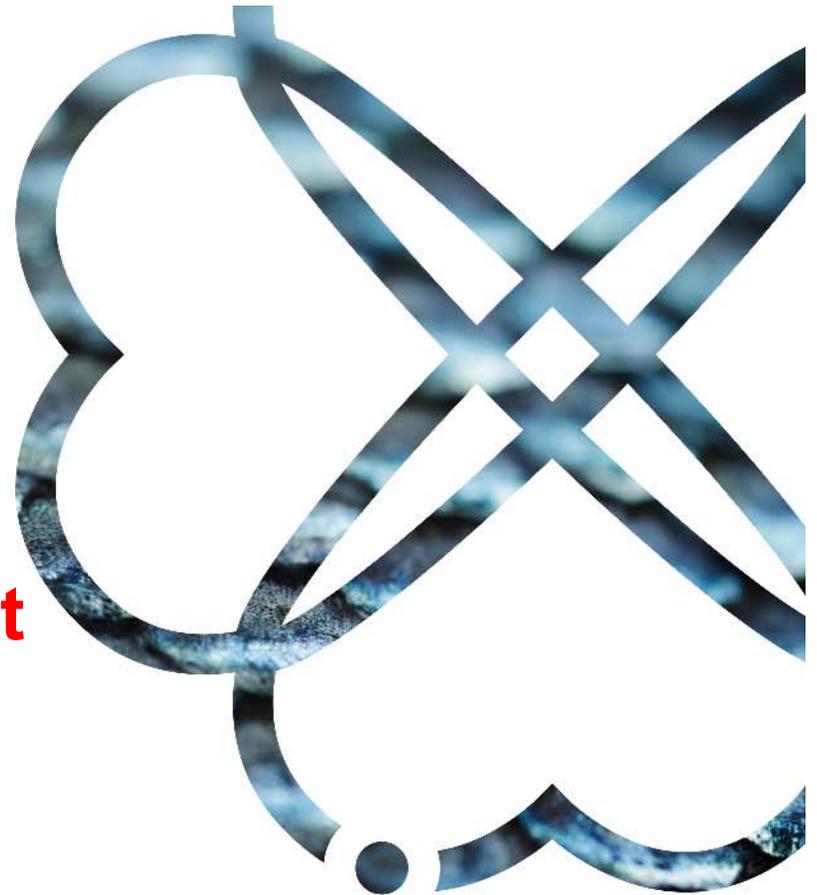


Managing Director Report 6 Months to 31 Jan 2021

16 March 2021



Vision, Values & Purpose



Vision

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

Values

Respect, Response, Responsibility

Purpose

In collaboration with key market participants, Clover develop customised high value nutritional ingredients that enhance the wellbeing and dietary needs of their customers.

COVID-19 Update

- ♣ Clover has maintained a focus on the health and safety of staff, implementing COVID safe plans, and staff have worked from home where possible
- ♣ Clover has not sought or received any government assistance
- ♣ Clover's H1FY21 result has been negatively impacted by global COVID-19
 - Most new projects are on hold
 - Customers have experienced shutdowns and most staff working from home
- ♣ Chinese demand for imported infant formula has been curtailed by travel restrictions virtually eliminating the Daigou, Chinese tourist and student channel
- ♣ Face to face customer visits and trade shows have not been possible since March 2020
- ♣ Clover has implemented online marketing and training programs to maintain exposure to customers

Half-Year Performance

- ♣ Operating Revenue
\$29.4m down
21.7% on half year 2020
- ♣ Net Profit **\$2.5m** down
45.8% on half year 2020
- ♣ Operating expenses of
\$4.6m down **15%**
upon cost saving initiatives
- ♣ Interim fully franked dividend
0.5c/share
declared
- ♣ 1H21 v 1H20 revenue improvements from Asia, USA & Europe under difficult market conditions
- ♣ Inventory maintained to
\$31.5m represents investment in raw materials for future demand

Half-Year 2021 Results

AUD million	31 Jan 2021	31 Jan 2020
Revenue	\$29.4	\$37.6
NPBT	\$3.3	\$6.4
Tax	(\$0.8)	(\$1.7)
NPAT	\$2.5	\$4.6
EPS	1.51 cps	2.79 cps
ROE (annualised)	9%	20%

- Revenue declined 21.7% impacted by demand and FX (like for like FX, Revenue of \$30.3m)

- NPAT result \$2.5m (PCP \$4.6m), expenses have been curtailed with a focus on discretionary spending

