



ABN 85 003 622 866
PO Box 1111, Altona Gate, VIC 3025
39 Pinnacle Road, Altona North, VIC 3025

Clover Corporation Limited

ASX Appendix 4D

Half-Year Financial Report

31 January 2022

Lodged with the ASX under Listing Rule 4.2A

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Reporting Period

The reporting period is the half-year ended 31 January 2022 with the previous corresponding period the half-year ended 31 January 2021.

Results for Announcement to the Market

		% Change	Amount of Change \$'000		\$'000
Revenue from ordinary activities	Up	1.0%	283	to	29,726
Profit from ordinary activities after tax attributable to members	Down	20.0%	503	to	2,009
Net profit for the period attributable to members	Down	20.0%	503	to	2,009

Explanation of Operating Results

Clover Corporation Limited ("Clover Corporation") has reported a profit after tax of \$2.0 million for the half-year ended 31 January 2022 (2021: \$2.5million), a decrease of 20.0%.

For a further explanation of the half-year operating result, please refer to the Directors' Report in the financial report for the half-year ended 31 January 2022.

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – 31 July 2021	0.5 cent	0.5 cent
Interim dividend – 31 January 2022	0.5 cent	0.5 cent

NTA Backing

	31-Jan-22	31-Jul-21
Net tangible asset backing per ordinary share	35.7 cents	35.1 cents

Results for Announcement to the Market – Continued

Controlled entities acquired or disposed of

Disposed entities

No entity was disposed of during the half-year ended 31 January 2022.

Acquired entities

No entity was acquired during the half-year ended 31 January 2022.

Associate entities

Clover owns 41.9% of Melody Dairies Limited Partnership.

Additional dividend/distribution information

A fully franked final dividend of 0.5 cent per share for the period ended 31 July 2021 was paid during the half-year ended 31 January 2022. A fully franked interim dividend of 0.5 cent per share has been declared for half-year ended 31 January 2022. The record date for the dividend is Thursday 7 April 2022, with a payment date of Thursday 28 April 2022.

Dividend reinvestment plans (“DRP”)

There are no dividends or distribution reinvestment plans as at 31 January 2022.

Foreign Accounting Standards

N/A

Independent Review Report

Refer to the attached Clover Corporation Limited 31 January 2022 Half-Year Report for the Independent Review Report to the Members of Clover Corporation Limited.



ABN 85 003 622 866

REPORT
FOR THE HALF-YEAR ENDED 31 JANUARY 2022

CLOVER CORPORATION LIMITED
ABN 85 003 622 866

CORPORATE DIRECTORY

Directors

Mr Rupert A. Harrington	Non-Executive Director & Chairman
Mr Graeme A. Billings	Non-Executive Director
Mr Peter J. Davey	Managing Director & CEO – Executive
Mr Ian D. Glasson	Non-Executive Director
Ms Toni L. Brendish	Non-Executive Director
Dr Simon P. Green	Non-Executive Director

Secretary

Mr Andrew G. M. Allibon

Registered Office

39 Pinnacle Road
Altona North VIC 3025
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Auditors

PKF Melbourne
12/440 Collins St,
Melbourne VIC 3000

Share Registry

Computershare Investor Services Pty Limited
60 Carrington Street
Sydney NSW 2000

Australian Securities Exchange Code

Ordinary Shares CLV

Website

<http://www.clovercorp.com.au>

DIRECTORS' REPORT

The directors of Clover Corporation Limited (the Company) present the following report for the half-year to 31 January 2022.

Directors

The names of directors who held office during the half-year and up to the date of this report are as follows:

Mr Rupert A. Harrington	Non-Executive Director & Chairman
Mr Graeme A. Billings	Non-Executive Director
Mr Peter J. Davey	Managing Director & CEO - Executive
Mr Ian D. Glasson	Non-Executive Director
Ms Toni L. Brendish	Non-Executive Director
Dr Simon P. Green	Non-Executive Director

Review of Operations

Clover Corporation Limited (Clover) has reported a revenue increase of 1.0% to \$29.7 million (2021: \$29.4 million). This is within the guidance that we expressed in our AGM.

Clover reported Net Profit after Tax of \$2.0 million for the half-year ended 31 January 2022 (2021: \$2.5 million), a decrease of 20.0%.

