

CLOVER CORPORATION LIMITED

2022 Annual General Meeting

24 November 2022



Welcome



24 November 2022



Board Members



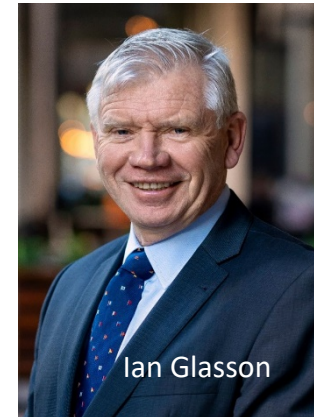
Rupert Harrington



Peter Davey



Graeme Billings



Ian Glasson



Toni Brendish



Simon Green

Agenda



- Welcome
- Introductions
- How to ask Questions
- How to Vote
- Chairman's Address
- Managing Directors Report

Formal Business

- Item 1 Adoption of the Annual Accounts
- Item 2 – Resolution 1 Adoption of the Remuneration Report
- Item 3 – Resolution 2 Re-election of Dr Simon Green
- Item 4 – Resolution 3 Re-election of Mr Graeme Billings
- Item 5 – Resolution 4 Issue of FY23 Performance Rights
- Item 6 – Resolution 5 Amendment to the Company Constitution
- Questions



How to ask a question

- To ask a written question select the Q & A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and **press** the send button
- To ask a verbal question follow the instructions below the broadcast window.

A screenshot of a web interface for asking questions. At the top, there are four navigation icons: a monitor for "Broadcast", a document for "Vote", a speech bubble for "Q & A" (which is highlighted with a red underline), and a folder for "Documents". Below the navigation is a large text area labeled "Your question(s)". Underneath this is a smaller text box with a "Send" button to its right. A dropdown menu labeled "Select Topic" is positioned above the text box. A note states "Questions are limited to 2000 characters." and the text box shows "0 character(s)".



How to vote

- When the poll is open, select the vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
- To change or cancel your vote “click here to change your vote” at any time until the poll is closed

A screenshot of the Clover Corporation voting interface. At the top, there is a navigation bar with four icons: a monitor for "Broadcast", a document with a checkmark for "Vote" (which is highlighted with a purple underline), a speech bubble for "Q & A", and a folder for "Documents". Below the navigation bar is a section titled "Items of Business" in a grey header. The first item is "2A Re-elect Mr Sam Sample as a Director". Below this item are three buttons: "FOR", "AGAINST", and "ABSTAIN". The "FOR" button is highlighted with a purple border. Below the buttons is a horizontal line. The second item is "2B Re-elect Ms Jane Citizen as a Director". Below this item is a green checkmark icon, followed by the text "We have received your vote For" and a link "Click here to change your vote." in purple.



Chairman's Address

24 November 2022





Managing Director's Report 12 Months to 31 July 2022

24 November 2022



Vision, Values and Purpose Statement



Vision

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

Values

Respect, Response, Responsibility

Purpose

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

Full Year Performance Highlights

♣ Total full year Revenue
\$70.7m up 16.9% on
FY21 \$60.5m driven by
increased demand

♣ Net Profit after tax
\$7.1m up 18.8% on
FY21 \$6.0m

♣ Operating Expenses
\$10.4m up 11.8% (FY21
\$9.3m) impacted by inflation,
legal costs, travel and
marketing costs.

♣ New customers and
products diversify revenue
base

♣ Inventory at **\$36m**
increased \$5.2m on FY21 full
year

♣ Balance Sheet remains strong
with cash of **\$10.1m**

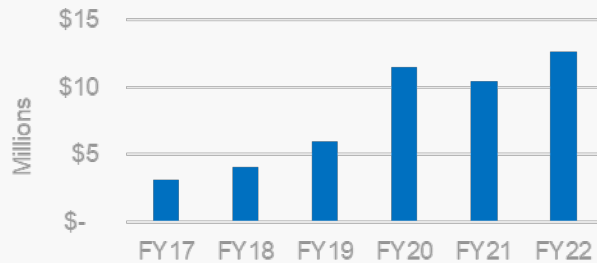
♣ Final dividend declared of **1.0**
cent per share, bringing the full
year dividend to 1.5 cent per share

FY'22 Update

- ♣ Clover's employees have worked through COVID conditions, managing to a COVID safe plan operating through the year without incident in operations
- ♣ Revenue in the first half year was stable at \$29.7m with improved orders through the second half year at \$40.9m
- ♣ Clover maintains a relatively high inventory position to act as a buffer to manage supply chain issues
- ♣ Inflationary pressures across raw materials, energy, freight and people impacted gross margins - long term contracts create a lag in price recovery
- ♣ New projects started pre-COVID have been revisited with customer and work commenced
- ♣ International travel has been possible in the second half allowing Business Development to connect with new and existing customers

Sales by Geography

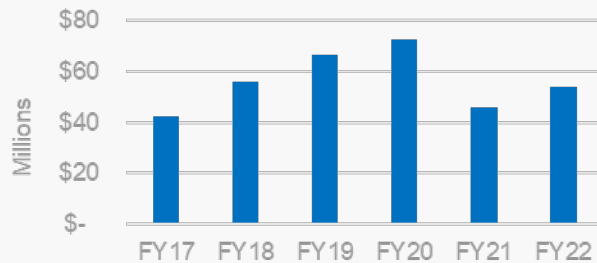
EU Sales A\$M



Europe

- ♣ Easing COVID19 conditions and increased customer engagement resulted in FY22 sales improving against FY21

