



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT

23 November 2023

The Chairman's Address

Dear Shareholders,

The past financial year has been a challenging but positive one for Clover. We experienced outstanding growth in the first half, reaching \$44million. This was partly driven by manufacturers building inventories in anticipation of the introduction of the GB licenses in China that enabled them to continue sales whilst applying for their licenses. Many international and Chinese manufacturers have acquired GB licenses and have initiated the production and sale of new GB licensed product. However, there is still an overhang of old stock that is slowing our sales. Peter will elaborate further on this shortly. Overall, we reported a 13% year on year revenue growth.

Growth through product innovation continues to be a strong focus for Clover. The R&D team is making best use of the new laboratory and pilot drying facilities completed during the prior financial year to accelerate new product developments. Our current focus is developing encapsulated products incorporating Choline, Probiotics and other bioactives that expand identified market opportunities for our customers.

We initiated the commercialisation of Premneo. This product offers the potential to significantly improve the IQ of preterm babies fed with Clover's unique Omega 3 emulsion as reported in the New England Journal of Medicine. Distributors have been identified, regulatory challenges are being addressed and potential manufacturing partners are being assessed. Business

development in this sector requires diligence and patience, however we are encouraged by the positive response from the neonatal clinicians.

We have progressed with the commercialisation of Gelphorm, our DHA emulsion designed to fortify UHT drinks. Now on shelves in the USA in a UHT non-dairy milk and on trial with customers in USA and Asia.

Our new product development programs continue to provide growth opportunities outside the infant formula sector.

The commercialisation lead time for products developed by Clover remains lengthy due to accreditation processes and shelf-life testing. Our priority is to develop products that provide a solution to an existing customer problem and a substantial market opportunity. Our experience is that such products generally have a strong sustainable competitive market position once in use.

We are confident that our strategic investment in Melody Dairies will meet our investment objectives, following recent shareholder and management changes.

As a global niche business, we are exposed to geopolitical, supply chain and other macro market issues. At times of uncertainty this has a negative impact on our working capital. The current transition in the significant China infant formula market is positive for our products, and we believe that this will provide opportunities for Clover. Our encapsulated DHA powder is approved for use in the GB licenses of the top 5 Infant Formula manufacturers in China.

On behalf of the Board of Directors, I extend my sincere thanks to you, our shareholders, for your continued support. I also want to acknowledge the dedication of our employees and management in responding to the fluctuating demands of our customers throughout the year.

Rupert Harrington, Chairman