Financial & Operational Highlights

- Excluding the one-off impacts of Melody Dairies and ongoing legal costs defending Intellectual Property rights, the Company would have reported an underlying, normalised NPAT of \$2.6m
- The Company has continued growing its customer base in Asia both in infant formula and nutritional markets. Whilst not apparent in the comparative numbers, the engagement and trial requests has resulted in an uplift in demand through Asia. Improved order patterns with our infant formula customers as Daigou channels navigate a path to supplying the Chinese consumer is representative of this growth.
- Clover has been listed as an ingredient in Chinese GB infant formula license applications with first trial orders received. The licenses come into effect in 2023.
- The Company completed its R&D laboratory move into a larger facility in QLD enabling additional people and process technology to improve our customers' experience and speed to market.
- The Company has been able to complete trial programs in NZ qualifying all accounts in NZ and with our global customers best serviced by our 41.9% investment in spray drying at Melody Dairies. This paves the way for strategic ongoing development in products to enter new markets which will be placed on trial with target customers in 2H FY22.
- Clover has continued to manage discretionary expenditure in a controlled manner whilst looking to the future. The ongoing legal costs, combined with external engagement on our growth agenda and continued R&D focus is reflected in the year on year increase of \$1.3m. Continuing litigation and enforcement of Clover's intellectual property rights against Pharmamark Nutrition Pty Ltd and an individual has resulted in \$0.6m more being spent relative to 1H FY21.

DIRECTORS' REPORT continued

- The Company has recognised an adverse \$95,000 impact for losses incurred by the Melody Dairies Limited Partnership (MLDP) for the first half of FY22 (loss \$578,000 FY21). The loss by MLDP attributable to low levels of production in the first two months of the financial year from COVID-19 implications.
- Disruptions with global Supply Chain constraints has been a continual challenge both for inbound and outbound logistics for the Company and our customers. We have maintained ongoing supply and supported our customers through this time with the higher levels of inventory to respond to fluctuations in demand to ensure our customers' orders are being met.
- 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.
- The Company's balance sheet remains strong with cash at \$8.0m.

Dividend

After careful consideration of the Company's short-term cash requirements, the Board has declared a fully franked interim dividend of 0.5 cent per share in respect of the financial period ended 31 January 2022.

For more information please refer to:
www.clovercorp.com.au

Rounding of Amounts

The economic entity has applied the relief available to it in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditors Independence Declaration

The auditor's independence declaration for the half-year ended 31 January 2022 has been received and is set out on page 18.

This report is signed in accordance with a resolution of the directors.



Rupert Harrington
Chairman
Melbourne

Date: 16 March 2022

Clover Corporation Limited
Half-Year ended 31 January 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR TO 31 JANUARY 2022**

	Notes	31-Jan-22 \$'000	31-Jan-21 \$'000
Revenue	3	29,726	29,443
Other income/(expense)	2	(99)	(269)
Interest expense		(226)	(220)
Raw materials, consumables and conversion costs		(20,574)	(20,447)
Sales and marketing expenses		(1,661)	(1,569)
Administration and corporate expenses		(3,044)	(1,854)
Research and development expenses		(1,237)	(1,211)
Share of net profit of investments accounted for under the equity investment method		<u>(95)</u>	<u>(578)</u>
Profit before income tax		2,791	3,295
Income tax expense		<u>(782)</u>	<u>(783)</u>
Profit after tax for the period		<u>2,009</u>	<u>2,512</u>
Other comprehensive income			
Foreign currency translation adjustment		<u>(210)</u>	<u>(21)</u>
Other comprehensive income for the period		<u>(210)</u>	<u>(21)</u>
Total comprehensive income for the period		<u>1,799</u>	<u>2,491</u>
Earnings per share (EPS)			
Basic earnings per share (cent per share)		1.21	1.51
Diluted earnings per share (cent per share)		1.20	1.50

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Clover Corporation Limited
Half-Year ended 31 January 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022

