

INVESTOR PRESENTATION  
HALF YEAR RESULTS FY25

# Back to basics

PRESENTED BY:  
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25 February 2025



IMPORTANT

# Notice

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- Should be read in conjunction with, and is subject to, Comvita's Annual Reports, Interim Reports and market releases on NZX;
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- All currency amounts are in NZ dollars unless otherwise stated.

# Summary

## Back to basics

- Market / industry remains challenging
- Back to basics – repositioning business for new reality
- Culture reset – Trust and transparency, tighter controls
- Stabilisation of business with focus on NC and FCF
- Improving operational efficiencies
- Market Outlook steadily improving into FY26



# Performance stabilising

Cash flow improving as we refine our operations

## Revenue

\$99.7 M

(5.3%) vs PCP\*

## Gross Profit

\$50.5 M

(20.1%) vs PCP\*

## Opex

\$56.0 M

(8.5%) vs PCP\*

## NPAT

(\$6.5 M)

(164%) vs PCP\*

## Inventory

\$120.8 M

(\$23M) vs PCP\*

## Net Debt

\$81.6 M

\$85.8M in PCP\* &  
\$79.7M end June 24\*

## Operating Cash Flow

\$9.8 M

+\$16M vs PCP\*

## Free Cash Flow

\$2.0 M

+\$27.9M vs PCP\*

\* PCP & June 24 Restated

# Accounting irregularities

- **Information identified in late 2024** regarding reliability of some sales and accounts receivable balances in FY23/24 led to internal review by Comvita and independent external review by Big4 accounting firm.
- **Reviews identified that balances were overstated** and required adjustment. Additional under-accruals of expenses related to prior periods also identified.
- **Market update (9 Dec 2024):** Disclosed accounting irregularities in China subsidiary. Likely impact of \$1M NPAT in both FY23 and FY24, with review ongoing.
- **Market update (10 Feb 2025):** Additional irregularities identified of \$2M NPAT in FY24. Total impact therefore \$1M NPAT in FY23 and \$3M in FY24.
- **Accountability measures** have been implemented and are ongoing.
- **Tightened controls, procedures, policies.**
- **Changes to the China organisation structure and reporting lines.**

## Financial Restatements Prior Year Adjustments

FOR THE YEAR ENDED	FY-2024			
	30 June 2024	Sales and Sales Expenses	Inventory	30 June 2024
NZD 000's	Reported	Adj.	Adj.	Restated
Revenue	204,341	(3,658)	-	200,683
Gross Profit	112,389	(2,250)	(1,259)	108,880
Gross Profit %*	55.0%			54.3%
Sales Variable	27,096	(439)	-	26,657
Operating Profit	(81,889)	(2,689)	(1,259)	(85,837)
Reported NPAT	(77,388)	(2,123)	(906)	(80,417)

FOR THE YEAR ENDED	FY-2023			
	30 June 2023	Sales and Sales Expenses	Inventory	30 June 2023
NZD 000's	Reported	Adj.	Adj.	Restated
Revenue	234,195	(2,747)		231,448
Gross Profit	135,760	(1,496)		134,264
Gross Profit %	58.0%			58.0%
Sales Variable	25,654	(330)		25,324
Operating Profit	23,920	(1,167)		22,753
Reported NPAT	11,062	(865)		10,197

# Update on Bank Discussions

Discussions remain ongoing with our Bank Syndicate

- Our **current financial performance** does not enable us to achieve our current Bank Syndicate covenants
- We agreed a **revised bank covenant structure** for 31 December 2024 with all revised covenants being met
- Without **further covenant relief** certain of our Q3 (test date 31 March 2025) and Q4 (test date 30 June 2025) covenants will not be met
- We remain in **ongoing discussions** with our bank syndicate
- A **further market update** will be provided in advance of the next covenant test date of 31 March 2025