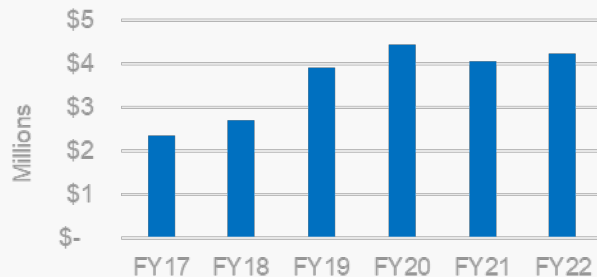
Asia / Aust & NZ Sales A\$M



Asia ANZ

- ♣ Asian sales showed some improvement with markets stabilizing as they come to terms with COVID-19 conditions
- ♣ AU / NZ improved as infant formula manufacturers find alternative markets and access China through different channels

US Sales A\$M



Americas

- ♣ The USA Region improved on FY21 with new product sales into gummy and nutraceutical manufacturers

Full Year 2022 Results

AUD million	4E Reported 31 Jul 2022	4E Reported 31 Jul 2021
Revenue	\$70.7	\$60.5
EBITDA	\$11.0	\$9.5
NPBT	\$9.8	\$8.2
Tax	(\$2.7)	(\$2.2)
NPAT	\$7.1	\$6.0
EPS	4.3 cps	3.6 cps
ROE (annualised)	11.4%	10.3%

- ♣ 16.8% year on year revenue increase. All regions showing improvement
- ♣ Recovery from pantry stacking and COVID-19 restrictions in FY21 lead to increased volumes and revenue
- ♣ Price increases / cost reduction and customer base sales mix have partially offset global inflationary pressures with GM% down 0.5%
- ♣ Recovery from Pharmamark was offset by legal and Melody Dairies
- ♣ NPAT result \$7.2m (FY21 \$6.0m)

Balance Sheet 31 July 2022

AUD	Reported 31 Jul 2022 \$M	Reported 31 Jul 2021 \$M	Movement \$M
Cash	10.1	9.1	1.0
Trade Receivables	19.6	13.3	6.3
Inventories	36.0	30.8	5.2
Total Current Assets	66.9	54.7	12.2
Fixed Assets	23.7	24.0	(0.3)
Total Assets	90.6	78.7	11.9
Trade Payables	(13.6)	(5.3)	(8.3)
Current Borrowings	(1.6)	(1.6)	-
Total Current Liabilities	(17.2)	(7.8)	(9.4)
Non-Current Borrowings	(10.3)	(12.5)	2.2
Total Liabilities	(27.6)	(20.3)	(7.3)
Net Assets	63.0	58.4	4.6

- ♣ Cash balance strong \$10.1m
- ♣ Trade receivables up with strong finish to FY22.
- ♣ Inventory levels to buffer current supply chain constraints
- ♣ Payables increased in line with timing of raw material purchases and demand

Melody Dairies- New Zealand

- ♣ Clover has 42% ownership of a spray drying facility in Hamilton, New Zealand
- ♣ Following a delayed start up in FY21 due to COVID-19 the facility is now fully operational
- ♣ COVID-19 continued to impact utilisation of the dryer with Clover allowed entry into NZ only since May
- ♣ Clover has been impacted by its share of the loss associated with the low utilisation during FY22 to the value of \$0.7m
- ♣ Customer audits are complete allowing our full range of products to be made
- ♣ With customer approvals in place and the current demand profile the business is projected to return to profit.



An Update on Growth Platforms



Growth Platforms

Market Development- Diversification



Growth Platform

New products driving future growth

- ♣ Clover announced the successful clinical trial results improving the IQ of pre-term infants utilising a unique DHA emulsion product. The Medical Food product is branded Premneo with a commercialisation path in development
- ♣ Clover has developed an emulsion product capable of allowing UHT drinks to be fortified with Omega 3 called Gelpform. The product is now on trial with customers
- ♣ The Company has invested in its R&D activities moving to facilities that incorporate R&D pilot production equipment to fast-track the development of new products



 Premneo®

Gelpform®

**New
Product
Development**

Growth Platform

Infant formula provides new opportunities

- ♣ Clover has worked with customers across China and the Western world to incorporate our product into their SAMAR Chinese infant formula license applications
- ♣ China's legislation requiring infant formula to contain a min 15mg/100Kcal of DHA and ARA has a commencement in Feb 2023, the license process has been hampered by COVID-19 delays
- ♣ Clover has added new infant formula business in China and Europe
- ♣ The infant formula industry appeared to recover in the second half of FY22

Focus on
Infant
Formula



Growth Platform

New market development

- ♣ Clover has achieved 125mg of DHA in a 3-gram gummy the highest in the world and is now supplying manufactures in the USA and Europe
- ♣ The company has added an employee and a new warehouse in Europe to better service opportunities
- ♣ The Company has grown its customer base across a range of food and nutraceutical applications to provide a platform for future growth
- ♣ Clover has recently launched a high vegan EPA product targeting the medical food and nutraceutical markets



**New
Market
Development**

1HFY23 Outlook & Priorities

- ♣ Managing the risk to employees, customers and suppliers continues to be the priority with COVID-19 still prevalent in our markets
- ♣ Supply chain challenges are a focus on obtaining raw materials and ensuring our customers are well serviced
- ♣ Re-engaging with customers and new opportunities through in-market visits and trade shows
- ♣ Commercialising the Premneo and GelPhorm products
- ♣ Increase vertical integration into supply chain, establishing partners in supply and logistics
- ♣ Add value through strategic acquisition and/or partnership
- ♣ 1QFY23 has continued revenue momentum from 2HFY22. Ongoing uncertainties including geo-political pressures and requirements to meet Chinese licensing may impact 2HFY23

