

BLOSSOMING



COMVITA.CO.NZ





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Directors'

DECLARATION

In the opinion of the Directors of Comvita Limited, the financial statements and the notes, on pages 3 to 38:

- comply with New Zealand generally accepted accounting practice and fairly reflect the financial position of the Group as at 30 June 2022 and the results of their operations and cash flows for the year ended on that date
- have been prepared using appropriate accounting policies, which unless otherwise stated have been consistently applied, and supported by reasonable judgements and estimates

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial report, incorporating the financial statements of Comvita Limited for the year ended 30 June 2022.

For and on behalf of the Board of Directors:



Brett Hewlett
24 August 2022



Luke Bunt
24 August 2022

CONSOLIDATED

INCOME STATEMENT

For the year ended

In thousands of New Zealand dollars

	Note	30 June 2022	30 June 2021
Revenue		208,909	191,734
Cost of sales		(82,909)	(88,310)
Gross profit		126,000	103,424
Other income	5	1,943	3,220
Marketing expenses		(28,062)	(24,216)
Selling and distribution expenses		(47,362)	(44,597)
Administrative and other operating expenses	8	(32,370)	(25,648)
Operating profit before financing costs		20,149	12,183
Finance income	6	290	2,473
Finance expenses	6	(3,127)	(2,247)
Net finance (expenses)/income		(2,837)	226
Share of (loss)/profit of equity accounted investees	16b	(187)	992
Profit before income tax		17,125	13,401
Income tax expense	9	(4,341)	(3,922)
Profit for the year		12,784	9,479
Earnings per share			
Basic earnings per share (NZ cents)	23	18.24	13.61
Diluted earnings per share (NZ cents)	23	18.13	13.59
EBITDA	30	30,083	25,523

**EBITDA is a non-GAAP measure. We monitor this as a key performance indicator and believe it assists investors in assessing the performance of the core operations of our business. A reconciliation of EBITDA to profit before tax is provided in note 30.*

The notes on pages 8 to 38 are an integral part of these financial statements



CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended		30 June 2022	30 June 2021
<i>In thousands of New Zealand dollars</i>			
	Note		
Profit for the year		12,784	9,479
<i>Items that are or may be reclassified subsequently to the income statement</i>			
Foreign currency translation differences for foreign operations		3,233	(1,067)
Foreign currency translation differences for equity accounted investees		(46)	(49)
Effective portion of changes in fair value of cash flow hedges		(4,657)	(950)
Foreign investor tax credits		109	-
Fair value movement – financial asset		-	396
Income tax on these items	9	987	328
Income and expense recognised directly in other comprehensive income		(374)	(1,342)
Total comprehensive income for the year		12,410	8,137

CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

In thousands of New Zealand dollars

	Share capital	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
Balance at 30 June 2020	200,104	(3,809)	(527)	(2,640)	18,620	211,748
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	9,479	9,479
<i>Other comprehensive income (net of tax)</i>						
Foreign currency translation differences for equity accounted investees (note 16b)	-	(49)	-	-	-	(49)
Foreign currency translation differences for foreign operations	-	(1,004)	-	-	-	(1,004)
Financial asset – fair value movement	-	-	-	396	-	396
Disposal of equity instruments	-	-	-	2,244	(2,244)	-
Effective portion of changes in fair value of cash flow hedges	-	-	(684)	-	-	(684)
Total other comprehensive income	-	(1,053)	(684)	2,640	(2,244)	(1,341)
Total comprehensive income for the year	-	(1,053)	(684)	2,640	7,235	8,138
<i>Transactions with owners, recorded directly in equity</i>						
Share based payment	-	-	-	-	221	221
Acquisition of treasury stock	(1,239)	-	-	-	-	(1,239)
Issue of ordinary shares - Supplier share scheme	486	-	-	-	-	486
Issue of ordinary shares - Share purchase and loan scheme (note 26a)	1,269	-	-	-	-	1,269
Issue of treasury stock - Share purchase and loan scheme (note 26a)	1,239	-	-	-	38	1,277
Redemption of ordinary shares related to share schemes	(20)	-	-	-	-	(20)
Total transactions with owners	1,735	-	-	-	259	1,994
Balance at 30 June 2021	201,839	(4,862)	(1,211)	-	26,114	221,880
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	12,784	12,784
<i>Other comprehensive income (net of tax):</i>						
Foreign currency translation differences for equity accounted investees (note 16b)	-	(46)	-	-	-	(46)
Foreign currency translation differences for foreign operations	-	2,916	-	-	-	2,916
Foreign investor tax credits	-	-	-	-	109	109
Effective portion of changes in fair value of cash flow hedges	-	-	(3,353)	-	-	(3,353)
Total other comprehensive income	-	2,870	(3,353)	-	109	(374)
Total comprehensive income for the year	-	2,870	(3,353)	-	12,893	12,410
<i>Transactions with owners, recorded directly in equity</i>						
Share based payment	-	-	-	-	601	601
Acquisition of treasury stock	(2,992)	-	-	-	-	(2,992)
Issue of ordinary shares - Supplier share scheme	541	-	-	-	(37)	504
Issue of ordinary shares - Performance share rights scheme (note 26b)	299	-	-	-	-	299
Redemption of ordinary shares related to share schemes	(10)	-	-	-	-	(10)
Dividends paid (note 22)	-	-	-	-	(4,702)	(4,702)
Total transactions with owners	(2,162)	-	-	-	(4,138)	(6,300)
Balance at 30 June 2022	199,677	(1,992)	(4,564)	-	34,869	227,990