- One off impacts on NPAT have been

- Start up costs and share of loss in Melody Dairies ~\$1.0m (before tax)
- Ongoing legal costs enforcing Clover intellectual property rights against Pharmamark Nutrition Pty Ltd and an individual
- Underlying NPAT \$3.3m

Balance Sheet 31 January 2021

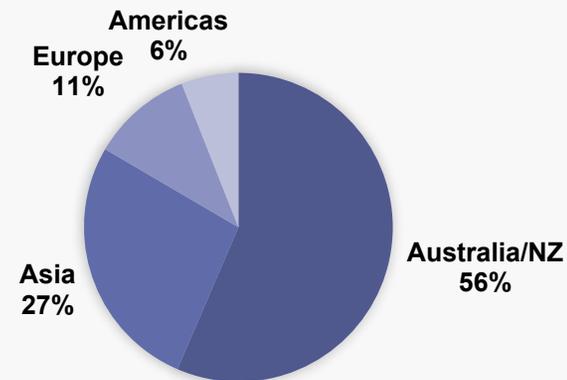
AUD million	Reported 31 Jan 2021	Reported 31 Jul 2020	Movement
Cash	\$9.8	\$9.2	\$0.6
Trade Receivables	\$9.7	\$16.8	(\$7.1)
Inventories	\$31.5	\$31.9	(\$0.4)
Total Current Assets	\$52.1	\$59.1	(\$7.0)
Fixed Assets	\$22.5	\$22.4	\$0.1
Total Assets	\$74.6	\$81.5	(\$6.9)
Trade Payables	(\$4.2)	(\$8.0)	\$3.8
Total Current Liabilities	(\$6.5)	(\$10.9)	\$4.4
Non-current borrowings	(\$12.2)	(\$13.0)	\$0.8
Total Liabilities	(\$18.7)	(\$23.9)	\$5.2
Net Assets	\$55.9	\$57.6	(\$1.7)

- Cash position remains strong
- Inventories maintained to meet future demand
- Payables controlled utilising cash position
- Borrowings represent the investment in Melody Dairies & Melbourne property

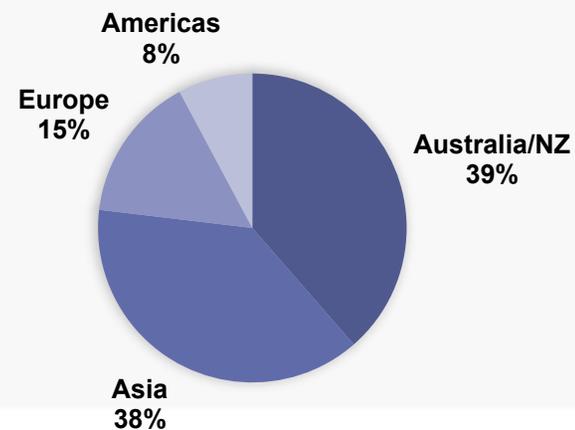
Sales by Geography

- ♣ Demand from Australia & New Zealand has been impacted by COVID-19 & Daigou reductions
- ♣ Asia demand improved marginally from new product applications
- ♣ European sales growth from new customers (with historical customers volume declining)
- ♣ The Americas improved sales in very difficult conditions with COVID lock downs

