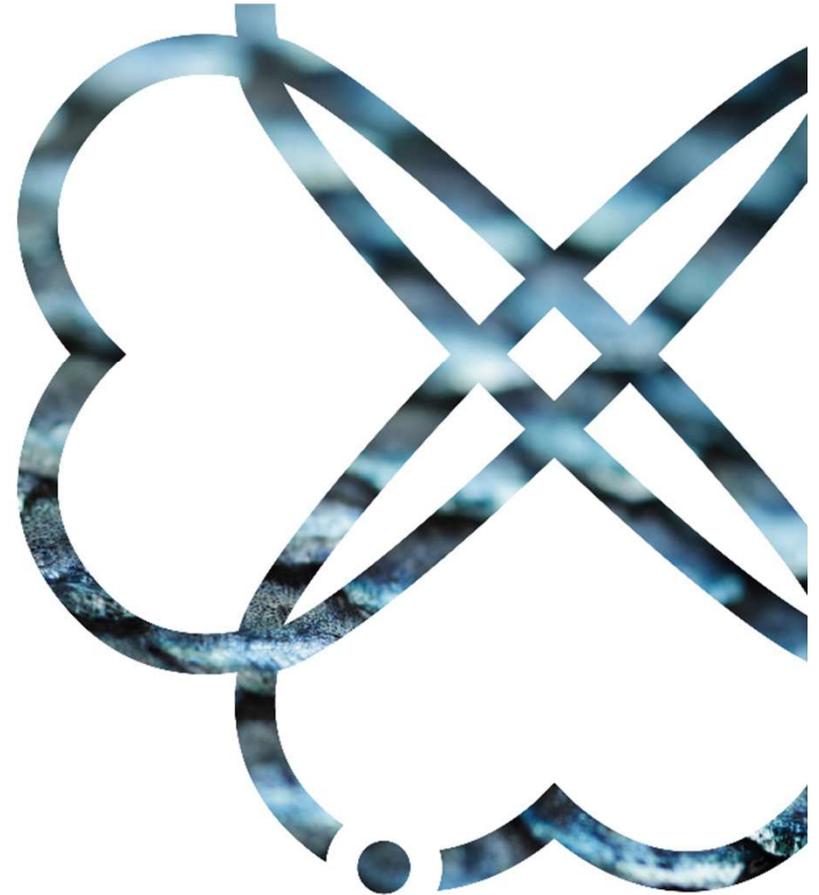


Managing Director's Report 6 Months to 31 January 2018

21 March 2018



Vision and Mission Statement

Vision

To optimise the health and development of adults, infants and children.

Mission

To deliver science based bioactives which provide health benefits to adults, infants and children.

Half Year Performance Highlights

- ✓ Total half year Revenue **\$31.0m** up **60%** on HY17 \$19.4m driven by improved demand
- ✓ Net Profit **\$3.2m** up **209%** on HY17 \$1.0m.
- ✓ Operating Expenses **\$3.7m**; investment in people and technology to develop new products and sales
- ✓ New products released to develop additional market segments in Omega 3 gummies
- ✓ Inventory at **\$18.5m** flat to FY17 full year
- ✓ Balance Sheet remains strong with cash of **\$6.7m**
- ✓ Half year dividend declared of **0.50 cent** per share, a 100% increase on prior half year

Half Year 2018 Results

AUD million	4D Reported 31 Jan 2018	4D Reported 31 Jan 2017
Revenue	\$31.0	\$19.44
EBITDA	\$4.7	\$1.7
NPBT	\$4.4	\$1.4
Tax	(\$1.2)	(\$0.4)
NPAT	\$3.2	\$1.0
EPS	1.93 cps	0.63 cps
ROE (annualised)	19.3%	6.6%

- ♣ 60% year on year revenue growth
- ♣ Australia/NZ key growth region
- ♣ EBITDA \$4.7m (PY \$1.7m)
- ♣ Fixed costs managed \$3.7m (PY \$3.1m)
- ♣ NPAT result \$3.2m (PY \$1.0m)