The notes on pages 8 to 38 are an integral part of these financial statements

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022*In thousands of New Zealand dollars*

	Note	2022	2021
Assets			
Property, plant and equipment	11	64,968	63,345
Intangible assets and goodwill	12	40,402	38,046
Right of use assets	13	12,112	13,035
Biological assets	15	3,878	3,814
Investment	16	10,965	6,849
Loans to equity accounted investees	16	5,188	5,031
Deferred tax asset	10	5,759	7,209
Total non-current assets		143,272	137,329
Inventory	17	132,157	101,008
Trade receivables	18	27,818	23,523
Sundry receivables	19	11,526	8,432
Cash and cash equivalents	24	17,756	16,267
Tax receivable		251	50
Total current assets		189,508	149,280
Total assets		332,780	286,609
Equity			
Issued capital		199,677	201,839
Retained earnings		34,869	26,114
Reserves		(6,556)	(6,073)
Total equity		227,990	221,880
Liabilities			
Loans and borrowings	24	43,300	20,850
Employee benefits	20	267	539
Lease liability		9,431	9,950
Deferred tax liability	10	1,864	1,962
Total non-current liabilities		54,862	33,301
Trade and other payables	21	31,650	18,869
Lease liability		3,373	3,631
Employee benefits	20	6,142	5,514
Tax payable		2,244	1,766
Derivatives	27	6,519	1,648
Total current liabilities		49,928	31,428
Total liabilities		104,790	64,729
Total equity and liabilities		332,780	286,609

CONSOLIDATED

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022*In thousands of New Zealand dollars*

		2022	2021
	Note		
Receipts from customers		208,080	190,739
Payments to suppliers and employees		(200,884)	(161,711)
Interest received		5	42
Interest paid		(2,535)	(2,247)
Taxation paid		(1,836)	(1,998)
Net cash flows from operating activities	25	2,830	24,825
Consideration paid for the acquisition of investees		(5,092)	-
Receipt from disposal of investment		-	396
Loans to equity accounted investees		198	(150)
Interest from equity accounted investees		-	19
Receipt of dividend from equity accounted investee		745	363
Loans to related parties		-	567
Interest from related parties		45	23
Payment for the purchase of property, plant and equipment		(5,451)	(10,601)
Receipt for the disposal of property, plant and equipment		335	468
Receipt from sale of intangibles		-	2
Payment for the purchase of intangibles		(3,997)	(366)
Net cash flows from investing activities		(13,217)	(9,279)
Proceeds from the issue of share capital		(10)	(20)
Purchase of treasury stock		(2,992)	(1,239)
Repayment of lease liabilities		(3,862)	(3,560)
Proceeds from/(repayment of) loans and borrowings		22,450	(11,350)
Payment of dividends		(4,702)	-
Net cash flows from financing activities		10,884	(16,169)
Net increase in cash and cash equivalents		497	(623)
Cash and cash equivalents at the beginning of the year		16,267	16,680
Effect of exchange rate fluctuations on cash held		992	210
Cash and cash equivalents at the end of the year		17,756	16,267
Represented as:			
Cash and cash equivalents	24	17,756	16,267
Total		17,756	16,267

Notes

TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Comvita Limited (the "Company") is a Company domiciled in New Zealand, and registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013. The financial statements of the Group for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees.