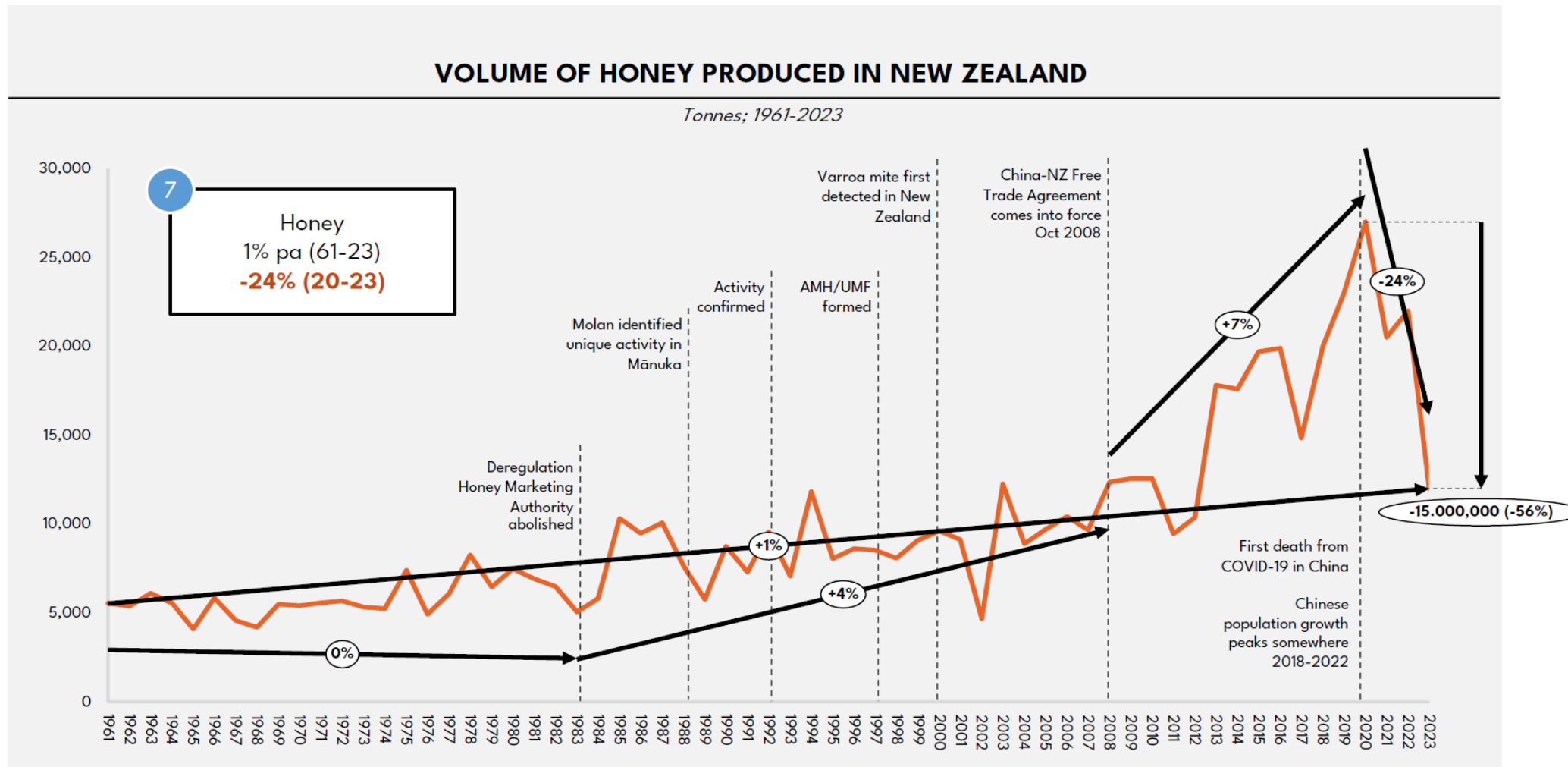
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# Market and Industry



# Industry dynamics

Honey production fell 56% between 2020 and 2023



Note: any missing data extrapolated; Source: Assure Quality; Ministry for Primary Industries; Ministry of Agriculture; Department of Agriculture; Honey Marketing Authority; Statistics New Zealand; Department of Statistics; Coriolis modelling, classifications and analysis