	Notes	31-Jan-22 \$'000	31-Jul-21 \$'000
Current Assets			
Cash and cash equivalents		7,979	9,091
Trade and other receivables		13,435	13,265
Inventories		32,321	30,777
Other current assets		613	1,173
Income tax prepaid		165	431
		<u>54,513</u>	<u>54,737</u>
Non-Current Assets			
Property, plant and equipment		7,451	6,994
Assets under use		1,220	1,108
Investments in Associates		12,822	13,072
Deferred tax assets		865	914
Intangible assets		1,907	1,907
		<u>24,265</u>	<u>23,995</u>
Total Assets		<u>78,778</u>	<u>78,732</u>
Current Liabilities			
Trade and other payables		5,243	5,295
Interest bearing liabilities		1,708	1,623
Lease liability		138	113
Current tax liabilities		-	-
Short-term provisions		781	807
		<u>7,870</u>	<u>7,838</u>
Non-Current Liabilities			
Interest bearing liabilities		10,399	11,454
Lease Liability		1,093	996
Long-term provisions		32	28
		<u>11,524</u>	<u>12,478</u>
Total Liabilities		<u>19,394</u>	<u>20,316</u>
Net Assets		<u>59,383</u>	<u>58,416</u>
Equity			
Issued Capital	4	35,603	35,603
Reserves		(376)	(166)
Retained Profits		24,156	22,979
		<u>59,383</u>	<u>58,416</u>
Total Equity		<u>59,383</u>	<u>58,416</u>

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Clover Corporation Limited
Half-Year ended 31 January 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR TO 31 JANUARY 2022

	Issued Capital \$'000	Retained Profits/ (Accumulated Losses) \$'000	Share- based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 1 August 2020	35,368	21,964	389	(152)	57,569
Profit for the period	-	2,512	-	-	2,512
Dividend paid (Note 5)	-	(4,158)	-	-	(4,158)
Share-based payment	-	-	(4)	-	(4)
Foreign currency translation	-	-	-	(21)	(21)
Balance at 31 January 2021	35,368	20,318	385	(173)	55,898
Balance at 1 August 2021	35,603	22,979	-	(166)	58,416
Profit for the period	-	2,009	-	-	2,009
Dividend paid (Note 5)	-	(832)	-	-	(832)
Share-based payment	-	-	-	-	-
Foreign currency translation	-	-	-	(210)	(210)
Balance at 31 January 2022	35,603	24,156	-	(376)	59,383

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Clover Corporation Limited
Half-Year ended 31 January 2022

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR TO 31 JANUARY 2022

	Note	31-Jan-22 \$ '000	31-Jan-21 \$ '000
Cash flows from operating activities			
Receipts from customers		29,556	37,049
Payments to suppliers and employees		(27,356)	(28,437)
Interest paid		(241)	(220)
Income tax paid		(467)	(1,978)
Net cash inflow from operating activities		<u>1,492</u>	<u>6,414</u>
Cash flows from investing activities			
Purchases of plant and equipment		(856)	(805)
Investment in Associates		-	-
Net cash outflow from investing activities		<u>(856)</u>	<u>(805)</u>
Cash flows from financing activities			
Dividends paid	5	(832)	(4,158)
Lease liability payments		(66)	(57)
Repayment of interest-bearing liabilities		(851)	(820)
Receipt of interest-bearing liabilities		-	-
Net cash inflow from financing activities		<u>(1,749)</u>	<u>(5,035)</u>
Net (decrease)/increase in cash held		(1,112)	574
Cash at the beginning of the period		<u>9,091</u>	<u>9,241</u>
Cash at the end of the period		<u>7,979</u>	<u>9,815</u>

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR TO 31 JANUARY 2022

1. Significant accounting policies

Basis of preparation

The financial report of Clover Corporation Limited ('the Company') and its controlled entities ('the Group') for the half-year ended 31 January 2022 is a condensed general purpose financial report, prepared by a 'for-profit' entity in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. The Financial Statements were authorised for issue in accordance with a resolution of the directors on 15 March 2022.

The half-year financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 July 2021, and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the ASX listing rules.

The Company has applied the relief available to it in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly amounts in the financial statements and the directors' report have been rounded off to the nearest thousand Australian dollars, unless otherwise stated.

The accounting policies adopted in the preparation of the half-year financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 July 2021, except for the impact, if any, of adoption of new standards and interpretations noted below.

New/Amended Accounting Standards and Interpretations

(i) New standards and interpretations

In the half-year the Group has reviewed all of the revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for annual reporting periods beginning on or after 1 August 2021.