The principal activity of the Group is that of manufacturing and marketing quality natural health products, apiary ownership and management.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Company is a FMC reporting entity for the purposes of the Financial Reporting Act 2013 and under part 7 of the Financial Markets Conduct Act 2013. These financial statements comply with these Acts and have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards as appropriate for profit-oriented entities.

The financial statements were approved by the Board of Directors on 24 August 2022.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments, financial instruments designated as fair value through other comprehensive income and biological assets which are measured at fair value.

The methods used to measure fair values are discussed further in the respective notes.

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. Amounts have been rounded to the nearest thousand.

(d) Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying

accounting policies that have the most significant effect on the amount recognised in the financial statements are set out below:

(i) Measurement of recoverability of cash generating units ("CGUs")

Impairment reviews are performed by management annually to assess the carrying value of CGUs containing goodwill. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 12.

(ii) Intangible assets

The estimation of useful lives of intangible assets such as distribution networks have been based on historical experience. The useful lives are reviewed at least once per year and adjustments to useful lives are made when considered necessary.

(iii) Valuation of equity accounted investees

An assessment of the carrying value of investments in equity accounted investees is performed at least annually and considers objective evidence for impairment on each investment, taking into account observable data on the investment, the status or context of markets, its own view of fair value, and its long-term investment intentions. The assessment also requires judgements about the expected future performance and cash flows of the investment.

(iv) Leases

Comvita assesses at lease commencement whether it is reasonably certain to exercise extension options where included in the contract, and where it is reasonably certain, the extension period has been included in the lease liability calculation.

(v) Recoverability of deferred tax assets

The utilisation of tax loss carry-forwards is dependent on expected future taxable profits in excess of the profits from the reversal of existing taxable temporary differences. This recognition is based on current budgets and financial forecasts completed by management.

(vi) Valuation of biological assets

The fair value of biological assets is assessed on an annual basis which involves reviewing the number of operational hives in use as well as ensuring the value per hive is in line with guidance provided by the Ministry of Primary Industries, refer note 15.



3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group, except for entities under common control, which are accounted for using the pooling of interest method.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Investments in equity accounted investees

Associates and joint ventures are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

(ii) Foreign operations

The assets and liabilities of foreign operations with currencies different to the Company including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve ("FCTR").

(c) Financial assets and financial liabilities

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"), and
- those to be measured at amortised cost.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the income statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Accounting for finance income and expense is discussed in note 3(m).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at FVPL, any directly attributable transaction costs.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(m).

Instruments at fair value through the income statement

An instrument is classified as at FVPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVPL if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, financial instruments are measured at fair value, and changes therein are recognised in the income statement.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as financial instruments designated at FVPL.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented in equity in the hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

(e) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share entitlements are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment cont.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	up to 50 years
• Plant and machinery	2 - 20 years
• Vehicles	4 - 17 years
• Office equipment, furniture and fittings	2 - 15 years
• Bearer plants	100 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(g) Biological assets

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets. Agricultural produce from biological assets is transferred to inventory at fair value, by reference to market prices for honey, less estimated point-of-sale costs at the date of harvest.

(h) Intangible assets and goodwill

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries and other business combinations is presented within intangible assets. Goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement when incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement when incurred.

(iv) Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Intellectual property and other intangible assets	3 – 20 years
• Software	2 – 25 years

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. A review of inventory classifications has been completed during the year. Comparatives have been updated to reflect the new classification.

The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amounts of assets and are recognised in the income statement.

