



19 December 2024

Bank covenant waiver and trading update

Comvita Limited (NZX:CVT) provides an update on its Q2 FY25 covenants and underlying trading performance as the close of half year (H1FY25) approaches.

Bank Covenant update

Comvita confirms that its bank syndicate has a revised covenant package for its Q2 FY25 covenants (to be tested as at 31 December 2024).

As we announced at our Annual Shareholder Meeting, we do not consider that our present covenant structure is appropriate in the current circumstances. Without further covenant relief or amendment of our covenant structure, our present covenants (to be tested in Q3 and Q4) would not be met. However, we remain in productive discussions with our bank syndicate and we expect those discussions to continue as we progress through the balance of the financial year.

Half-year trading update

Comvita has broadly maintained its revenue through the first half of the year, despite a challenging global macroeconomic environment, suppressed consumer spending, and in-market deep discounting by entry level honey labels. The impact of aggressive competition and the associated pressure on gross margin will result in NPAT for H1 in the order of -\$6.5M to -\$7.5M (H1FY24: -\$3.2M loss).

Brett Hewlett, CEO comments “We continue to make progress on our cost out and restructuring initiatives, with the majority of that benefit falling into the second half. We have made the decision to revert to distributor models in UK and Europe. We are significantly simplifying our operations in North America and in China and have disestablished the two Regional CEO roles. In total, the Leadership Team will be reduced by four. Structural changes have already been implemented in our Forest management and Apiary business subsidiaries ahead of this season that are expected to provide greater efficiencies in the short to near term. The annualised benefit for these structural changes will be realised in FY26.”

“Progress is also being made in relation to inventory levels. Comvita’s inventory levels will be circa \$125M (H1FY24: \$143M). We expect a net positive operating cash flow over our first half. Our net debt is expected to remain flat against pcp, with debt reduction remaining a priority for the second half.”

Comvita will provide a more fulsome update on its cost out and restructuring initiatives, and progress on strategic initiatives, when it reports its half year results in late-February.

Bridget Coates
Board Chair

Brett Hewlett
CEO

ENDS.



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Background information

Comvita (NZX:CVT) was founded in 1974/5, with a purpose to heal and protect the world through the natural power of the hive. With a team of 550+ people globally, united with more than 1.6 billion bees, we are the global market leader in Mānuka honey and bee consumer goods. Seeking to understand, but never to alter, we test and verify all our bee-product ingredients are of the highest quality in our own government-recognised and accredited laboratory. We are growing scientific knowledge on Mānuka trees, the many benefits of Mānuka honey and propolis and bee welfare. We have planted millions of native trees, improving our natural ecosystems and biodiversity, and mitigating climate change in conjunction with our focus on carbon emissions reduction, while helping ensure the supply of high quality Mānuka honey. In 2023 Comvita was certified B Corp, a global community of like-minded companies that strive to balance profit with purpose, seeking to use business as a force for good. Comvita has operations in Australia, China, North America, Southeast Asia, and Europe – and of course, Aotearoa New Zealand, where our bees are thriving.