



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT

24 September 2024

Clover Corporation Reports Improved second half result for FY24

Results for the year ended 31 July 2024

Clover Corporation, a leading provider of innovative nutritional ingredients, is pleased to share its financial results for the fiscal year 2024 (FY24). Despite facing a challenging year in the global food and infant formula markets, the company saw an improved performance in the second half of the year.

- Net Sales Revenue in FY24 of \$62.2m in line with guidance (FY23: \$79.9m)
- Net Profit after Tax FY24 \$1.5m (FY23: \$6.2m)
- The second half delivered revenue of \$34.9m (1H \$27.3m) an increase of 28% on the 1HFY24 and NPAT \$2.1m 2H FY24 (1H NPAT -\$0.6m)
- Improved performance in Melody Dairies under new management
- The Ecuador facility was successfully commission on time and on budget
- The R&D team continues to focus on commercialising new products, including the recently announced Powdered Choline product
- Clover declares dividend of 0.75 cent per share

Second Half Performance:

The latter half of FY24 experienced improved demand, driven by increased sales in China, New Zealand, and Asia. Infant formula manufacturer's recovered and customers have transitioned from trials to commercialisation. Despite facing inflationary pressures, freight issues, and competitive pricing, Clover was able to focus on new customers and applications, supporting future gross margins.

Strategic Developments:

- **Ecuador Fish Oil Facility:** The newly established fish oil extraction facility in Ecuador is now operational, supplying fish oil to Australia for refining. This facility enhances Clover's vertical integration, ensuring supply, quality, and cost efficiency. Fish oil constitutes 50% of Clover's cost of goods, and this facility will help manage costs and

expand into fish meal and fish oil markets. All the fish sourced are managed within the IATTC (Inter American Tropical Tuna Commission) guidelines which follows EU standards of responsible sourcing.

- **Powdered Choline Product:** Having now successfully completed a series of trials, moving from the laboratory to scaled production, the Company has filed for IP for a unique Choline powder. The benefit to potential customers is that the unique free flowing powder removes manual handling and production challenges. Choline is essential for lipid deposition in the human body and is a specified ingredient in infant formula and used in prenatal products.
- **Premneo Product Commercialisation:** EU and ANZ regulators require a safety data study to consider our regulatory application. This study is now completed and is under expert review. Clover is confident that the conclusions will pave the way for regulatory approvals.

Clover expanded its stake in Melody Dairies (NZ) from 41.9% to 43.9% during FY24. Changes in the shareholding further aligns the focus on maximising usage of the facility. On completing the shareholder changes, Clover and SpringSheep installed a new management team with the factory achieving a small profit in the last quarter.

Commenting on the FY24 results, Peter Davey, Managing Director at Clover Corporation, stated, “We faced significant challenges in the first half, but the second half showed a remarkable turnaround with normalised customer demand. The establishment of the Ecuador facility and the improved performance of Melody are crucial steps in our vertical integration strategy. The Choline product will open new markets for Clover.”

Dividend:

Based on the Company’s underlying performance and cash position, the Directors have declared a fully franked final dividend for FY24 of 0.75 cent per share. Relevant dates for the dividend are as follows:

- **Ex-dividend Date:** Monday, 21 October 2024
- **Record Date:** Tuesday, 22 October 2024
- **Payment Date:** Monday, 18 November 2024

Looking Ahead:

As we move into FY25, Clover aims to build on the demand profile achieved in the last quarter. Diversification remains a core focus with our powders being used in the nutraceutical markets in addition to major long-term projects including Gelphorm and Premneo providing a channel for growth outside the infant formula market. At the same time the ability to extend our offering with existing infant formula customers using our unique powdered Choline product is exciting.

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