Disclaimer

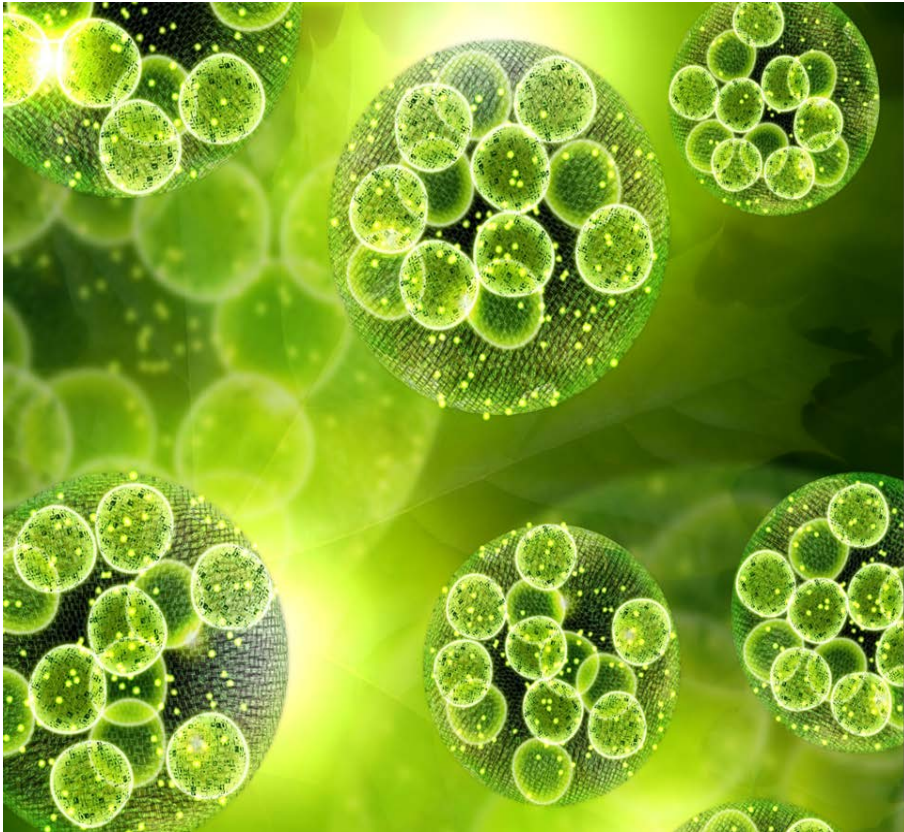
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Formal Business



Item 1 Adoption of the Annual Accounts

Item 2 – Resolution 1 Adoption of the Remuneration Report

Item 3 – Resolution 2 Re-election of Dr Simon Green

Item 4 – Resolution 3 Re-election of Mr Graeme Billings

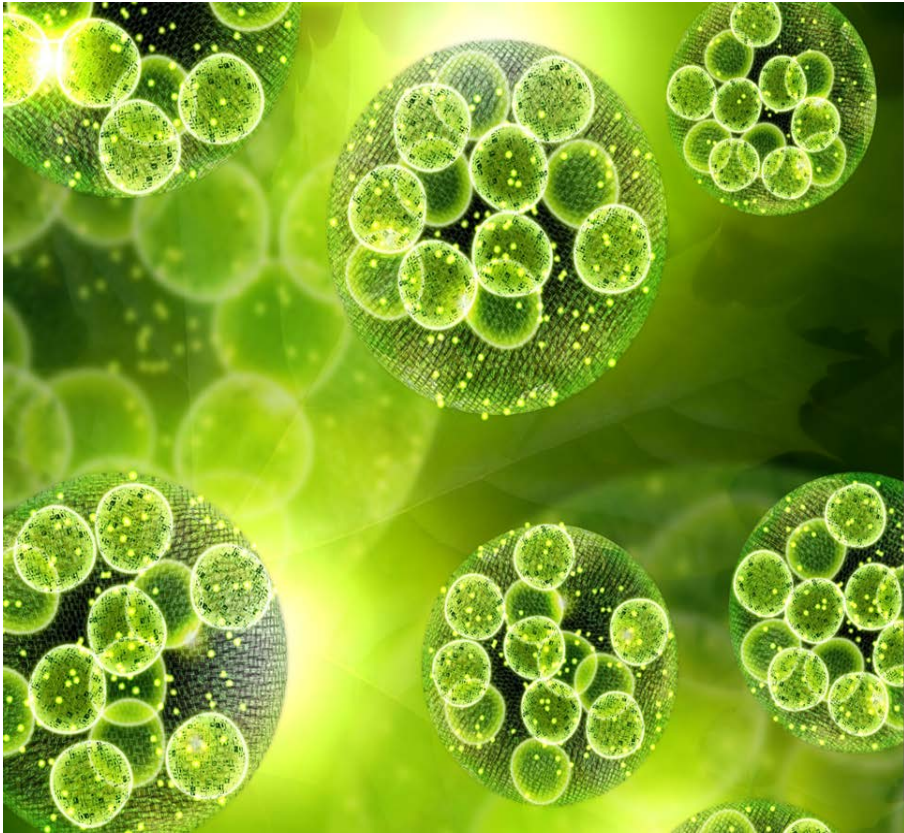
Item 5 – Resolution 4 Issue of FY23 Performance Rights