Balance Sheet 31 January 2018

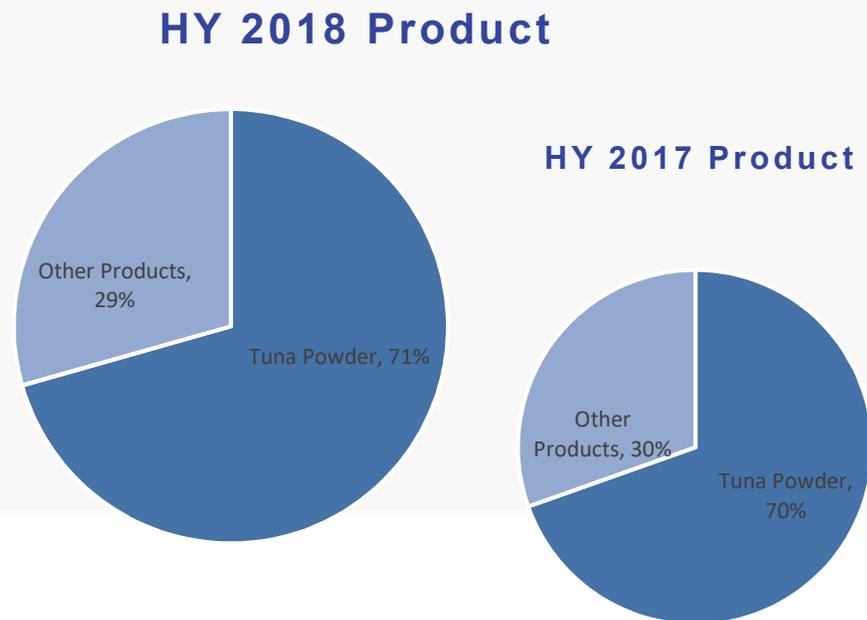
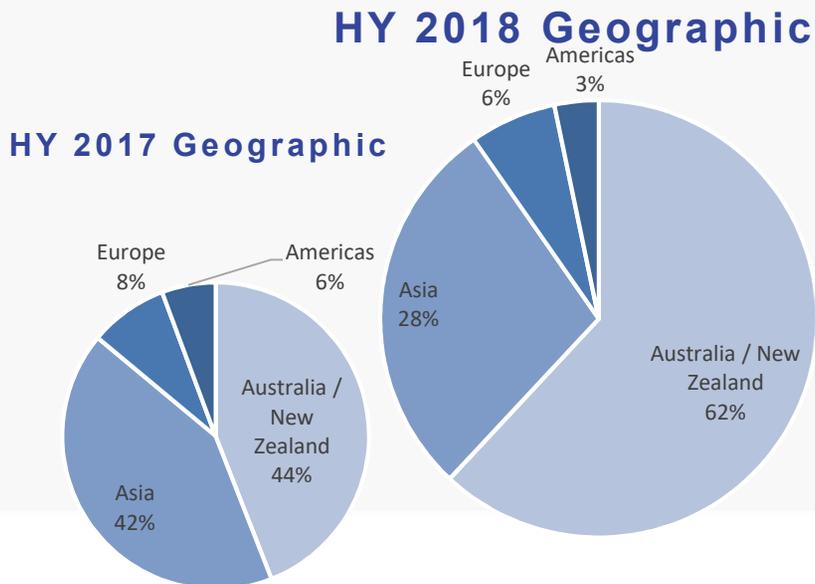
AUD million	Reported 31 Jan 2018	Reported 31 July 2017	Movement
Cash	\$6.7	\$5.9	+\$0.8m
Trade Receivables	\$12.6	\$12.1	+\$0.5m
Inventories	\$18.5	\$18.8	-\$0.3m
Total Current Assets	\$38.0	\$37.6	+\$0.4m
PPE/Intangible Assets	\$8.9	\$5.0	+\$3.9m
Total Assets	\$46.9	\$42.6	+\$4.3m
Trade Payables	(\$6.7)	(\$9.2)	+\$2.5m
Total Current Liabilities	(\$8.2)	(\$9.9)	+\$1.7m
Total Liabilities	(\$12.3)	(\$10.0)	-\$2.3m
Net Assets	\$34.6	\$32.6	+\$2.0m

- ♣ Cash balance strong \$6.7m
- ♣ Trade receivables flat to FY17 close
- ♣ Inventory levels maintained to meet demand
- ♣ Payables managed in line with inventory activity
- ♣ \$3.9m investment to purchase manufacturing facility

Sales by Geography & Product

- ♣ Sales across key regions have grown during HY18 compared to HY17
- ♣ Australia/NZ major growth region for IF for the Chinese market

- ♣ Encapsulated Tuna oil leads sales revenue with encapsulated Algal oils and other oils represented in other products



An Update on Growth Platforms



Growth Platform

Infant formula provides further growth

- ♣ Increased Chinese demand and stability of regulations has driven increased volume across key markets
- ♣ Key customers have achieved or are in the process of receiving their CFDA accreditation to market and to sell up to three brands in the Chinese market
- ♣ All traditional customers have been maintained, with growth into new IF manufacturers and brands



Growth Platform

Products for new segments

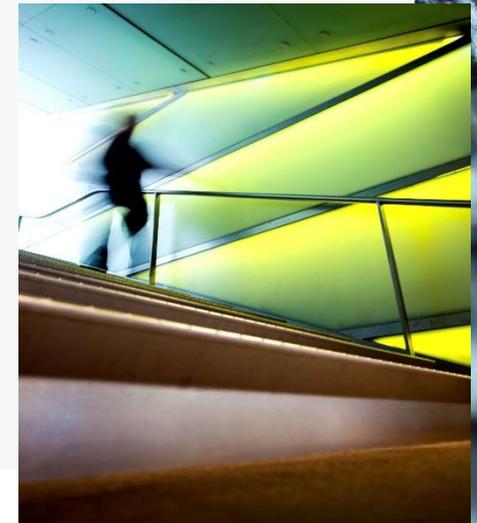
- ♣ Clover's Hypoallergenic DHA product is now an ingredient across multiple goat IF brands
- ♣ A new highly concentrated DHA product which delivers 60% oil loading in a powder form is being used in gummies targeting the child and seniors' segments
- ♣ Clover is continuing to invest in new product development with a pipeline of new products targeting additional segments and next generation delivery systems



Growth Platform

New markets development

- ♣ Clover's revenue growth has been enhanced by sales into the USA, Europe and Asia
- ♣ Australia & New Zealand have delivered significant growth as the IF market increases volume to meet domestic and international demand
- ♣ Clover continues to develop distribution partnerships targeting new segments and territories



2HFY18 Outlook & Priorities

- ♣ Continued demand in the second half based on the existing activity levels and status of Chinese regulations
- ♣ Expansion of production base to meet growth in demand
- ♣ Development of new products targeting sports nutrition, children's and seniors' health
- ♣ Growth expected in Europe, USA and South America
- ♣ Research & Development in collaboration with customers
- ♣ Additional staff to service customers and deliver on opportunities
- ♣ Improve efficiencies and reduce operating costs
- ♣ Add value through strategic acquisition and/or partnership

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