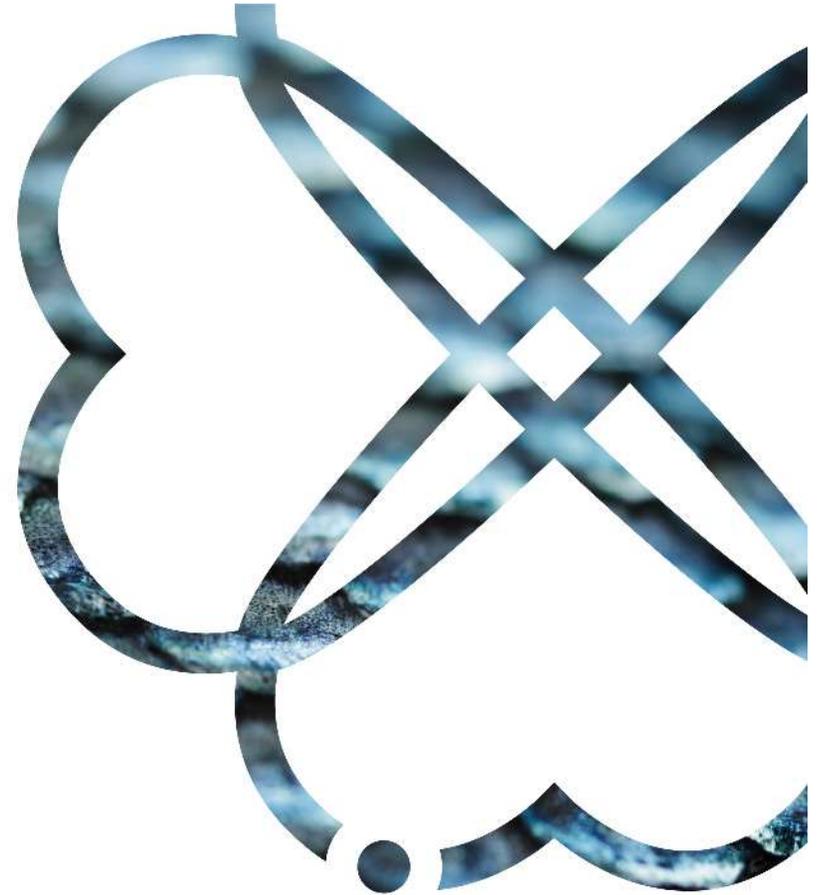


Managing Director Report 6 Months to 31 Jan 2020

25 March 2020



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.

COVID-19 Update

- ✓ No disruption to customer order patterns
- ✓ Minimal disruption to sea freight
- ✓ High inventory position can satisfy short and medium term demand
- ✓ Clover has implemented HR policy of split shifts and working from home to separate staff
- ✓ No disruption to ingredient sourcing or spray drying access

Fluid situation which Clover management is constantly monitoring



Half Year Performance Highlights

✓ Net Profit **\$4.6m** up
3.4% on half year 2019

✓ Preserving cash; no
interim dividend

✓ Operating Revenue
\$37.6m up **9.8%** on
half year 2019

✓ New products and
customers delivering
growth in USA, Europe,
ANZ

✓ Operating expenses of
\$5.5m up **20%** due
to increased marketing,
sales personnel, admin cost
and R&D activity

✓ Strategic increase in
Inventory to **\$36.6m**

Half Year 2020 Results

AUD million	31 Jan 2020	31 Jan 2019
Revenue	\$37.6	\$34.3
NPBT	\$6.4	\$6.2
Tax	(\$1.7)	(\$1.7)
NPAT	\$4.6	\$4.5
EPS	2.79 cps	2.71 cps
ROE (annualised)	20%	23%

- 9.8% half year on half year revenue growth
- Australia/NZ, USA & EU sales growth
- NPAT result \$4.6m (PCP \$4.5m)