Item 6 – Resolution 5 Amendment to the Company Constitution

Questions

Item 1

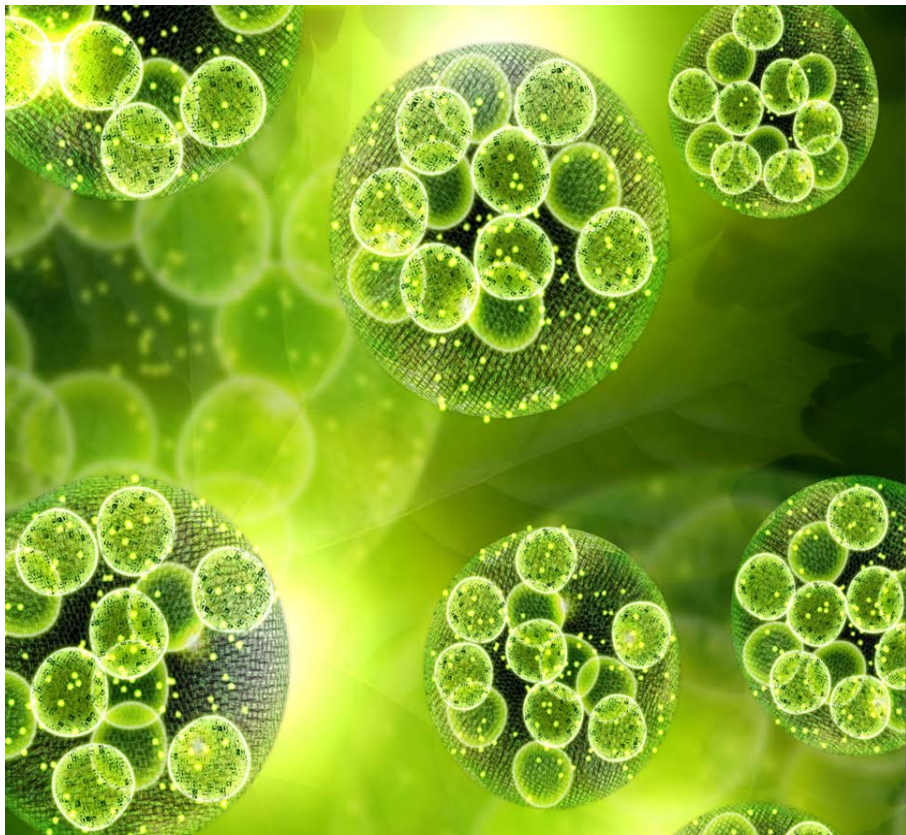
Annual Report



Adoption of Annual Report

Item 2 - Resolution 1

Remuneration Report

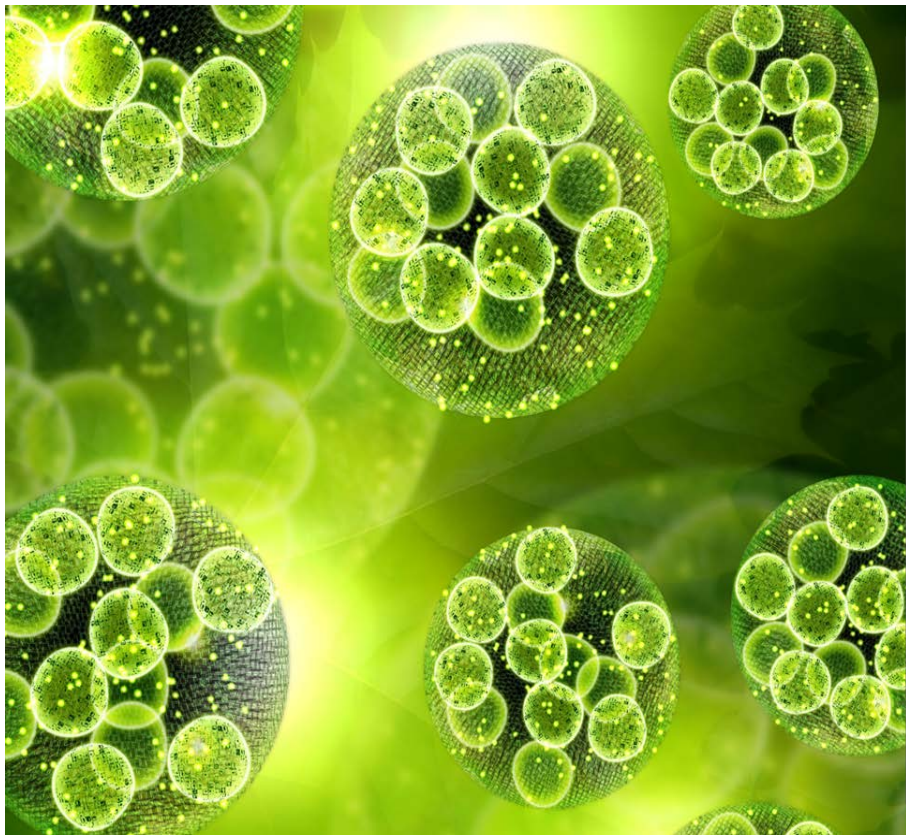


Adoption of remuneration report

That the remuneration report that forms part of the director's report for the financial year ended 31 July 2021, be adopted