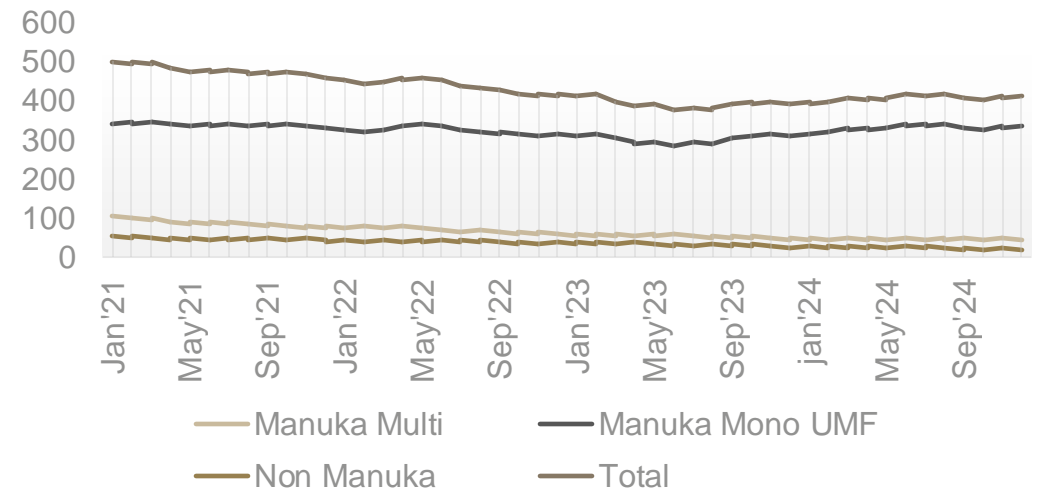


# Industry dynamics

A crisis for some and an opportunity for others

- **Industry regulation and oversight** is proceeding with a merger of the three existing industry bodies
- Unsustainable "**price-dumping**" taking place to move industry-wide surpluses of raw honey and finished goods in-market
- **Right sizing of supply** will see a steady unwind of the glut over the next 1-2 years resetting wholesale honey prices
- Security of supply, quality-assurance and credible ESG now **minimum requirements to participate** for exporters
- Security of supply from quality land and forest resources remains the **economic sustainability KSF** for apiary businesses and brands

Export Value MAT (m) - Total for all countries



Source: MPI Export Data

# Market dynamics

The Category continues to grow and evolve

- **Cautious consumer sentiment** in China appears to have stabilised but remains soft
- **Heavy price discounting** by new entrant Manuka brands continues
- The **Manuka Honey category is growing globally**
- **Category is segmenting** into every-day value, super-premium, healthy snacking, healthcare and personal care products
- Large global warehouse clubs and super discounters see **big opportunities in the Manuka honey category**
- **Large Digital platforms** enable rapid easy entry growth, but **often not profitably** for brand owners?
- **Premium offline retailers are evolving** at pace offering **omni-channel** exceptional shopping and emotional experiences



