



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT

16 March 2021

**Clover today released its results
For the half year ended 31 January 2021**

- Net Sales Revenue in 1H FY2021 of \$29.4m (1H 2020: \$37.6m) a decrease of 21.7%.
- Net Profit after Tax 1H FY2021 \$2.5m (1H 2020: \$4.6m) a decrease of 45.8%
- Adjusted for foreign exchange impacts, Net Sales Revenue 1H FY21 \$30.3m
- Excluding Melody Dairy start-up and IP legal defence costs, an underlying NPAT 1H FY21 \$3.3m
- Clover declares dividend of 0.5 cent per share

As highlighted in last year's Annual General Meeting (AGM) Clover Corporation Ltd (ASX: CLV) has experienced difficult trading conditions through the 1H FY2021. The infant formula market has undergone a shift in demand and supply chain driven by COVID restrictions and China market conditions, to which global infant formula manufacturers are adjusting their market response. Clover today released its results for the half year ended 31 January 2021.

The company has focused on the health and safety of its employees, introducing strict processes around work practices and supply chain protection.

Clover has retained and grown its customer base, but the ongoing COVID-19 pandemic has negatively impacted customer demand. Many of the new product programs under development have been placed on hold due to customers' staff around the world working from home. Some customers have experienced reduced demand as the China market undergoes changes in supply channels due to COVID restrictions and the Daigou channel reduction, whilst minimal international travel by Chinese tourists and students has slowed the 'grey market' importation of many products including infant formula. The local Chinese market has become more competitive with local manufacturers competing on price and aggressive channel strategies.

Clovers now has staff based in markets globally to provide real time business development accompanied by solutions-based training to be delivered online in a COVID world. A new concentrated Omega 3 powder is under trial in health food applications and Clover's products are under qualification with several Chinese infant formula manufacturers.

Demand across Asia, Europe and the Americas has grown on the 1H20 comparative period, with new products, customers and health food products delivering improved revenue. However the Australian and New Zealand market has been heavily impacted by the reduced infant formula demand from China. The fundamentals of these manufacturers, their brands and product quality remain, and we expect they will adjust channel strategy to meet the changing dynamics of the market to regain their position.

The start up of Melody Dairies has been delayed by COVID with initial handover and customer audits prevented by travel restrictions. Clover is a 41.9% shareholder in the company and therefore shares in the financial outcomes of the business. The half year result has taken up a loss of \$578,000.

Dividend

Based on the company's cash position Directors have decided to declare a fully franked final dividend for 1H FY21 of 0.5 cent per share. Relevant dates for the dividend are as follows;

Ex-dividend Date: Wednesday 7 April 2021

Record Date: Thursday 8 April 2021

Payment Date: Thursday 29 April 2021

Looking forward

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.

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