Item 2 - Resolution 1

Remuneration Report

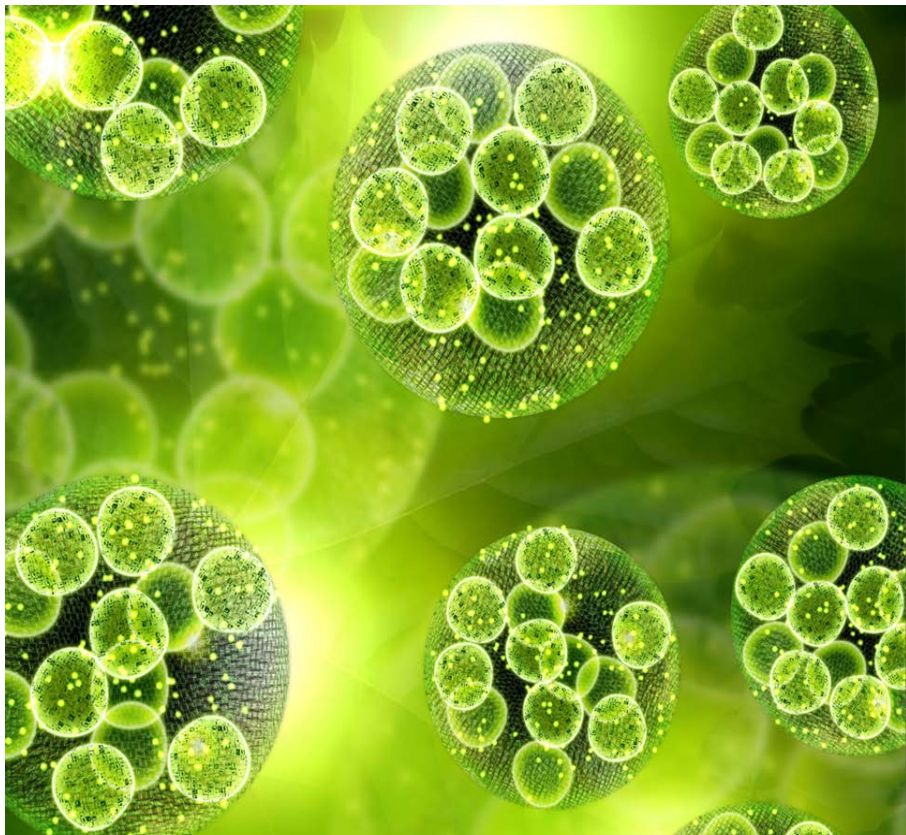


Proxy Votes

	Votes	% Voted
For	58,691,492	99.08
Against	509,532	0.86
Abstain	37,349	0.06

Item 3 - Resolution 2

Re-election of Dr Simon Green



Re-election of Dr Simon Green

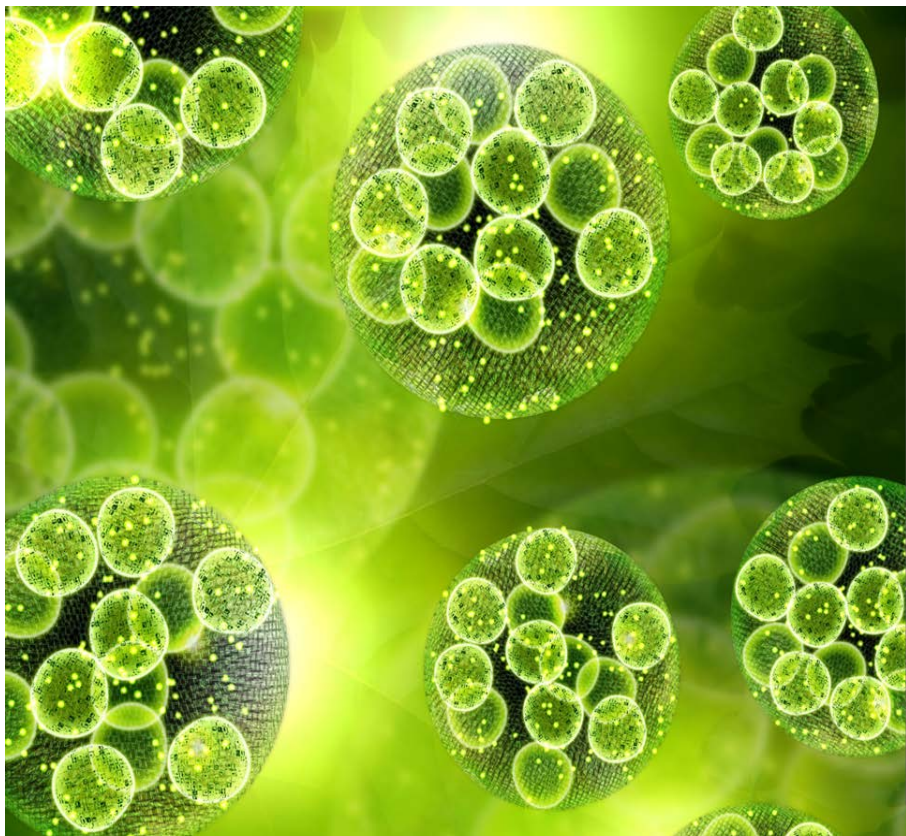
To consider and if thought fit pass the following resolution as an **ordinary resolution**

That Dr Simon Green, who retires one year ahead of this 3-year term expiration, and being eligible, stands for re-election, be re-elected as a director of the Company.

Note: The decision by Simon to retire and stand for re-election was done to address future elections where 60% of the Board would have been standing for re-election in 2023.