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# Segment Performance



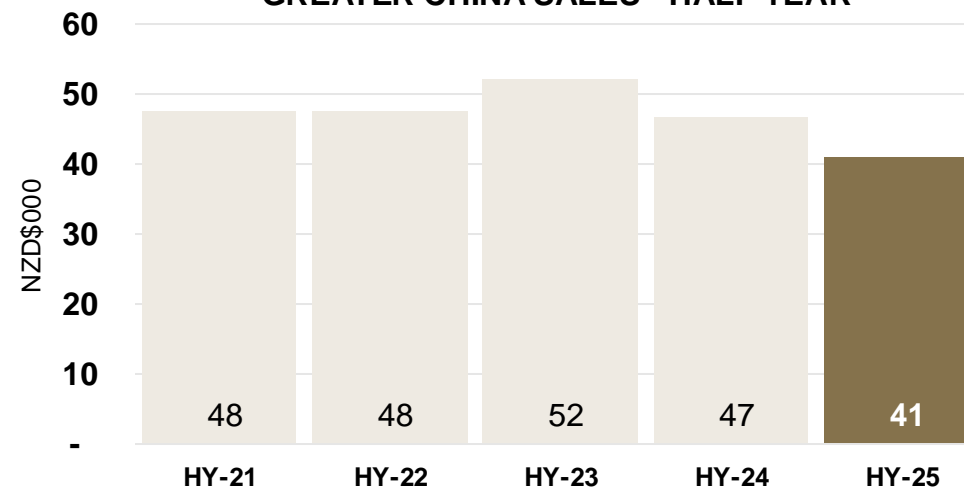


# GREATER CHINA

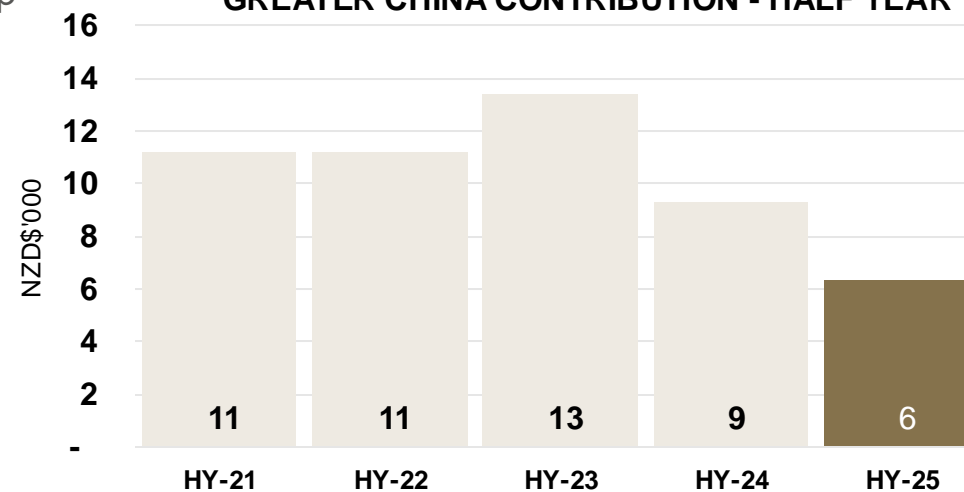
- Depressed **consumer sentiment** and aggressive **competitor price promotions** impacting revenue
- Economic outlook remains soft – positive on long-term prospects
- Gross margin stable as we **leverage our omni-channel** capability
- **#1 premium** health & wellness brand position remains safe
- Regional NPD to increase category reach and relevance
- Simplifying and **streamlining organisation** structure
- Tighter internal controls with finance Greater China reporting directly to Group CFO

NZD 000s	1H25	1H24 Restated	Variance	Vs. Pcp
Sales	41,190	46,931	(5,741)	(12.2%)
Net Contribution	6,309	9,289	(2,980)	(32.1%)
Net Contribution %	15.3%	19.8%		(4.5%)