(i) Impairment of receivables

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows. Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment continued

(ii) Non-financial assets

An impairment loss is recognised if the carrying amount of an asset or its CGUs exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. When an event occurring after the impairment was recognised causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Employee benefits

Share-based payment transactions

The grant date fair value of entitlements granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the entitlements. The amount recognised as an expense is adjusted to reflect the actual number of share entitlements that vest.

(l) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised at the point of time performance obligations are satisfied by transferring control of goods to the customer. For wholesale sales, control passes to the customer in accordance with the individual terms of the contract of sale – for domestic sales this is ordinarily on delivery to the customer's premises and acceptance by the customer. For in-store sales, control passes to the customer at point of sale. For online sales, the order along with delivery to the customer are considered to comprise a single performance obligation, therefore control is considered to pass to the customer on delivery of the goods.

(m) Finance income and expenses

Finance income comprises interest income on funds invested, foreign exchange gains, dividend income and gains on the disposal of FVOCI financial assets that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign exchange losses, unwinding of the discount on provisions, impairment losses recognised on financial assets (except for trade receivables) and losses on the disposal of FVOCI financial assets that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

(n) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in OCI, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(o) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share entitlements granted to employees.

(p) Segments

Segment results that are reported to the CEO include costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New and amended standards adopted by the group

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021. There are no new standards that are not yet effective that would be expected to have a material impact on the Group, in the current or future reporting periods, and foreseeable future transactions.

4. SEGMENT REPORTING

Segment information is presented in the financial statements in respect of the Group's contribution segments which are the primary basis of decision making. The contribution segment reporting format reflects the Group's management and internal reporting structure.

Performance is measured based on contribution which is a measure of profitability that the segment contributes to the Group. Contribution is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments. Inter-segment pricing is determined on an arms-length basis.

Each segment sells Comvita's range of products. Comvita's range of products primarily include products with apairy and other natural ingredients.

The Company is organised primarily by geographic location of its subsidiaries.

The Group has five reportable segments as described below:

Greater China	This segment reports both revenue and related costs of the China and Hong Kong markets.
ANZ	Australia and New Zealand (ANZ) segment captures both revenue and related costs for the ANZ market.
Rest of Asia	This segment captures both revenue and related costs of all of our Asian operations and customers excluding Greater China.
North America	This segment captures both revenue and related costs for sales to customers in North America.
EMEA	The Europe, Middle East and Africa (EMEA) segment captures both revenue and related costs for the EMEA markets.

4. SEGMENT REPORTING (CONTINUED)

For the year ended 30 June

In thousands of New Zealand dollars

	Greater China		ANZ		Rest of Asia		North America		EMEA		Total reportable segments		Other segments		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>Contribution segments</i>																
Revenue	96,924	93,076	34,696	32,444	27,337	25,346	31,793	24,735	5,124	5,060	195,874	180,661	13,035	11,073	208,909	191,734
Contribution	22,958	19,908	11,211	10,218	6,585	6,367	8,414	4,733	83	35	49,251	41,261	1,441	(791)	50,692	40,470
Non attributable (other corporate expenses)															(32,486)	(31,507)
Other income (note 5)															1,943	3,220
Financial income and expenses (note 6)															(2,837)	226
Share of profit of equity accounted investees (note 16b)															(187)	992
Net profit before tax															17,125	13,401

Geographical segments

<i>In thousands of New Zealand dollars</i>	30 June 2022		30 June 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Greater China	96,924	37,398	94,299	37,766
ANZ	35,742	97,278	25,525	92,528
Rest of Asia	27,339	334	31,252	506
North America	42,423	130	32,135	158
EMEA	5,124	141	4,978	39
Other countries	1,357	7,991	3,545	6,332
Total	208,909	143,272	191,734	137,329

5. OTHER INCOME

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Government subsidies	270	734
Government grants	1,331	2,052
Gain on disposal of property, plant and equipment	110	222
Insurance claims received	-	195
Change in fair value of biological assets	48	17
Other	184	-
Total other income	1,943	3,220

6. FINANCIAL INCOME AND EXPENSES*In thousands of New Zealand dollars*

	2022 30 June	2021 30 June
Interest income	290	252
Dividend income	-	9
Net foreign exchange gain	-	2,212
Finance income	290	2,473
Interest expense on financial liabilities measured at amortised cost	(2,535)	(2,247)
Net foreign exchange loss	(592)	-
Finance expense	(3,127)	(2,247)
Net finance (expenses)/income	(2,837)	226