Item 3 - Resolution 2

Re-election of Dr Simon Green

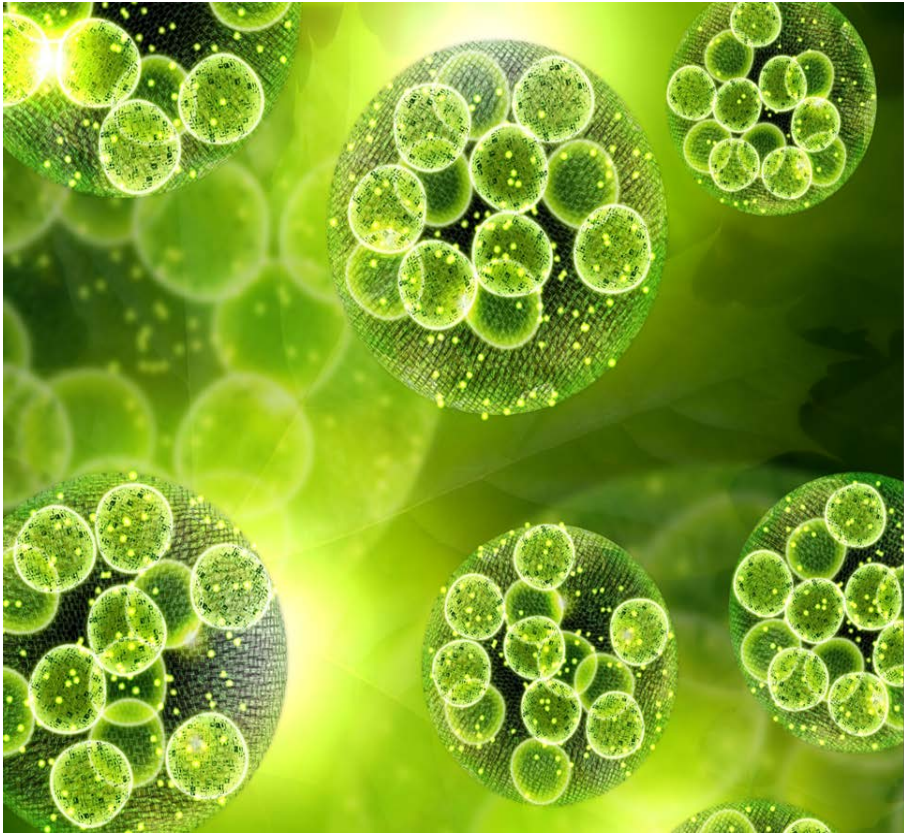


Proxy Votes

	Votes	% Voted
For	59,496,538	99.62
Against	133,969	0.23
Abstain	91,333	0.15

Item 4 - Resolution 3

Re-election of Graeme Billings



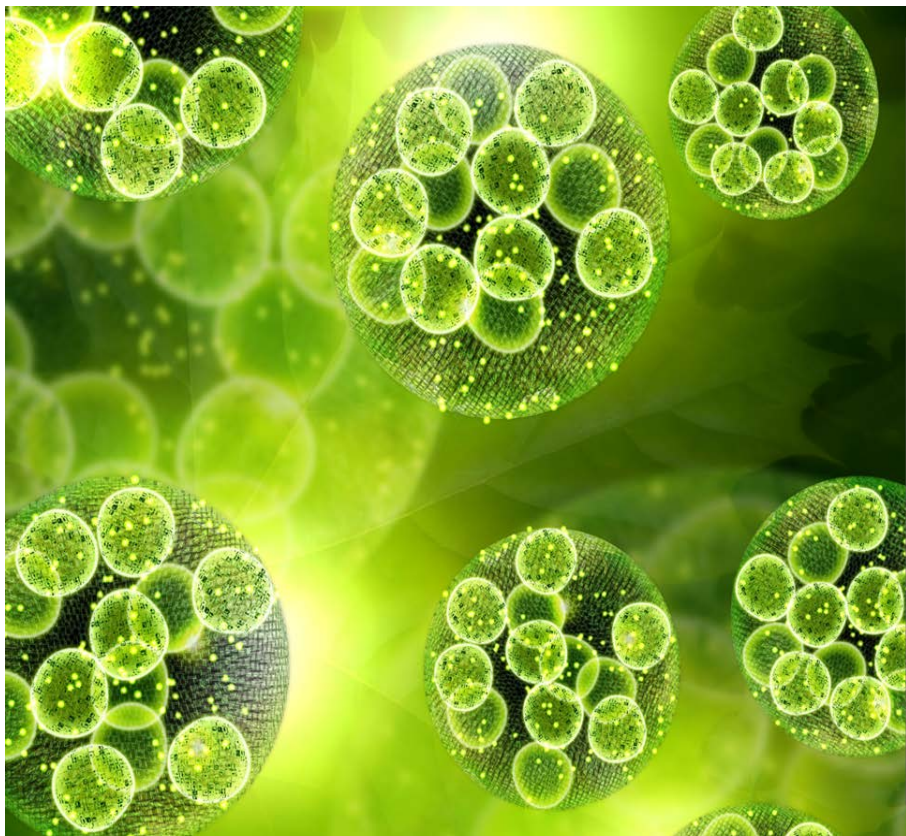
Re-election of Graeme Billings

To consider and if thought fit pass the following resolution as an **ordinary resolution**

That Mr Graeme Billings, who retires in accordance with article 16 of the Company's constitution and, being eligible, stands for re-election, be re-elected as a director of the Company.

