



**Clover Corporation Limited**

ABN 85 003 622 866

**ASX ANNOUNCEMENT**

**14 September 2022**

## **Clover delivers a 16.8% sales improvement on the prior year**

### **Results for the year ended 31 July 2022**

- Net Sales Revenue in FY22 of \$70.7m (FY21: \$60.5m) an increase of 16.8%.
- Net Profit after Tax FY22 \$7.1m (FY21: \$6.0m) an increase of 18.8%
- Excluding the Melody Dairies operating loss and the net impact of the legal settlement, the underlying NPAT for FY22 would be \$6.9m
- Clover declares dividend of 1.0 cent per share

In the 2<sup>nd</sup> half of the year Clover Corporation Ltd (ASX: CLV) delivered \$40.9m (2H FY21 \$31.0m) as sales rebounded across all regions with international borders opening and key infant milk manufacturers order volumes lifted. The outcome for FY22 is consistent with the top end of guidance provided in the half year announcement in March 2022.

At the same time as volumes increased, challenging trading conditions remained a key area of focus. Inflationary pressure on milk proteins, freight costs and other ingredients have impacted margins which the business has been addressing through cost reduction and price increases.

Clover's infant formula customers have increased their purchases in the 2HFY22, as they have navigated their channel in the Chinese infant formula market or found new markets to sell into. The company has supported Chinese and Western infant formula manufacturers in their application for a SAMAR Chinese License which will be required from February 2023 to their products through the retail channel in China. Clover added new customers in China and Europe as companies prepare their formulations to meet the new license requirements which necessitates a minimum level of DHA at 15mg/100Kcal.

Clover has introduced new products which have added customers and established opportunities for growth as customers trial new applications in the nutraceutical, milk, medical foods and infant formula segments. The company maintains a strong pipeline of new products and customer opportunities. Clover has invested further in its R&D capability moving to a new facility adding staff and installing a pilot spray drier to increase speed to market for new product development.

The Clover partnership in Melody Dairies (MDLP), the New Zealand spray drying facility continued to experience delays in achieving its optimal performance for the full year. Manufacturing performance

improved in the last quarter following modifications to the equipment which was slowed by travel restrictions into New Zealand. The full year result has recognised a loss of \$0.7m relating to MDLP. Clover expects the FY23 year will be significantly improved for the partnership with strong forecasted demand, encapsulation production efficiencies now resolved, international access opening up and supply chain congestion easing.

## **Dividend**

Based on the company's cash position and the ongoing uncertainty with COVID-19, the Directors have decided to declare a fully franked final dividend for FY22 of 1.0 cent per share. Relevant dates for the dividend are as follows:

Ex-dividend Date: Tuesday 25 October 2022  
Record Date: Wednesday 26 October 2022  
Payment Date: Tuesday 22 November 2022

## **Looking forward**

The fundamentals of the business remain strong with exciting opportunities for growth and the development of new segments, including Gelporm and Premneo. Clover has re-engaged with existing and new customers to progress the new product and application pipeline in China, Europe, and the USA with recruitment of staff in-market and warehouse facilities.

The current inflationary pressures are expected to continue which is resulting in pricing negotiations with both contracted and non-contracted customers. Recovery of these cost increases will be lagged by movements in price and cost out programs due to long term customer contracts.

The Company maintains its focus on securing raw materials to ensure customers are well serviced. The drive for growth will be supported by vertical integration into its supply chain, establishing partners in supply and logistics.

Despite inflationary and logistics pressures, Clover has experienced a welcome return to stronger revenue.

### **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](http://www.clovercorp.com.au)