



16 June 2025

## Market update

Comvita Limited (NZX:CVT) provides an update to shareholders ahead of the release of its full year results in late August.

### Financial Update

- Net Loss Before Tax is expected to be \$20 – 24m (FY24: \$21.6m), both figures are excluding any impairment – see below
- Improvement in operating cashflow, driven by a reduction in inventory, resulting in a reduction in net debt from \$81.6m (Dec-24) to c.\$63m (Jun-25)
- The Board has determined that additional action is required to reduce debt further

### Trading Update

**Revenue:** The company continues to operate in a challenging global environment, with ongoing market volatility impacting both revenue and margin realisation. FY25 Revenue is expected to decrease slightly versus FY24.

**Gross margin** for the full year is expected to be down from the prior year due to aggressive pricing and channel loading by competitors in our core product, Manuka Honey. Price discounting to sell surplus higher cost inventory is expected to continue through the next two quarters. However, Gross Margin in the second half of the year has been stable and consistent with the second half of the prior year.

**Cost reduction:** Implementation of the company cost reduction program targeting cost savings of \$15-\$20m (annualised) is currently running ahead of target, with a reduction of FTE headcount of 70 and a range of other significant cost savings. FY25 Operating expenses are expected to be lower versus FY24, however one-off costs, including restructuring costs have been significant. Most of the benefit from the cost out program will accrue in FY26.

**Net Loss:** FY25 Net Loss before tax is now expected to be \$20 – 24m (FY24: \$21.6m), excluding any impairment. In addition, as part of year end processes, the company is assessing the level of a non-cash impairment of assets and provision against inventories, which are expected to be material.

**Operating cashflows:** Operating cashflows have increased against FY24, driven by a c.\$30m reduction in inventories.

### Banking facilities and balance sheet

**Net debt:** The company has reduced net debt from \$81.6m as at 31 December 2024 to c.\$63m as at 30 June 2025. Ongoing inventory reduction and the full benefit of cost reductions is expected to enable the company to reduce debt further through FY26. However, the Board has determined that additional action is required to ensure the debt position is sustainable and accordingly, is working with its investment banking and legal advisors to explore all options available to the company.

**Banking facilities:** The company remains in discussions with its lenders in relation to negotiating covenant relief for FY25 and FY26, as well as restructuring its banking facilities.



#### Reconciliation of the FY24 Net Loss Before Tax

Reported Net Loss Before Tax (as restated)	\$85.8m
Impairment and Other Asset Write Downs	\$64.2m
<b>Underlying Net Loss Before Tax</b>	<b>\$21.6m</b>

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ENDS.

#### 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 400+ 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.