

**Wide Open Agriculture Ltd (ASX: WOA)
Q3 FY24 Quarterly Results Call
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Speakers:

Matthew Skinner, Interim Chief Executive Officer

Prepared Comments

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Introductory Slides and Opening Remarks

Good morning everybody and welcome to Wide Open Agriculture's Q3 results presentation. My name is Matthew Skinner and I'm the interim CEO of Wide Open Agriculture and I'll be leading the presentation this morning.

Please note, just from an administrative perspective, you will all be kept on mute, but if you would like to ask questions, please do so and enter them into the chat box that's available on the side panel of the call and I'll do my best to answer questions at the end of the call.

Before I start, I would like to acknowledge the traditional owners of the Whadjuk Boodjar that we stand on here today. And I would like to pay my respects to Elders past, present, and future.

So, a momentous quarter for Wide Open Agriculture and we saw a number of really exciting highlights that I would like to guide you through today.

Disclaimers

Here on screen are the usual disclaimers.

Q3 FY24 Highlights

Looking at the highlights from this quarter, firstly, we saw the first product containing Buntine Protein® come to market in Australia – A really exciting milestone for the company and something we are really excited about.

We also continued to develop the sales pipeline and we saw lots of progress as we worked with companies to help them develop products and bring new products to market – and hopefully we'll see the benefit of those in the coming months.

As part of our research into the benefits of lupin protein and Buntine Protein®, we've also done some really interesting cost-in-use calculations, and that's where we've been able to demonstrate to food manufacturers that there is a cost saving from using our product over our competitive products and I'll go into that in a little more detail later on.

As you would have seen last week, the sale of Dirty Clean Food was completed – A Really interesting, exciting milestone for the company.

We were delighted to be part of the Dirty Clean Food journey for these years, and we wish it every success going forward, and I know that Jay and the team will make a huge success of that company.

We've also been doing some additional work on Buntine Protein® in terms of its health properties, and we commissioned a study in conjunction with Deakin University. We have been able to demonstrate that the use of Buntine Protein® is really helpful in developing healthy eating habits and being able to reduce calorie intake over the course of a day.

That proves some really interesting work as people look for healthier lifestyles from not only a protein boost, but seeing how that impacts other elements of their lifestyle.

Finally, we continue to make good progress in reaching a definitive agreement with Saputo that will give us options for large-scale food manufacturing in Victoria. That is obviously going to be a very exciting step up for the company when it comes to producing large volumes.

New Product Launches

Moving to these [highlights] in detail.

In terms of the two product launches, we announced these last week.

Really exciting moments for the company working with a leading-edge food manufacturer in Western Australia called Noshing.

They make a really exciting range of products. The cookies that they have launched are not just vegan, they are gluten free, dairy free, egg free, but what is really interesting, and this talks to macro trends that we're seeing, is they're also being advertised as soy-free.

Now, soy is ubiquitous in the food industry – It's been used as a protein addition for decades now, but we are seeing the tide turn and people are looking for alternatives to soy in their recipes and in their food products, and we know that we are well placed to take advantage of that trend. Really interesting to work with Noshing to launch these CHONK cookies.

Our lupin protein is not just a protein addition in these products, but it is also being used for its functional properties. And what I mean by that is how it works inside the recipe.

And for the cookies, what it does is it helps with the egg replacement because it has got great emulsification properties, which means it creates that nice creamy cake batter texture that you're looking for to make a really good baked product.

So, we're really exciting to work with Noshing on the launch of those products, and I know that they're working on new product development all the time and we're continuing our relationship with them.

The other interesting product launched in the quarter, or just after, was from Superitalia, the Superfood Cappuccino. These are coffee alternative products that are available on Amazon's US store.

Again, what's really interesting is not just that there's a protein addition from the use of lupin protein, but also how that lupin protein works inside the product. And in this case, with a cappuccino, what you are really trying to get is that creaminess and that foaminess to sit on top of the drink.

We know that our lupin product performs that function really well. So, its inclusion is really testament to not only the fact that it's a high protein product, but really it's functional properties as an ingredient.

So again, two exciting product launches that speak not only to the protein content of the product, but also the versatility as a food ingredient. It demonstrates, firstly in the baked goods sector with Noshing, but also then in the sort of alternate coffee drinking category, alternate dairy, if you like, that the product works really well. This versatility and functionality will really allow us to explore multiple product ranges with different companies.

As I said, very exciting times for the company to have these new products launched.

Momentum Continues...

And that momentum that we have talked about in terms of sales is continuing.