7. PERSONNEL EXPENSES*In thousands of New Zealand dollars*

	2022 30 June	2021 30 June
Wages and salaries	40,275	39,548
KiwiSaver – employer contribution	698	556
Movement in long-service leave provision	(271)	125
Equity settled share based payment transactions	687	694
Total personnel expenses	41,389	40,923

8. ADMINISTRATIVE EXPENSES

The following items of expenditure are included in administrative expenses:

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Auditors' remuneration:		
To KPMG for audit services (i)	369	323
To KPMG for audit related services	-	7
To KPMG for tax services (ii)	107	266
To Mercer & Hole (UK auditors)	25	30
Insurance (iii)	173	113
Doubtful debts recovered	(112)	(147)
Bad debts written off	92	79
Restructure costs	113	783
Change in fair value of biological assets	(48)	-
Directors fees (note 28) (iv)	592	573
Directors – other costs	18	18
Other legal and professional expenses	444	540

(i) Audit services include fees for the annual audit of the financial statements of the group and its foreign subsidiaries based in China and Hong Kong and the review of the interim financial statements

(ii) Tax services is for tax compliance and advisory work

(iii) Only the portion of this expense which is included in administrative expenses

(iv) Refer to Statutory Information

9. INCOME TAX EXPENSE IN THE INCOME STATEMENT

<i>In thousands of New Zealand dollars</i>	Note	2022 30 June	2021 30 June
Current tax expense			
Current period		1,388	3,009
Adjustment for prior periods		297	(16)
Total current income tax expense		1,685	2,993
Deferred tax expense			
Origination and reversal of temporary differences	10	2,656	929
Total deferred income tax expense		2,656	929
Total income tax expense		4,341	3,922

Reconciliation of effective tax expense

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Profit for the period	12,784	9,479
Total income tax expense	4,341	3,922
Net profit before tax	17,125	13,401
Income tax using the Company's domestic tax rate of 28% (2021: 28%)	4,795	3,752
Effect of different tax rates in foreign jurisdictions	(284)	(614)
Non-deductible expenses	934	1,497
Non-assessable income	(392)	(817)
Imputation credits attached to dividends received	(257)	-
Under provided in prior periods	(455)	104
Total income tax expense	4,341	3,922

Income tax recognised directly in other comprehensive income

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Derivatives	(1,304)	(328)
Other items	317	-
Total income tax recognised directly in other comprehensive income	(987)	(328)

Imputation credit account

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Imputation credits available for use in subsequent reporting periods	6,934	8,324

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of New Zealand dollars</i>	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant & equipment	-	-	(1,558)	(1,020)	(1,558)	(1,020)
Intangible assets	-	-	(1,864)	(1,962)	(1,864)	(1,962)
Biological assets	-	-	(70)	(56)	(70)	(56)
Inventories	3,044	3,263	-	-	3,044	3,263
Derivatives	1,769	464	-	-	1,769	464
Investments	124	78	-	-	124	78
Other items	1,516	1,543	-	-	1,516	1,543
Tax losses	934	2,937	-	-	934	2,937
Tax assets/(liabilities)	7,387	8,285	(3,492)	(3,038)	3,895	5,247
Set-off of tax	(1,628)	(1,076)	1,628	1,076	-	-
Net tax assets/(liabilities)	5,759	7,209	(1,864)	(1,962)	3,895	5,247

Movement in temporary differences during the year

<i>In thousands of New Zealand dollars</i>	Balance 1 July 2021	Recognised in the income statement	Recognised in other comprehensive income	Balance 30 June 2022
Property, plant & equipment	(1,020)	(538)	-	(1,558)
Intangible assets	(1,962)	98	-	(1,864)
Biological assets	(56)	(14)	-	(70)
Inventories	3,263	(219)	-	3,044
Derivatives	464	-	1,304	1,768
Investments	78	46	-	124
Other items	1,543	(26)	-	1,517
Tax losses	2,937	(2,003)	-	934
Total	5,247	(2,656)	1,304	3,895

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

<i>In thousands of New Zealand dollars</i>	2022	2022	2021	2021
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
Tax loss carry-forwards	5,427	1,396	5,359	1,373
Intangible assets	601	178	574	172
Total	6,028	1,574	5,933	1,545

The tax loss carry-forwards do not expire under current tax legislation. They relate to capital losses in Australia, and losses on acquisition in the United Kingdom.