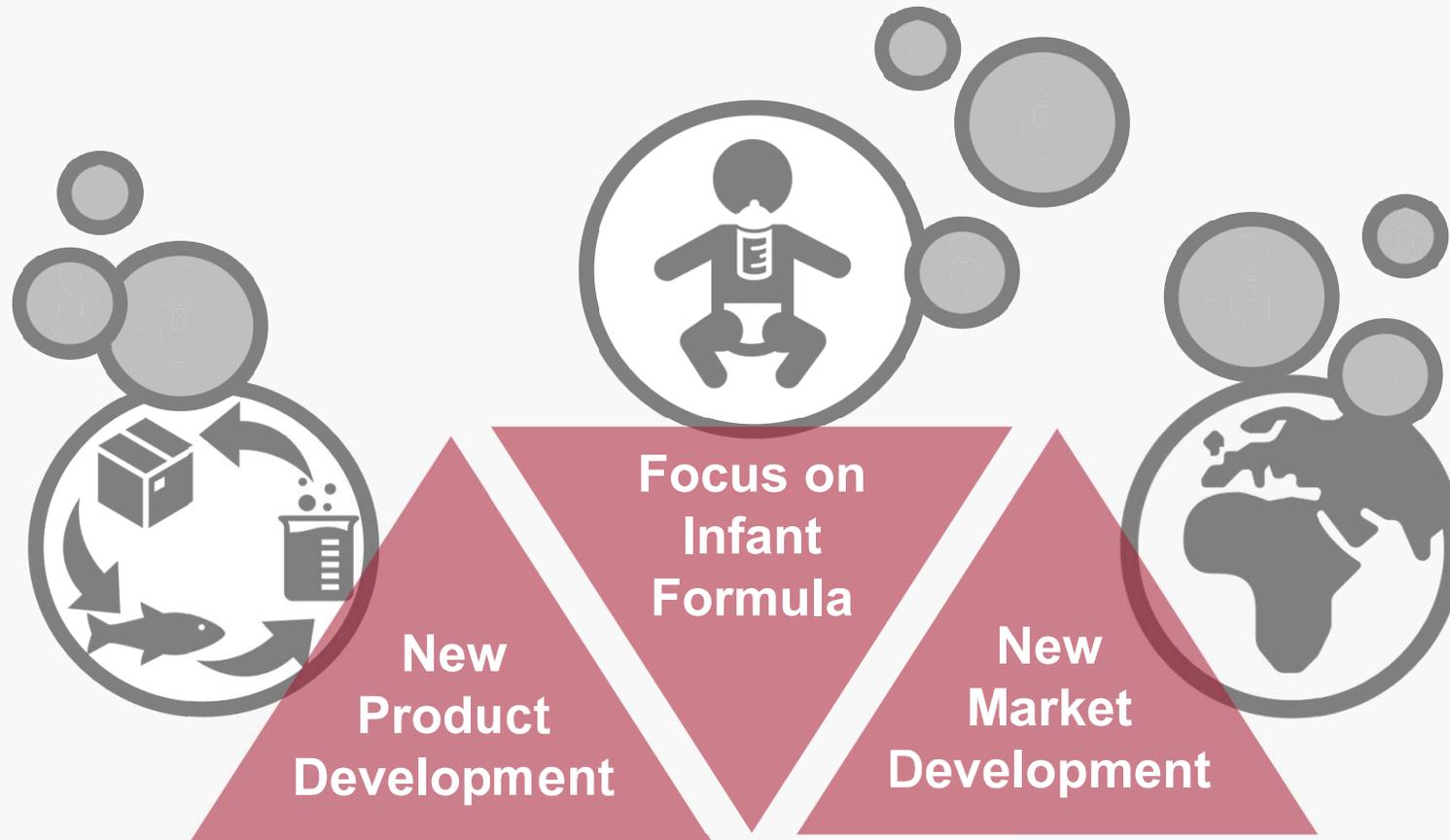
1H20 SALES BY MARKET



1H21 SALES BY MARKET



An Update on Growth Platforms



Focus on
Infant
Formula

Growth Platform

Customer development in infant formula

- ♣ New infant formula customers added in the half year in the EU with others requiring audit of our facilities before progressing
- ♣ Key customers impacted by reduced demand from China due to COVID-19 restrictions, reduced Daigou channel, reduced travel and increased competition within China
- ♣ Working through qualification with several China infant formula manufacturers
- ♣ China's DRAFT legislation requiring a minimum 15mg/100Kcal of DHA in infant formula is expected in 2H21 with a 2-year introduction



Growth Platform

Creating new opportunities

- ♣ A highly concentrated Omega 3 powder released during the first half is in product application trials in food & nutraceutical products
- ♣ Sales across food & beverage products increased in the half
- ♣ A solutions-based training program delivered on electronic platforms explains Clover's products and assists customers in a COVID environment
- ♣ New product pipeline has several new products for release in the 2H21 targeted at the health food market



**New
Product
Development** ₇

Growth Platform

Expanding our market reach

- ♣ Continued push for growth in EU, Asia and Americas
- ♣ New Business development staff established across EU, China & USA, where face to face customer visits are not possible
- ♣ Trade shows have moved online with little success
- ♣ Clover's new spray dryer built at Melody Dairies NZ has been COVID-19 delayed in opening and being available for customer acceptance delivering a loss; this remains a long-term investment imperative



New
Market
Development 8

2HFY2021 Outlook & Priorities

- Continue to develop opportunities in the EU, USA & Asia
- Complete 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 fundamentals of the business remain strong with opportunities for growth across markets and segments currently curtailed by COVID-19
- The global uncertainty is leading to a slow recovery in the infant formula market, as a result Clover expects revenue for FY2021 to be in the range of \$60m to \$70m

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