



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT

16 March 2022

**Clover reports results for 1HFY22
For the half year ended 31 January 2022**

- Net Sales Revenue in 1H FY2022 of \$29.7m (1H 2021: \$29.4m) an increase of 1.0%.
- Net Profit after Tax 1H FY2022 \$2.0m (1H 2021: \$2.5m) a decrease of 20.0%
- Excluding Melody Dairy costs and IP legal defence costs, an underlying NPAT 1H FY22 \$2.6m
- Clover declares dividend of 0.5 cent per share

Clover Corporation Ltd (ASX: CLV) has experienced similar trading conditions through the 1H FY2022 to the prior year, delivering revenue of \$29.7m and NPAT of \$2.0m.

Removing one-off expenses associated with legal action to protect the company's intellectual property and Melody Dairy costs if added back would result in a normalised NPAT of \$2.6m. The Company's infant formula customers market has been affected by COVID-19 restrictions, China market conditions and global freight conditions.

Clover has now been listed on several Chinese Guobiao Standards (GB) license applications for infant formula to allow the sale of product through the China retail outlets with trial orders having been received. The company expects GB licenses will be awarded over the next 6 months with full implementation of the new licensing requirement in February 2023. The company has developed relationships with all major Chinese infant formula manufacturers and created products to suit their application requirements.

The company completed its relocation of its R&D facilities to a larger facility in Brisbane allowing for additional staff and equipment that will accelerate the introduction of new products. Clover has new products that will be placed on trial with target customers in the 2HFY22 aimed at expanding markets the company serves such as Medical Foods, General Food & Drinks and Nutraceuticals.

New business development activities continued being curtailed due to travel restrictions across the period. The company has added sales staff to assist with servicing new opportunities and developed

a relationship with a major oil manufacturer to sell oil along with its encapsulated powder products. The gestation period for new sales can take years with shelf-life trials but initial sales have been achieved during the first half year.

Clover's investment in the Melody Dairies spray drying facility has had a delayed start due to COVID-19. All major customers globally have now approved the site with production levels increasing in the last 6 months. New Zealand is under strict COVID-19 rules limiting interaction and freight movement in and out of the country.

Demand in Asia has improved across the period with some countries appearing to deal with COVID-19 conditions better than others and local manufacturers taking advantage of the inability of international brands to import products. The EU, Americas and ANZ markets have been flat in demand with limited engagement opportunities.

Dividend

Based on the company's cash position Directors have decided to declare an interim fully franked dividend for 1H FY22 of 0.5 cent per share. Relevant dates for the dividend are as follows;

Ex-dividend Date: Wednesday 6 April 2022

Record Date: Thursday 7 April 2022

Payment Date: Thursday 28 April 2022

Looking forward

Clover is well positioned to take advantage of improved conditions as COVID-19's impact reduces and freight availability improves, the company has strong relationships with global and regional customers with an excellent suite of products.

Clover expects full year revenues for FY22 to be in the range of \$60m - \$70m, due to the uncertainty of COVID-19 conditions, ongoing supply chain & geo-political challenges.

For further information, please contact:

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About Clover Corporation Limited

Clover Corporation is an Australian company listed on the Australian Stock Exchange (ASX:CLV). Clover evolved from being a research and development, manufacturing and marketing company to one concentrating on forming strategic relationships focused on technology, new product development and commercialisation.

Clover's superior microencapsulation technology enables nutritional oils, such as tuna, fish, algal and fungal oils, to be added to infant formula, foods and beverages. Developed through extensive research and development, our proprietary technologies protect those sensitive oils from oxidation, allowing them to be incorporated into a range of applications. All Clover products reach the highest standards of purity, stability and performance, allowing customers to maximise and deliver nutrition.

For more information about Clover visit www.clovercorp.com.au