11. PROPERTY, PLANT & EQUIPMENT

<i>In thousands of New Zealand dollars</i>	Land	Buildings	Owned plant & machinery	Vehicles	Bearer plants	Office equipment, furniture & fittings	Capital WIP	Total
Cost								
Balance at 30 June 2020	11,455	26,658	28,481	2,353	5,950	6,531	4,739	86,167
Additions/transfers	-	1,510	2,050	432	-	2,918	4,269	11,179
Disposals	(8)	(663)	(954)	(176)	-	(606)	-	(2,407)
Effect of movements in exchange rates	10	6	12	1	27	(219)	(2)	(165)
Balance at 30 June 2021	11,457	27,511	29,589	2,610	5,977	8,624	9,006	94,774
Additions/transfers	(4)	648	1,205	332	-	15	3,989	6,185
Disposals	-	(187)	(236)	(247)	-	(315)	-	(985)
Effect of movements in exchange rates	68	48	98	13	185	344	2	758
Balance at 30 June 2022	11,521	28,020	30,656	2,708	6,162	8,668	12,997	100,732
Accumulated Depreciation								
Balance at 30 June 2020	-	(7,384)	(15,027)	(1,686)	(447)	(4,794)	-	(29,338)
Depreciation	-	(1,098)	(2,170)	(209)	(68)	(885)	-	(4,430)
Disposals	-	630	891	161	-	479	-	2,161
Effect of movements in exchange rates	-	(2)	(7)	(1)	(2)	190	-	178
Balance at 30 June 2021	-	(7,854)	(16,313)	(1,735)	(517)	(5,010)	-	(31,429)
Depreciation	-	(1,113)	(2,016)	(291)	(67)	(1,190)	-	(4,677)
Disposals	-	29	196	230	-	305	-	760
Effect of movements in exchange rates	-	(20)	(63)	(6)	(20)	(309)	-	(418)
Balance at 30 June 2022	-	(8,958)	(18,196)	(1,802)	(604)	(6,204)	-	(35,764)
Carrying amount								
At 30 June 2020	11,455	19,274	13,454	667	5,503	1,737	4,739	56,829
At 30 June 2021	11,457	19,657	13,276	875	5,460	3,614	9,006	63,345
At 30 June 2022	11,521	19,062	12,460	906	5,558	2,464	12,997	64,968

Depreciation charge in the income statement

Depreciation is allocated to sales, marketing expenses, selling and distribution expenses, and administrative and other operating expenses.

12. INTANGIBLE ASSETS AND GOODWILL

In thousands of New Zealand dollars

	Goodwill	Intellectual property and other intangible assets	Software	Total
Cost				
Balance at 30 June 2020	27,736	16,256	9,793	53,785
Additions	-	204	162	366
Disposals	-	-	(3)	(3)
Effect of movements in exchange rates	(137)	60	(16)	(93)
Balance at 30 June 2021	27,599	16,520	9,936	54,055
Additions	-	324	4,232*	4,556
Disposals	-	(11)	(5,908)	(5,919)
Effect of movements in exchange rates	(848)	859	38	49
Balance at 30 June 2022	26,751	17,692	8,298	52,741
Accumulated Amortisation				
Balance at 30 June 2020	-	(5,452)	(8,866)	(14,318)
Amortisation	-	(1,226)	(453)	(1,679)
Disposals	-	-	1	1
Effect of movements in exchange rates	-	(29)	16	(13)
Balance at 30 June 2021	-	(6,707)	(9,302)	(16,009)
Amortisation	-	(1,263)	(743)	(2,006)
Disposals	-	11	5,930	5,941
Effect of movements in exchange rates	-	(237)	(28)	(265)
Balance at 30 June 2022	-	(8,196)	(4,143)	(12,339)
Carrying Amount				
At 30 June 2020	27,736	10,804	927	39,467
At 30 June 2021	27,599	9,813	634	38,046
At 30 June 2022	26,751	9,496	4,155	40,402

*Software additions materially relate to customised software code where Comvita retains control of the code and its future benefits.