GREATER CHINA SALES - HALF YEAR



GREATER CHINA CONTRIBUTION - HALF YEAR



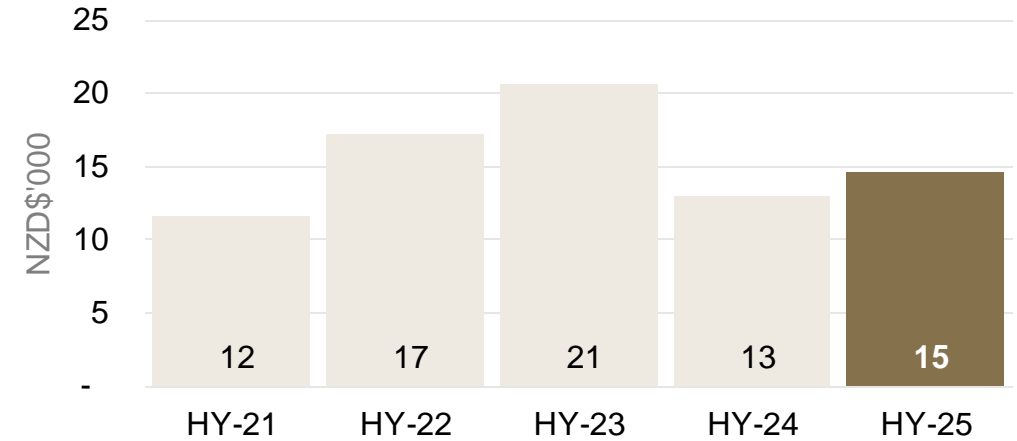


## NORTH AMERICA

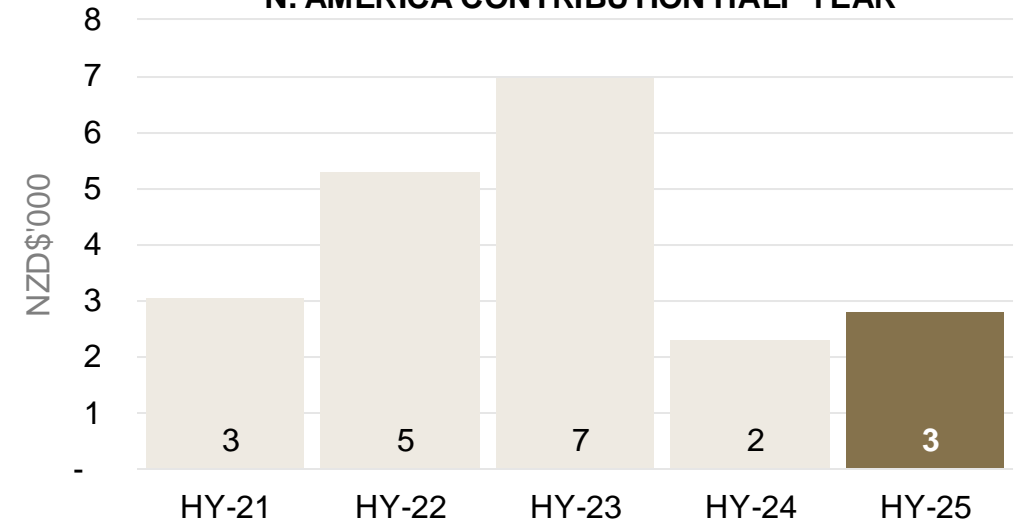
- **Category growing and evolving**
- Continued growth in both offline & online channels
- Total revenue up 12% vs PCP
- Regaining market share
- Confirmed **return of lost territory** with largest club retailer
- Differentiated brand value proposition and product positioning to suit North America consumer requirements
- **Simplified organisation structure and focused distribution model**

NZD 000s	1H25	1H24	Variance	Vs. pcp
Sales	14,592	13,029	1,563	12.0%
Net Contribution	2,791	2,298	493	21.5%
Net Contribution %	19.1%	17.6%		1.5%

### N. AMERICA SALES HALF YEAR



### N. AMERICA CONTRIBUTION HALF YEAR





## REST OF WORLD

### Rest of Asia sales +\$2.9M or 14.9%

- Challenging environment with **heavy competitor discounting**
- **Strength in Omni-channel** and regional product innovation
- Retail holding up **premium brand image**

### ANZ sales decreased -\$3.7M or -19.4%

- **Low priced competition** targeting entry points
- Pricing and softened demand in China **challenging x-border/daigou**
- Underlying domestic **sales stabilised** and returning to growth

### EMEA sales decreased -\$0.2M or -8.0%

- Switch to **distributor business model**
- Softer outlook but with +ve net contribution

	NZD 000s	1H25	1H24 Restated	Variance	Vs. pcp
Rest of Asia	Sales	22,075	19,213	2,862	14.9%
	Net Contribution	1,822	2,600	(778)	(29.9%)
	Net Contribution %	8.3%	13.5%		(5.2%)
ANZ	Sales	15,511	19,255	(3,744)	(19.4%)
	Net Contribution	3,312	6,216	(2,904)	(46.7%)
	Net Contribution %	21.4%	32.3%		(10.9%)
EMEA	Sales	1,985	2,159	(174)	(8.0%)
	Net Contribution	(1,112)	(36)	(1,076)	(2,989%)
	Net Contribution %	(56.0%)	(1.7%)		(54,3%)

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# Back to basics



# Back to Basics

## Repositioning the business for new reality

- **Culture reset** – trust and transparency, tighter controls
- Focus on growing **Net Contribution and Cashflow**
- **Radically simplified organisation;**
  - ✓ Scaled-back senior LT by 4: 2x Regional CEOs, BDM, CTO
  - ✓ Closed UK and EU subsidiaries, changed to distributor model
  - ✓ Reduced overall headcount by 67 (\$4.5M for FY25)
  - ✓ Board size reduced from 8 to 6
- **Operational efficiency** and sharper procurement to draw focus to cost/kg;
  - ✓ Confirmed **cost of goods savings** of \$6M for FY25
- **Competing** in both the Premium and Every-day value segments to grow market share and move inventory – reaffirming our #1 position
- We are setting ourselves up for a **strong rebound in FY26** under new leadership