We have had two products launched, which is why the top line of this slide used to say six products on sale, now it's eight, and we expect that to continue to grow over the coming quarters.

But really it's about the volume of pipeline wins that we are generating and the number of companies we're working with from an R&D perspective that really talks to the future potential sales of our products. And that work continues at pace.

It is the number one priority of the company and where we are seeing really high levels of engagement from food manufacturers who are looking for different ingredients that have better functionality than some of the other protein sources available. But also, something with a better environmental story in terms of its sourcing patterns.

As we know, soy generally grows where it's hot and wet and it's primarily grown in Brazil and the US, whereas lupins have a much better environmental footprint, much, much more loved by farmers for their nitrogen fixing capacity. And that story is starting to resonate with food companies who are looking for ways to improve the sustainability of their sourcing patterns.

So, the momentum continues and we're really excited as we continue throughout 2024.

Converting our 400tpa Pipeline

That momentum is all about bringing large commercial sales to bear.

We talk about large commercial sales because although we're working with a large number of smaller companies and they can move very quickly and they can bring products to market sooner such as Noshing, such as Superitalia, it's those large food companies that are really going to make a big difference for us as we convert that pipeline into sales.

Now, it is a long sales cycle. Large food companies typically plan their product launches years in advance, and so working with them to bring our product into that pipeline and bring it to market does take time.

Now, it's the very biggest of companies – the Unilever's, the Pepsis – that might take years, but we are targeting 6, 9, 12, 18 months to be bringing a large number of these sales to market, and we are making really good progress as the slide shows in Europe. We do have some design wins with some large companies and we're hoping those will convert in the next few months and that we can start bringing large commercial volumes through our plant.

And how do we do this? What are the things that we are doing now to deliver on those sales?

Well, a few of them are down here on the slide. What is really important is that we are able to provide technical support to our customers, because customers need to understand how our product works and how it can deliver them benefits. And I will give you one example.

We were working with an egg replacement company and they said, we want to try your product. And they tried it, and they called us up and said, "it's creating a product that's too thick, it's too creamy, it doesn't work as well as we thought"

And we said, "well, does your recipe include additives like gums and emulsifiers"?

And they said, "yes, we literally took out the existing plant protein source and added your protein source".

And we said, "well, no, that will give you a much too thick product because you can take out so many of those other ingredients when you add ours in".

So, all of a sudden the food manufacturer is thinking, "Ah, well I can save money here and have the same functionality". And we're very excited to be working with that company and hopefully we can bring a product to market with them soon.

Technical support is very important because lupin protein is quite a new ingredient in the food industry and people are just starting to learn and work with it and see its amazing functional properties.

We are also tailoring proteins to meet people's requirements. That is why having a portfolio of products is quite useful. So, we have our LP90 product that is a low fat, very white product, so it works very well in alternative dairy. And we have our Buntine Protein[®], which has a slightly yellow colour, but that has

much more functionality across a range of products including baked goods, etc that we've talked about earlier.

So especially important that we give people the right technical support, a lot of demonstrations and samples, attending food ingredient fairs – to really highlight the qualities of our product; demonstrate cost benefit analysis and that our lupin protein will save them money in their recipe.

And then educational awareness and regulatory support: Lupins are a fairly new ingredient in some parts of the world. In a lot of Europe, lupins have been eaten for hundreds of years, so they're really not a new product for many, but in some markets, it's still about educating people about their amazing functional properties and their protein properties so that we can work with them to bring products to market.

And obviously we have talked about commercialising our fibre and we are now sampling that and working with customers to bring products containing our fibre to market as well.

We do have a large pipeline. We are working very hard to convert that and bring it to meaningful sales as soon as possible.

What Does Success Look like?

Well, this is a slide that we've shared previously, but we were really talking about the scale up of Buntine Protein® in our German facility.

What we've been able to see from looking at the pipeline – that we took over when we took over the ProLupin business – is that the LP90 product also has significant benefits that have real value for food manufacturers, and therefore our capacity will be a combination of LP90 and Buntine Protein® going forward.

At our current time, we can produce about a hundred tonnes of Buntine protein® a year and about 400 tonnes of LP90. So, we are really able to scale and bring large volumes to market, but in the future, we are going to scale up the equipment needed to make more Buntine Protein®, so we'll be able to do 500 tonnes of Buntine Protein® or LP90 as our near-term capacity target.

Now, our future targets when we get to 750 and a thousand tonnes, again, the scale up will depend on the mix of products that we are selling between LP90 and Bunting Protein® and also the demand that we're seeing for our fibre.