Amortisation charge in the income statement

Amortisation is allocated to cost of sales, marketing expenses, selling and distribution expenses, and administrative and other operating expenses.

12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing for cash-generating units containing goodwill ("CGU")

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

In thousands of New Zealand dollars

	Segment (note 4)	2022 30 June	2021 30 June
Greater China	Greater China	24,917	25,765
Apiaries		1,766	1,766
Other		68	68
Total goodwill		26,751	27,599

Greater China CGU:

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:

	2022 30 June	2021 30 June
Anticipated annual revenue growth included in the cash flow projections for the combined CGU's (normalised) for the years 2023 to 2027	5% to 12.7%	6.3% to 19.4%
Post tax discount rate	11.3%	12.5%
Discount rate based on the average weighted cost of capital which was based on debt leveraging of:	15%	20%
-at a cost of debt rate of:	6.4%	12.3%
Terminal growth rate applied beyond June 2027	2.0%	2.0%

Cash flows were projected on actual operating results, the 30 June 2023 budget and business plan.

Sensitivity to changes in assumptions

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
The recoverable amount of the CGU exceeds its carrying amount by	136,400	129,700
If projected earnings before interest and tax ("EBIT") is reduced by 10% year on year, it changes the amount the recoverable amount exceeds its carrying amount to	115,200	103,500
The post tax discount rate for the recoverable amount to equal carrying amount is calculated at	33.3%	33.6%

12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Apiaries:

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:

	2022 30 June	2021 30 June
Anticipated annual revenue growth included in the cash flow projections for the combined CGU's (normalised) for the years 2023 to 2032	0% to 21.9%	0% to 23.2%
Post tax discount rate	10.7%	10.0%
Discount rate based on the average weighted cost of capital which was based on debt leveraging of:	15%	20%
-at a cost of debt rate of:	7.8%	4.4%
Terminal growth rate applied beyond June 2032	2.0%	2.0%

Cash flows were projected on actual operating results, the 30 June 2023 budget and business plan.

Sensitivity to changes in assumptions:

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
The recoverable amount of the CGU exceeds its carrying amount by	23,762	3,186
If projected EBIT is reduced by 10% year on year, it changes the amount the recoverable amount exceeds its carrying amount to	18,354	575
The post tax discount rate for the recoverable amount to equal carrying amount is calculated at	16.6%	11%
The percentage movement in yields for each mānuka honey grade range (with the resulting difference being added to non-mānuka) for the recoverable amount to equal the carrying amount	32.6%	8.5%

The recoverable amount of the CGU has increased by \$20.6 million due to revised planting and yield assumptions based on actual results achieved.

13. LEASES

The Group leases warehouses, retail stores, administration premises, vehicles, and land used for hive placements referred to as mānuka forests in the table below.

Right of use assets

	Buildings	Vehicles	Mānuka forests	Total
<i>In thousands of New Zealand dollars</i>				
Balance at 30 June 2020	7,044	1,098	3,305	11,447
Additions	-	587	2,766	3,353
Modifications	2,949	131	-	3,080
Depreciation	(3,493)	(714)	(301)	(4,508)
Effect of movement in exchange rates	(336)	(1)	-	(337)
Balance at 30 June 2021	6,164	1,101	5,770	13,035
Additions	1,952	635	666	3,253
Modifications	274	-	-	274
Disposals	(286)	(34)	-	(320)
Depreciation	(3,310)	(666)	(337)	(4,313)
Effect of movement in exchange rates	180	3	-	183
Balance at 30 June 2022	4,974	1,039	6,099	12,112

Amounts recognised in the income statement

	2022 30 June	2021 30 June
Interest on lease liabilities	320	375
Variable lease payments not included in the measurement of lease liabilities	4,957	3,373
Expenses relating to short-term leases	582	887
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	22	15

Lease liabilities

As at 30 June 2022, the weighted average rate applied was 5.4%. Total cash outflow for right of use leases for the year ended 30 June 2022 was \$4.3 million (2021: \$4.4m).