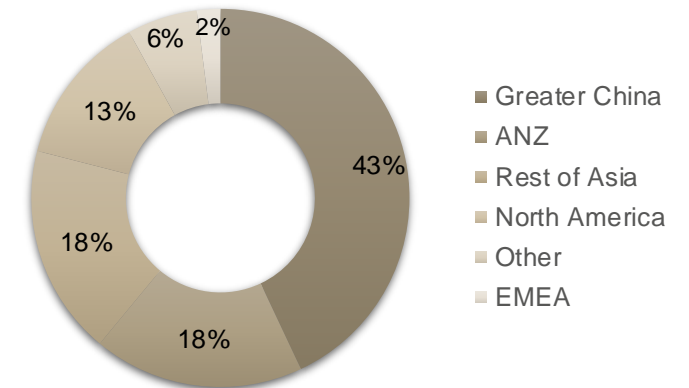


# Way forward

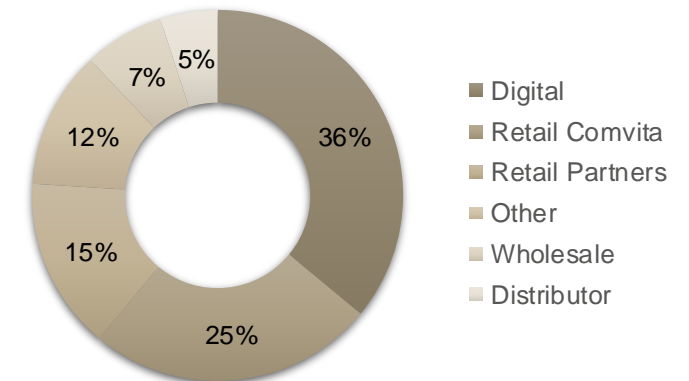
Our underlying core attributes sets us apart

- **Strong Brand – in premium categories:**
  - ✓ #1 in China, HK, Singapore and S. Korea
  - ✓ on track to #1 in North America
- **Our omni-channel capability** including SIS/SAS retail across Asia upholds our Premium brand performance
- **Diversified product offering** spanning Functional foods & healthy snacking, Healthcare and premium Ingredients
- **Commitment to Science and Innovation** provides customer assurance
- **Forests:** We own and operate large scale Manuka forests planted with unique cultivars
- We have **50 years of experience**