Item 4 - Resolution 3

Re-election of Graeme Billings

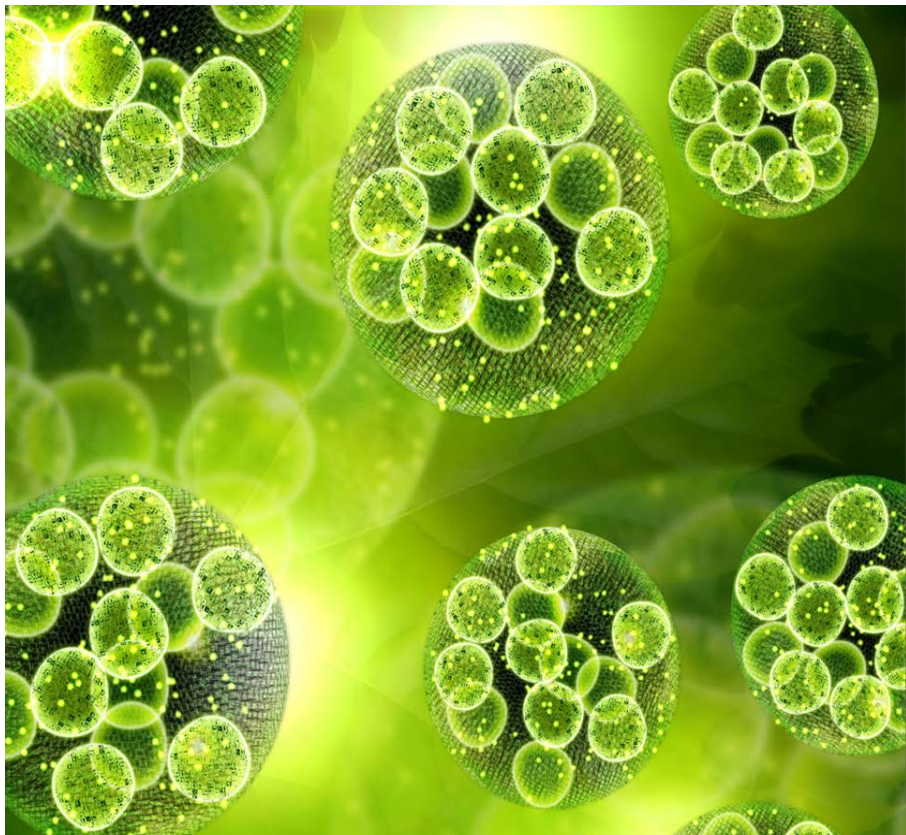


Proxy Votes

	Votes	% Voted
For	59,535,303	99.67
Against	139,169	0.23
Abstain	56,599	0.10

Item 5 - Resolution 4

Issue of FY23 Performance Rights



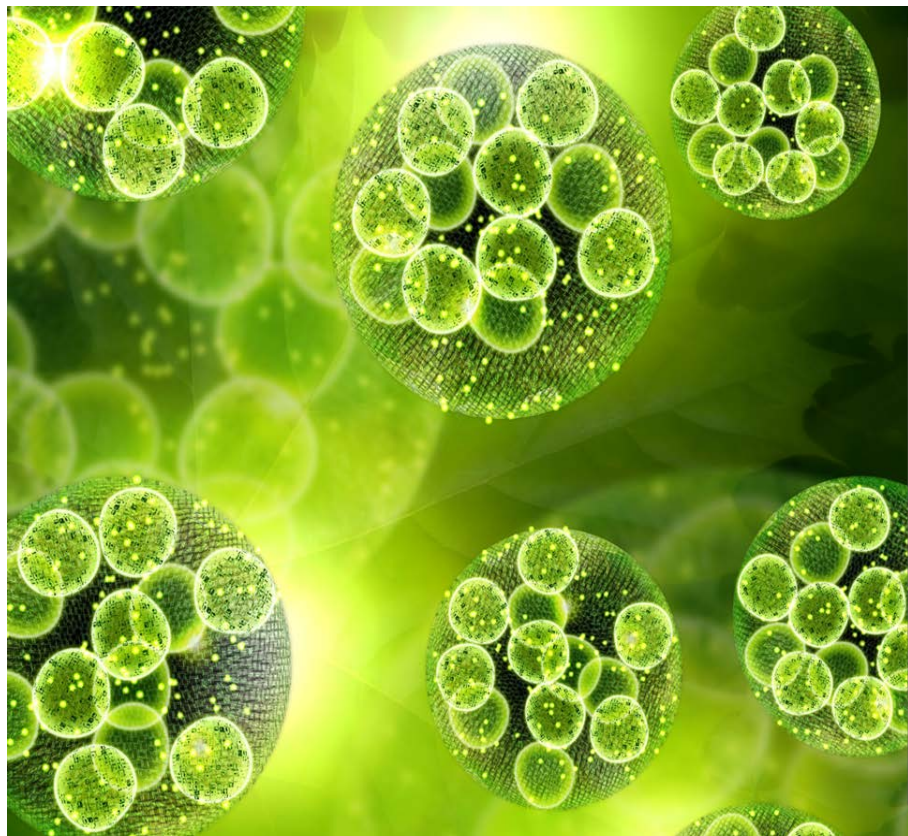
Approval of FY23 Performance Rights to be issued to the Managing Director

To consider and if thought fit pass the following resolution as an **ordinary resolution**

That for the purposes of Listing Rule 10.14, and for all other purposes, shareholders of the Company authorise and approve the issue of 250,199 Performance Rights under the FY23 LTI Plan by the Company to Mr Peter Davey, The Company's Managing Director on the terms and conditions set out in the Explanatory Memorandum.