We are really excited to really get those large commercial sales underway and be able to fill up the plant in Germany and turn it to profitability.

Buntine Protein® Cost in Use Examples

I talked spoke earlier about the cost in use examples and how we are able to demonstrate to food manufacturers that we are able to save them money by including our products in their recipes.

And we have done this with a number of products - I've shown two here.

The first is a gluten-free bread.

Now, gluten-free free bread is a real challenge in terms of getting the right consistency and texture without adding a lot of additives, gums, sweeteners, gels, et cetera.

What we can demonstrate is that by adding our Buntine Protein® into that recipe and taking out a lot of those other products, we are able to see a significant cost reduction on that product. So, for the gluten-free bread, it was a 25 cents saving over a \$6.50 bread. That's about a 4% saving.

Now, 4% may not sound like much, but what you are getting for that 4% is better performance because we know our lupin protein adds some really interesting characteristics.

You're getting a reduced ingredient list. So, when a customer picks it up and sees six ingredients rather than 10, they're more likely to buy it.

And we're seeing better performance as an overall product because we know it's got these unique properties.

So really exciting information that we can take to food manufacturers and really demonstrate that we are able to save them money.

And this is at the same time as charging a premium over soy and pea in the market. We are able to charge a premium because we are able to demonstrate that there is real value here for the food manufacturers.

Successful Sale of Dirty Clean Food

Again, as I spoke about earlier, in the highlights, the sale of Dirty Clean Food was completed last week.

The agreement involves the sale of Dirty Clean Food to Jay Albany, the previous Chief Executive Officer.

The sale is for \$1.5 million, which is essentially net asset value, and that will be paid on a deferred basis with about \$0.5 million due within three years and \$1.5 million due within five years, but with some performance payment triggers if certain targets and milestones are met.

As part of the leadership change, Jay has obviously stepped down as Wide Open Agriculture, CEO, and I have taken his place in an interim basis.

But what does this mean for Wide Open Agriculture?

Well, I think divesting Dirty Clean Food has really given us a core focus now, which is a sole focus on plant-based proteins, and in particular the technology that we have developed with Curtin University to improve the performance of those plant proteins with our unique Intellectual Property (IP).

And I say it is the technology that's driving that value, not just because it works on lupins, but we've also seen that it works on other pulses such as faba, chickpea and also pea.

The technology has real value. Obviously, we are commercialising it through our Lupin products, which we know that Lupins have this really interesting not only nutritional profile, but also their performance as a food ingredient is really exciting as well.

But that's our core focus now. So that is what we are doing every single day is working out how to commercialise that product and bring it to scale and sell it into food manufacturers globally.

But it also means reduced operating costs for Wide Open Agriculture. We are a much smaller slimmer team, and with our sole focus, we've eliminated a lot of the additional activities that involved Dirty Clean Food, and we are much leaner as a result, and that also translates into reduced cash burn.

As the financial year progresses, we'll definitely see a much-reduced cash burn from the business, and that will enable us to really push ahead and try and achieve those goals of commercial sales as soon as possible.

We see it as a really strong story for Dirty Clean Food now under private ownership. And as I said before, we wish them every success under Jay's leadership. It's a really exciting business and I think it's doing something that no one else is doing in the WA food industry, and we wish them all the best.

But for Wide Open Agriculture, this is really the time that we are accelerating towards our goal of commercialising Buntine Protein® and our lupin protein range.

Buntine Protein® Appetite & Sensory Analysis Study

Talking about the appetite study that we did with Deakin University; this is something that came about when we really try and understand the medical and nutritional benefits that lupins have.

Deakin University conducted a study whereby the study group consumed either a drink containing the Dirty Clean Food Oat Milk or the Dirty Clean Food Oat Milk, including Buntine Protein® to see what would happen to their appetite and calorie intake over the course of a day.

Now, what the study showed was that those that consumed the Buntine Protein® enhanced oat milk ate 6% less calories over the course of a day and consumed 21% less fat. Interestingly, that fat intake was significantly down primarily because those that ate Buntine Protein® were less inclined to snack and therefore they ate much less of those high calorie, high fat foods typically consumed as a snack.

Not only that, but it had also reduced people's appetites for up to one hour after consumption.

So, these are really interesting findings for us. What it does is enable us to talk to food manufacturers, particularly in the health food space about these properties and these studies, and really demonstrate not only those functional properties, but these strong health properties as well.