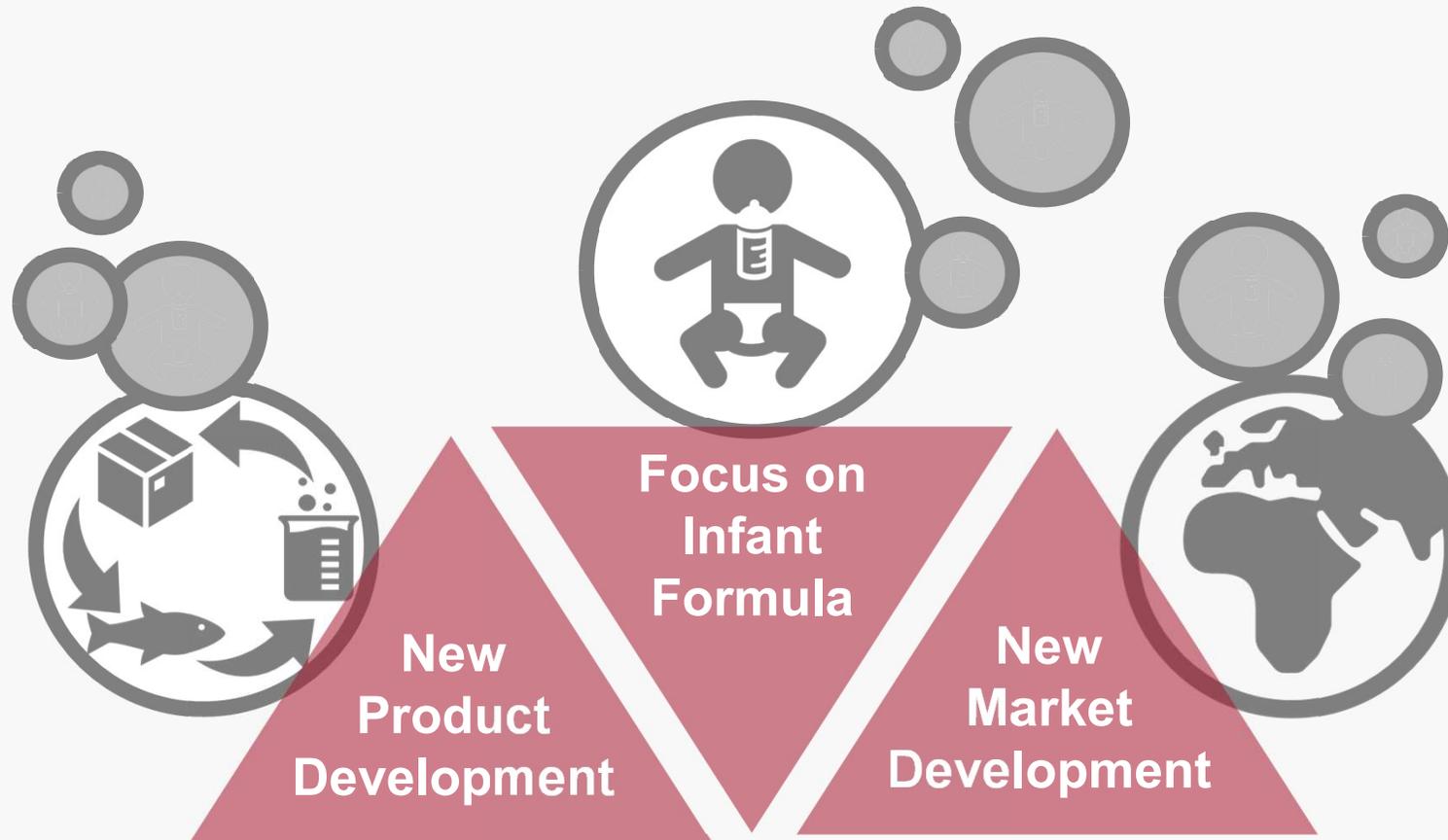
Balance Sheet 31 January 2020

AUD million	Reported 31 Jan 2020	Reported 31 Jul 2019	Movement
Cash	(\$0.1)	\$8.3	(\$8.4)
Trade Receivables	\$13.7	\$18.4	(\$4.7)
Inventories	\$36.6	\$27.7	\$8.9
Total Current Assets	\$50.7	\$55.4	(\$4.7)
Fixed Assets	\$23.4	\$19.4	\$4.0
Total Assets	\$74.1	\$74.8	(\$0.7)
Trade Payables	(\$5.3)	(\$12.5)	\$7.2
Total Current Liabilities	(\$10.3)	(\$17.6)	\$7.3
Non-current borrowings	(\$14.4)	(\$12.0)	(\$2.4)
Total Liabilities	(\$24.7)	(\$29.6)	\$4.9
Net Assets	\$49.4	\$45.1	\$4.3

• Strategic increase in Inventories to increase flexibility

• \$14.1m investment in share of spray dryer

An Update on Growth Platforms



Growth Platform

Focus on the infant formula market

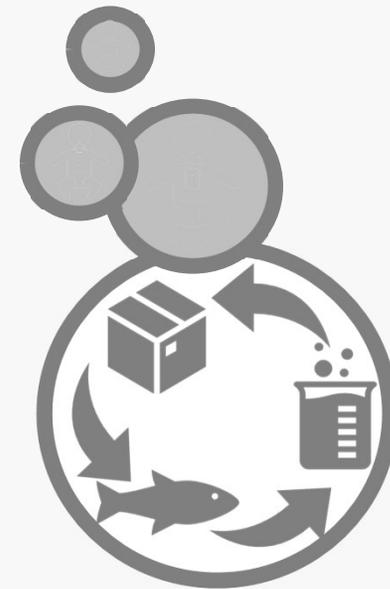
- ♣ Additional infant formula customers added in the half year and growth of existing business
- ♣ European customers prepare for the new EU regulation to include a minimum 20mg/100Kcal of DHA in infant formula from late February 2020 – 31% (v 1HFY19) increase in EU sales
- ♣ China adds additional cross border warehouses to facilitate the CBEC trade
- ♣ China's DRAFT legislation requiring a minimum 15mg/100Kcal of DHA in infant formula (if DHA used) has not progressed to legislation



Growth Platform

Creating new opportunities

- ♣ New products delivering sales across a range of applications in gummies, pressed tablets and health bars
- ♣ Sales in the USA up 57% v 1HFY19
- ♣ New products are gaining attention across the fortified food market as companies look to deliver Omega 3's in food rather than tablets
