our specifications for techno-function, taste, and colour. We are ahead of schedule here.

In 2024, we expect to install fiber drying equipment. This should accelerate our path to profitability and improve our fixed cost utilisation. Selling the protein isolate alone is a very good business; selling the isolate plus the dietary fiber co-product is where we can build a great business.

- **Commercial Production Partner.** I'm pleased that we realised our vision to engage a large commercial production partner, signing a non-binding MOU with Saputo Dairy Australia. This is the Australian subsidiary of one of the largest dairies in the world. They bring world class assets, exceptional engineering talent, and a network that can give us the best chance of success for large scale production in Australia.
- The agreement outlines how WOA and our partner will work to produce large quantities (up to 5,000 tpa in the first site) of lupin protein. While negotiations continue for a contractually-binding, definitive agreement, our teams are enthusiastically and regularly working on a joint project plan. We believe we have a great partner here who provides a clear line of sight to very large production levels in our home market – without the large capital overhang of building a greenfield production site. This is a huge win for WOA. Of course, Buntine Protein® performs extremely well in dairy analogue products, so this is a partner with the potential to provide great experience and assistance as we advance this project.
- **Sales Pipeline.** WOA had a successful global launch of our lupin protein program with the unveiling of a suite of advanced food and beverage applications featuring Buntine Protein at IFT in Chicago and FIE in Frankfurt. Cheese. High protein milks. Dairy equivalent protein milks. Spreads. Breads. Biscuits. Buntine is highly versatile as an ingredient.

The reception of Buntine was very positive, as evidenced by four new sales and distribution partnerships announced in the second half of this calendar year. These include North America (2), Australia and New Zealand, and of course in Europe via Inga Group, a subsidiary company of Novax, the venture arm of Axel Johnson AB.

- **First Sales Shipped.** In addition to the great network of sales and distribution partners, WOA has begun selling our first direct orders of Buntine Protein® out of Kewdale, and our first order of Prolupin's isolate, LP90, shipped during December. While initial sales to early adopter customers did not generate material revenues in 2023, we estimate that our pipeline over the next 18 months is in excess of 400 tonnes. Of course, a pipeline must be converted into paid orders fulfilled and delivered. But with the progress made on the

integration in Germany, we think we are in a great position to start converting this pipeline and are focused on getting high utilisation as quickly as possible at the Prolupin plant.

Stacked Financing Model. During the year WOA proved capable and skilled at building a stacked financing model to achieve our goals. Case in point, in July, WOA was awarded a \$5m grant from the WA State Government to produce plant-based beverages at our Kewdale, WA facility. We also secured access to up to \$8m in project-based debt financing for this project from NAB.

Similarly, WOA completed a \$6.7m equity raise upon resuming trading, to fund our acquisition of Prolupin and provide growth capital for this project. The raise was supported by many of our largest existing investors, members of our Board of Directors, and the Executive Team. I'm appreciative of the overwhelming support we received.

Novax Strategic Investment. Our Prolupin initiative was further supported by a commitment from a strategic partner for an investment of Euro 500,000. Novax, the venture arm of Axel Johnson, offers not only capital but also experience and a sales and distribution partnership through its subsidiary ingredient company, Inga Group. This deal increases our chances of success in Europe. As we build further sales evidence of our lupin-based portfolio, the Company intends to pursue a similar stacked financing model to fund Buntine Protein® production expansion in a modular, success-based fashion.

4 Returns Business Reporting. I'm pleased to report that this year WOA released its first impact report. If you haven't read this, please do take a look on the WOA corporate website. In this report you will read about the incredible impact made by our Company in all four areas of return: social, inspirational, natural, and financial. This report has received significant positive response from impact investors in Europe and Australia, many of whom participated in our most recent capital raise. I believe it is a best-in-class report, which shows we are leading the way globally in advancing, measuring and commercialising regenerative agriculture.

Dirty Clean Food. Much of the natural and social returns created by the company – as well as rapid top line growth – has come from Dirty Clean Food. This year we committed to “grow smart” at Dirty Clean Food. The team has done an excellent job reducing costs and improving margins, with net improvements of approximately 50% during the year. While the division is not generating free cash flow, it is trending positively.

As discussed above, this has been a difficult year in the financial markets for small growth companies. WOA believes it is appropriate to focus its cash resources on the lupin program, as this offers the greatest potential for a step change in returns. There is no doubt in my mind that Buntine Protein® and our lupin-based products are globally competitive and highly differentiated in what is a multi-billion dollar global market that is undergoing a foundational shift. The opportunity for WOA to participate in this shift from soy protein to pea, fava – and lupin! – is now. This should be the focus of WOA's resources. Consequently, earlier this year we began exploring strategic options for Dirty Clean Food so that we could ensure that the progress made has the potential to continue while WOA focuses on Buntine Protein®. This could include a range of potential outcomes, ranging from the sale of a majority or minority interest, restructuring, or closure. We expect to provide a public status update during the first calendar quarter.

Quarterly Results Call

We intend to host our next quarterly results call, fiscal Q2 2024, on January 30, 2024. Details for the call will be circulated with the Issuance of our Appendix 4C & Quarterly Report. Questions can be submitted ahead of time at investors@wideopenagriculture.com.au

Thank you for your continued support of Wide Open Agriculture. Looking ahead to 2024, we have the tools in place. It's time to sell and execute.

Best



Jay Albany

CEO, Wide Open Agriculture Ltd

This announcement has been authorised and approved in accordance with the Company's published continuous disclosure policy and has been approved by the Board.

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About Wide Open Agriculture Ltd

Wide Open Agriculture (WOA) is Australia's leading ASX-listed regenerative food and agriculture company. Our hero product, Buntine Protein[®], is a revolutionary climate-conscious, plant-based protein derived from lupins grown in West Australia. Manufactured under a globally protected patent, Buntine Protein[®] is a versatile ingredient used to create plant-based dairy, meats, baked goods, and protein supplements. Buntine Protein[®] is steadily gaining traction among Australian and global food companies, with WOA currently working to scale up commercial production. WOA's Dirty Clean Food brand also caters to eco-conscious consumers from Australia to South-East Asia. Underpinning WOA's entire operations, is a '4 Returns' framework that seeks to deliver measurable outcomes on financial, natural, social, and inspirational returns.

WOA is listed on the Australian Securities Exchange (ASX: WOA) and the Frankfurt Stock Exchange (2WO).

www.wideopenagriculture.com.au

www.dirtycleanfood.com.au

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of WOA are, or may be, forward looking statements. Such statements relate to future events and expectations and as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. The past performance of WOA is no guarantee of future performance.

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