Item 5 - Resolution 4

Issue of FY23 Performance Rights

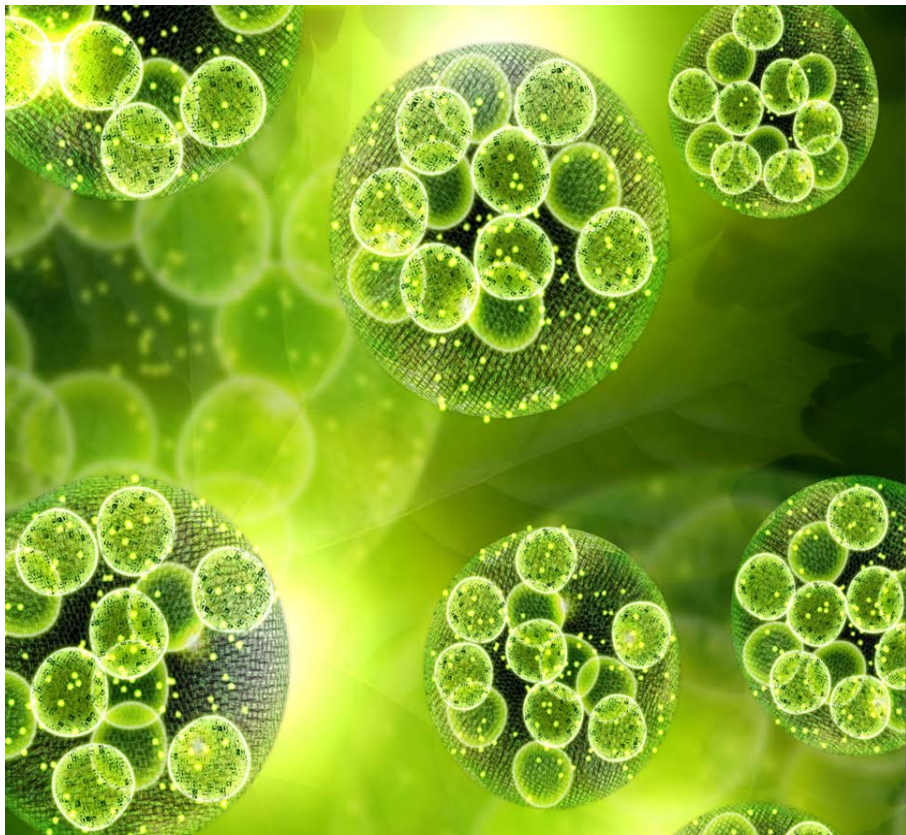


Proxy Votes

	Votes	% Voted
For	58,513,730	97.96
Against	656,694	1.10
Abstain	561,647	0.94

Item 6 – Resolution 5

Amendment to the Company's Constitution to permit Virtual Meetings



Approval to amend the Company Constitution to permit virtual meetings of members

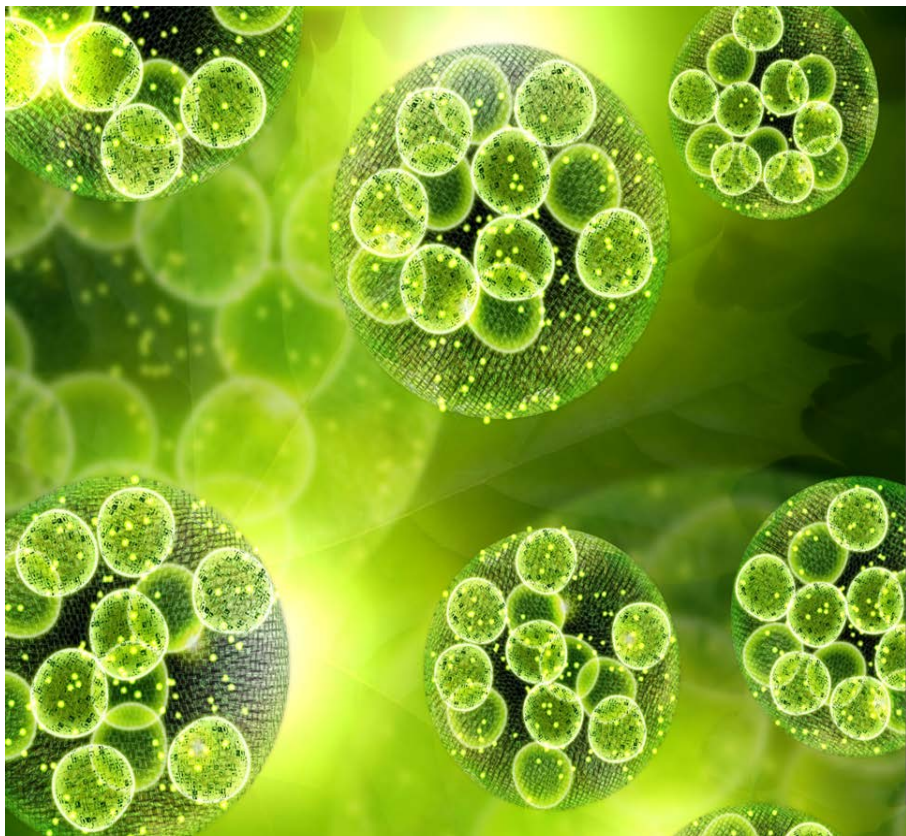
To consider and if thought fit pass the following resolution as a **special resolution**

That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the constitution of the Company be modified by inserting after article 11.2 the following:

11.2.1 *A general meeting may be held using virtual meeting technology only.*

Item 6 – Resolution 5

Amendment to the Company's Constitution to permit Virtual Meetings

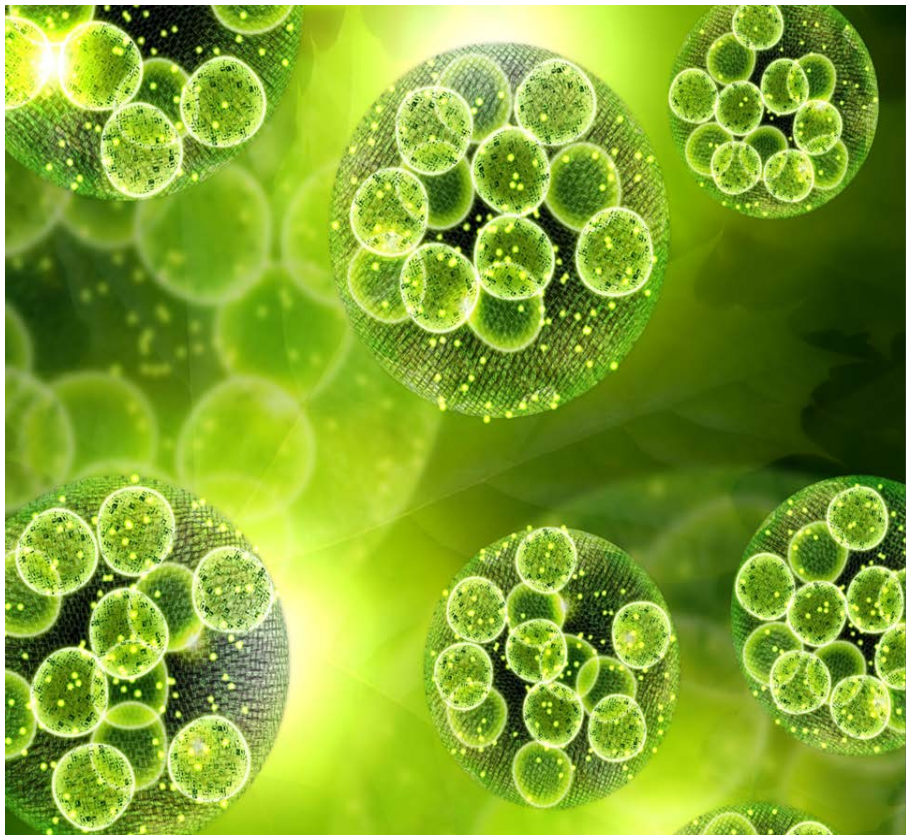


Special Resolution requiring 75% approval

Proxy Votes

	Votes	% Voted
For	38,475,812	64.42
Against	21,236,509	35.55
Abstain	18,750	0.03

Close & Questions



Questions