(ii) Early adoption of standards

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Clover Corporation Limited
Half-Year ended 31 January 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR TO 31 JANUARY 2022

	31-Jan-22	31-Jan-21
	\$'000	\$'000
2. Operating Result		
Profit before income tax expense includes the following items of income and expense which, together with other disclosures in this report are relevant in explaining the financial performance for the half-year:		
Other income/(expense):		
Foreign exchange gain/(loss)	(99)	(269)
Interest (expense)	(241)	(220)
Depreciation and amortisation expenses	(412)	(303)

3. Revenue

The disaggregation of revenue from contracts with customers is as follows:

Timing of revenue:		
Goods transferred at a point in time	29,726	29,443

4. Issued Capital

	<u>31-Jan-22</u>	<u>31-Jul-21</u>
Ordinary shares on issue:		
Number of shares	166,439,311	166,439,311
	\$'000	\$'000
Value of shares	35,603	35,603

Clover Corporation Limited
Half-Year ended 31 January 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR TO 31 JANUARY 2022 (continued)

	31-Jan-22	31-Jan-21
	\$'000	\$'000
5. Dividends		
(a) Dividends paid during the half-year		
Final dividend for the period ended 31 July 2021 of 0.5 cent per share (31 July 2020: 2.5 cent per share) fully franked at the tax rate 30%.	(832)	(4,158)

(b) Dividends declared

On 16 November 2021, the Company paid the final dividend in respect of the year ended 31 July 2021 of 0.5 cent per share (31 July 2020: final dividend 2.5 cent per share).

The Directors have declared a fully franked interim dividend of 0.5 cent per share in respect of the financial period ended 31 January 2022.

6. Events subsequent to reporting date

On 3 March 2022, Clover Corporation Limited reached settlement in legal proceedings against a former employee and Pharmamark Nutrition Pty Ltd. Under the terms of settlement, the Company will be paid \$500,000 in damages and a further sum which is expected to be more than \$900,000. These amounts are not recognised in 31 January 2022 result, but will be recognised in the full year financial accounts.

No other matters or circumstance has arisen since 31 January 2022 up to the date of this report that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Clover Corporation Limited
Half-Year ended 31 January 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR TO 31 JANUARY 2022 (continued)

7. Geographical Information

Revenues from external customers by domestic and export location of operations and information about its non-current assets by location of assets is shown in the following table.

	Revenue from external customers		Non-current assets	
	Jan 2022 \$'000	Jan 2021 \$'000	Jan 2022 \$'000	Jul 2021 \$'000
Australia/NZ	10,270	11,362	23,132	23,738
Asia	12,665	11,272	-	-
Europe	4,390	4,506	-	-
Americas	2,401	2,303	268	-
Total	29,726	29,443	23,400	23,738

8. Contingencies

Litigation has been continued by the Company (and its subsidiary) against an individual and Pharmamark Nutrition Pty Ltd. During the half-year ended 31 January 2022 the Company continued to incur legal and other expenses in conducting the litigation, and this is expected to continue until the matter is resolved.

The company will continue incurring legal costs in finalising the matter which has been noted in Note 6 as having reached a settlement subsequent to the half year ended 31 January 2022. These costs will be recognised as they are incurred, with settlement monies also recorded as they are actioned in accordance with a Settlement Deed. Accordingly, no contingent liability or contingent asset is considered necessary with this matter having been resolved

9. Capital Commitments

There are no capital commitments

Clover Corporation Limited
Half-Year ended 31 January 2022

DIRECTORS'
DECLARATION

In accordance with a resolution of the directors of Clover Corporation Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity as set out in this financial report:
 - 1. give a true and fair view of the consolidated entity's financial position as at 31 January 2022 and of its performance for the half-year ended on that date; and
 - 2. comply with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001; and

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Rupert Harrington
Chairman

Melbourne
16 March 2022

Independent Auditor's Review Report to the Members of Clover Corporation Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Clover Corporation Limited (the Company) and its subsidiaries (collectively, the Group) which comprises the statement of financial position as at 31 January 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 January 2022 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 January 2022 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



PKF
Melbourne, 16 March 2022



Kenneth Weldin
Partner

Auditor's Independence Declaration to the Directors of Clover Corporation Limited

In relation to our review of the financial report of Clover Corporation Limited for the half-year ended 31 January 2022, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of Clover Corporation Limited and the entities it controlled during the financial period.



PKF
Melbourne, 16 March 2021



Kenneth Weldin
Partner