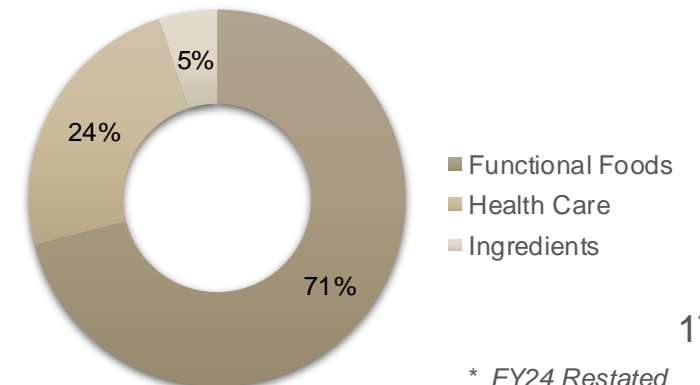
### FY24 Sales Split by Segment



### FY24 Sales Split by Channel

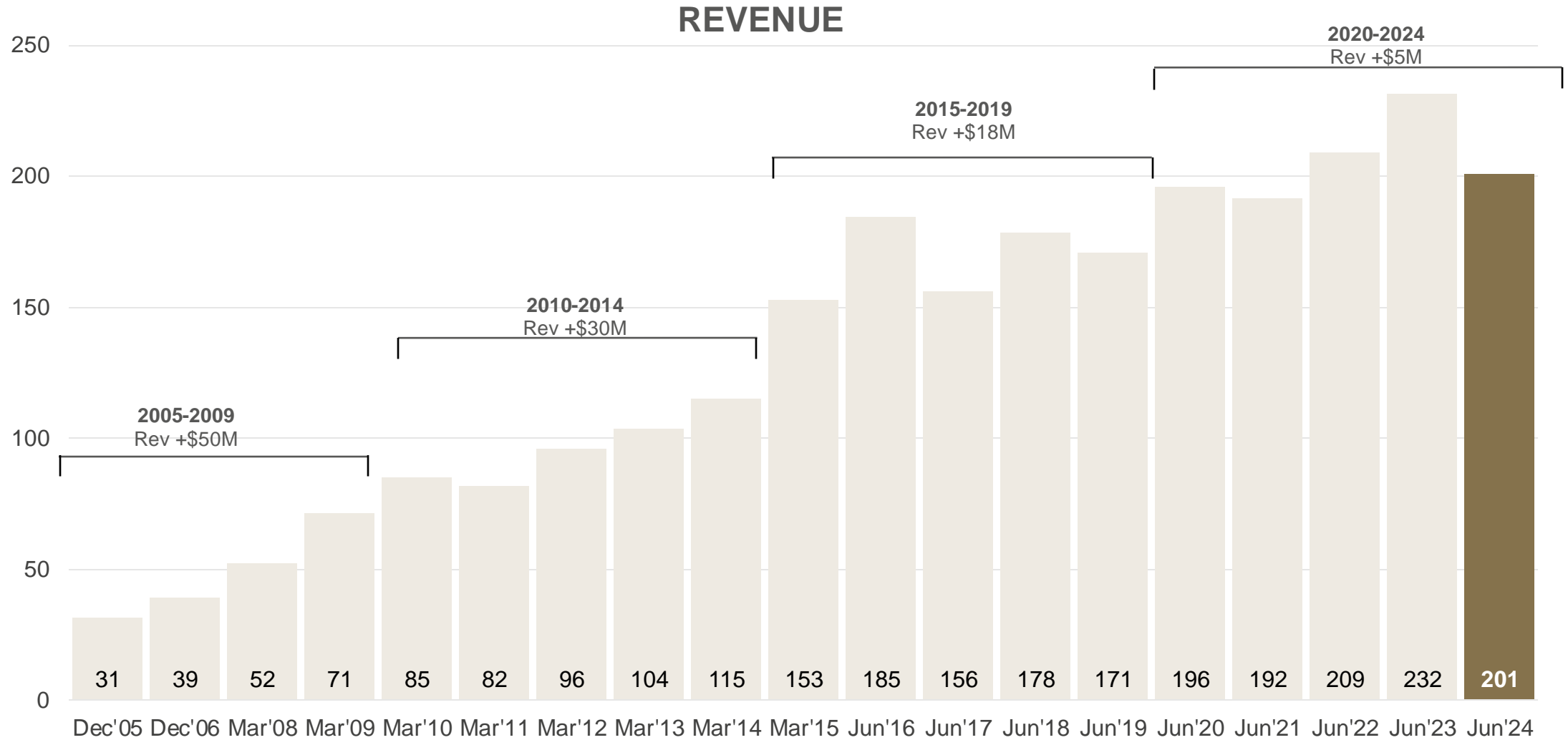


### FY24 Sales Split by Product Type



# Long-term performance

## 50-year track record



COMVITA INVESTOR PRESENTATION HALF YEAR RESULT FY25

- Normalised to 12 months
- FY24 & FY23 restated

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# Financials



# Income statement

- **Total Revenue:** \$99.7m down \$5.6M (-5.3%) on PCP In the last 3 months we have seen revenue stabilizing YOY
- **Gross Profit Declined:** Impacted by lower direct margin, reduced manufacturing recoveries, weaker apiary season, higher inventory provisions.
- **Marketing Investment:** More targeted spend focused on channels delivering the most NC.
- **Sales Expenses:** Increased to 15% of sales (from 13% in PCP) due to channel mix shifts.
- **ERP costs** at \$1.8m down \$1.6m on PCP as we carefully manage our investment in this project.
- **Restructuring costs** at \$2.1m are up \$1.1m on PCP. Associated with the significant reduction in head count.
- **Other operating expense** decreased by \$1.5M (5%), compared to PCP, with cost reductions having a greater savings impact in the second half of FY25.
- **Reported NPAT Loss:** -\$6.5M