Companies who are really playing in this market and looking for ways to work with customers on their healthy eating journey, I think this is a really exciting study for us to work with them and show how lupin can be part of the solution for their products.

Saputo Update

In terms of our relationship with Saputo – that is still going strong. As we said before, the timing of the definitive agreement has been deferred slightly to 30 June.

We are working through the details of the definitive agreement with them, and we are looking to sign that and continue forward with that relationship with the aim of bringing large scale commercial production to Australia in Victoria.

That's a really exciting option for us. As I said, we have a large pipeline of products coming down the line and we are really looking forward to being able to work and bring production to Australia and at large volumes. So that's very exciting for us.

Quarterly Financials

A quick look at the quarterly financials. Obviously, revenue, which is primarily related to Dirty Clean Food has declined, but you will see on the right-hand side our lupin protein sales.

We took over the German facility at the beginning of Q2 last year, so we delivered some product before Christmas, but really we've seen an acceleration of sales in the first quarter of this calendar year, and we do expect that to continue to grow.

Obviously, it is off a low base, but we are seeing that we are gaining traction in the market.

As I said, this is the last quarter that there will be costs incurred in relation to Dirty Clean Food, and we see a significant reduction in cash burn going forward.

We are an Ag-tech company, leveraging global IP to manufacture next generation plant proteins

As an AgTech company leveraging our global IP to manufacture next generation plant proteins, what is our core focus?

Well, number one is to secure commercial sales.

To be honest, I could have had number one, two, and three all being 'secure commercial sales', but that is our biggest priority as a company.

We also know that as we develop commercial applications and commercial sales for our protein, which gives us huge opportunity in the fibre market. And so, we are really looking to develop that as a second revenue stream – it will help us improve the overall economics of the project.

And alongside that, we must do some short-term, medium-term planning to build the capacity increase that we talked about so that we can really start serving some of the larger customers in our pipeline. So, that is our core focus at the moment.

Appendix 4C – Quarterly Cash Flow Report

These are the standard disclosures.

Thank You

I wanted to say thank you very much. I will now see if there are any questions, and we'll try and answer a couple of questions.

Question & Answer

Question: What sales on a monthly basis have been achieved by the German subsidiary?

As I talked about in the slide, we have seen that start from a very low base in Q2, but it's grown significantly in Q3, and we're looking to see that grow beyond that.

Question: Is there any update on the Saputo Dairy agreement? How is that going to work?

The Saputo agreement is essentially a tolling agreement, which means we will design the process and we will build the process.

So, we will install our equipment on Saputo's site, and we will work to plumb into their existing equipment. Once that is all plumbed in, we will then hand it over to Saputo, and Saputo will run and operate that equipment and that process and be responsible for producing Bunting Protein® to our specifications.

Their expertise is running large-scale manufacturing plants. Our expertise is in that process and the process design that produces Buntine Protein® – together, it's a really good and strong arrangement.

Question: Are the lupin crops grown only in Western Australia? Is there a plan to reduce weather risk by securing other Australian cropping sites?

WA produces about 80 to 85% of the world's lupins. It's about 400,000 hectares under cultivation. It's about 900,000 tonnes of lupins each year. That gives us a huge pool of lupins to call on, but it's not the only country that grows lupins.

Lupins are also grown in Canada and Germany.

So, we do have different options from where to source our crops. And we do know that some European customers are very keen to have European lupins that are processed in Europe and sold in Europe, and that gives us a unique advantage over other players in that we can do a European solution if people so desire. We do have some solutions there.

Question: Are there competitors in the lupin protein market?

The answer is, not really.

There are a couple of people who do lupin flour, but lupin flour is just getting a lupin and grinding it up and you end up with 40% protein, 40% fibre, but it doesn't have any of the functional properties that we do, nor does it have the high protein that we do. There's a few that do a concentrate so they can get it up to 60%, 70%, but they're quite small.

We are the only company that we are aware of, that is making a lupin protein isolate that's purity is 85% plus. So, we have that unique advantage globally that we are the main player in this space, and we are starting to see that people are recognising lupins as a real alternative in the plant protein market as opposed to soy and pea.

Closing Remarks

I don't see any further questions. So, for me, I would like to thank you all for your time. Appreciate your attendance this morning, and thanks very much. Have a great day.

Note: This Quarterly results call included references to slides in the Wide Open Agriculture 4C Report and supporting materials, including important disclaimers and disclosures. The slides and disclosures can be found here:

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For any further questions, please email investors@wideopenagriculture.com.au