- ♣ Drink applications are on trial in Asia and USA
- ♣ R&D product pipeline has several new products for future market development



New
Product
Development

Growth Platform

Expanding our market reach

- ♣ Strong 1H 20 on 1H19 growth in Aust/NZ 21%, USA 57% and Europe 31% with a decline in Asia (17%) driven by transfer of production from Asian to Aust/NZ facilities (up 21%)
- ♣ Strengthening face to face selling teams in EU, Asia & China with training and CRM applications
- ♣ Attendance at trade shows in the EU & USA to develop new opportunities
- ♣ Clover's new spray dryer being built at Melody Dairies NZ is on time and budget for production qualification in Q4 2020



**New
Market
Development**

2HFY2020 Outlook & Priorities

- Continue to develop opportunities in the EU
- Complete build and qualification of Melody Dairies NZ spray dryer
- Establish additional raw material sources
- Further develop Chinese infant formula relationships to prepare for the proposed new manufacturing standard requiring 15mg/kcal DHA
- Focus on rolling out new product applications across nutrition segments
- The COVID-19 outbreak has had no impact on results in H1 FY20 and as yet has not affected forward orders for H2 FY20.
- Subject to the stability of the Chinese market, the Company expects demand patterns from customers to continue in the second half of the year. Third quarter order rates are consistent with second half FY19 sales.

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