For the 6 Months ended NZD 000s	31 Dec 2024 Unaudited	31 Dec 2023 Unaudited Restated	Variance \$	Variance %
<b>Revenue</b>	<b>99,713</b>	<b>105,289</b>	<b>(5,576)</b>	<b>(5.3%)</b>
Gross Profit %	50.7%	60.0%	(9.3%)	(15.5%)
Marketing	9,402	13,977	(4,575)	(32.7%)
Sales Variable	14,993	13,743	1,250	9.1%
ERP & Restructuring	3,942	4,372	(430)	(9.8%)
Other Operating expenses	27,635	29,095	(1,460)	(5.0%)
<b>Total Operating expenses</b>	<b>55,972</b>	<b>61,187</b>	<b>(5,215)</b>	<b>(8.5%)</b>
<b>Net Profit After Tax (NPAT)</b>	<b>(6,482)</b>	<b>(2,455)</b>	<b>(4,027)</b>	<b>164.0%</b>

# Cashflow

The cash flow position has significantly improved compared to prior year due to disciplined financial management with:

- **Net Operating Cash** inflow, at \$9.8M an improvement of \$16.0M on PCP primarily due to the \$15M reduction in inventories
- **Investing activities** down \$12.7M on PCP.
  - Only investment being deferred HoneyWorld settlement payment of \$3.1M
  - Capital expenditure tightly controlled at \$2.0m. \$3.6M lower than PCP.
- Positive **Free Cash Flow** – a \$27.9M improvement on PCP.
- **Interest expense** in line with PCP, expected to reduce as debt paid down and benefit of lower OCR.

As at NZD 000s	31 Dec 2024 Unaudited	31 Dec 2023 Unaudited Restated	Variance \$
Net Operating Cash flow	9,844	(6,110)	15,954
Investing Activities	(4,449)	(17,188)	(12,739)
Free Cash Flow	2,010	(25,868)	27,878
Interest expense	(4,431)	(4,159)	272

# Key Balance Sheet Items

- **Net debt** \$81.6M, a \$1.9M increase on FY2024, due to initial losses incurred, deferred HoneyWorld settlement and annual site payments to landowners all occurring in Q1 creating a headwind. Net debt has decreased by \$16.5m over Q2.
- **Debtors** of \$31M, reflecting a \$2.4M increase on FY2024 due to very strong sales performance December 24.
- **Creditors** stand at \$23.3M, reflecting a \$12.6M decrease from FY2024 due to a decrease in honey purchases, site payments and the deferred HoneyWorld settlement.
- **Inventory** of \$120.8M down -\$15M on FY2024 primarily in finished goods as we focus on selling through excess inventory

As at NZD 000s	31 Dec 2024 Unaudited	30 June 2024 Unaudited Restated	Variance \$	31 Dec 2023 Unaudited Restated
Net Debt	81,572	79,707	1,865	85,816
Debtors	31,017	28,597	2,420	39,294
Creditors	23,305	35,894	(12,589)	32,580
Inventory	120,808	135,816	(15,008)	143,786

# Inventory

**Total Inventory** declined \$15M (-11.1%) vs June 24, reflecting effective inventory management and strategic stock optimisation.

- **Finished Goods:** Decreased by \$12.7M (-19%), primarily due to, demand-driven inventory controls and a focus on reducing excess stock levels.
- **Honey WIP:** Declined by \$1.2m (-47.4%), improved efficiency in honey processing.
- **Raw Materials:** Reduced by \$1M (-1.5%), while honey procurement has been managed to essential levels, lower production levels combined with accumulated apiary function costs in inventory have kept raw material inventory substantially unchanged since June 24.

As at NZD 000s	31 Dec 2024	30 June 2024	Variance \$	Variance %	31 Dec 2023
	Unaudited	Unaudited Restated			Unaudited Restated
Finished Goods	54,496	67,267	(12,771)	(19.0%)	70,380
Honey WIP	1,377	2,620	(1,243)	(47.4%)	4,514
Raw Materials	64,935	65,929	(994)	(1.5%)	68,892
<b>Total Inventory</b>	<b>120,808</b>	<b>135,816</b>	<b>(15,008)</b>	<b>(11.1%)</b>	<b>143,786</b>





# Outlook

- **Flat Sales overall through to end of FY25**
  - China market expected to remain soft for balance of 2025
  - Steadily improving situation in Rest of Asia and North America
- **Margin to remain stable**
  - Margin headwinds continue as we work through current inventory
- **Steadily improving cashflow position**
  - Full benefit of restructure falls into FY26
- **2024/2025 industry honey harvest below average**
  - Comvita forests & apiary provide security of high-quality supply



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