Maturity analysis - contractual undiscounted cash flow

Non-cancellable lease rentals are payable as follows:

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Less than 1 year	4,287	4,436
Between one and five years	5,352	4,433
Greater than five years	3,918	3,633
Total	13,557	12,502

14. CAPITAL COMMITMENTS

The total capital commitment is \$6.0 million (2021: \$2.0 million over 1 year) and will be paid over the next year. The capital commitments relates to manuka forest costs, digital transformation and other capital projects.

15. BIOLOGICAL ASSETS

Total

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Bees	3,315	3,305
Olive leaf	563	509
Total biological assets	3,878	3,814

Bees

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Balance at beginning of the year	3,305	3,370
Fair value increase	348	-
Net movement in operational hives	(338)	(65)
Balance at the end of the year	3,315	3,305

Number of operational hives

Balance at beginning of the year	19,667	20,125
Net movement in operational hives	(2,114)	(458)
Balance at the end of the year	17,553	19,667

The Group is exposed to some risks related to owning bees, primarily the risk of damage from climatic changes and diseases. The Group has processes in place aimed at monitoring and mitigating those risks, through hiring of experienced beekeepers, the intensive maintenance of beehives and disease prevention programmes.

Fair value hierarchy

The Group's bees are level 3 on the fair value hierarchy, being calculations for which inputs are not based on observable market data (unobservable inputs).

As the beehives are continually regenerating the fair value assigned to a hive is on a \$ per kg basis, plus queen and brood. The value attributed to these quantities has been sourced from the Ministry of Primary Industries. The value per hive is \$160 (2021: \$141).

16. INVESTMENTS

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Equity accounted investees	10,957	6,841
Investment in unlisted shares	8	8
Total investments	10,965	6,849

(a) Investments in Equity Accounted Investees comprises:

	Country of Incorporation	Ownership Interest Held	Balance Date	Principal Activity
Makino Station Limited "Makino"	New Zealand	50%	30 June	Apiary and land ownership
Medibee Pty Limited "Medibee"	Australia	50%	30 June	Apiary
Apiter S.A "Apiter"	Uruguay	20%	31 July	Manufacturing, selling and distribution
Caravan Honey Company "Caravan Honey"	U.S.A	50%	31 December	Development and commercialisation of products
Gan Supply JV Limited "Gan Supply"	New Zealand	33%	30 June	Non-trading and in final stages of wind up

Medibee

Medibee Apiaries has a funding arrangement with HSBC and Comvita has signed a several guarantee for its share of the loan facility, which is AUD \$4,500,000 at balance date.

Caravan Honey Company

On 22 December 2021 Comvita Limited entered a stock purchase agreement to purchase 4,500,000 shares for USD\$3,379,500 in a newly established US domiciled joint venture entity, Caravan Honey Company. Comvita currently has 50% ownership and joint control of this entity.

(b) Carrying value of Investments in Equity Accounted Investees

In thousands of New Zealand dollars

	2022	2021
Balance at 1 July	6,841	6,261
Acquisition (Caravan Honey)	5,092	-
Share of (loss)/profit	(187)	992
Dividends received (Gan Supply)	(743)	(363)
Foreign exchange movements	(46)	(49)
Balance at 30 June	10,957	6,841

16. INVESTMENTS (CONTINUED)

(c) Loans to Equity Accounted Investees

In thousands of New Zealand dollars

	2022	2021
Loan and interest receivable		
Makino	4,079	4,168
Apiter	1,109	863
Balance at 30 June	5,188	5,031

Makino

Interest is accrued on the balance of loan at a rate of 5.34% p.a. (2021: 5.34%). Interest income for the year ended 30 June 2022 is \$161,000 (2021: 161,000).

Apiter

The loan is denominated in USD. Interest is accrued on the balance of the loan at a rate of 3.5% p.a. (2021: 3.5%). Interest income for the year ended 30 June 2022 is \$23,000 (2021: \$19,000).

All loans to equity accounted investees are repayable at the discretion of shareholders.

(d) Transactions with Equity Accounted Investees

In thousands of New Zealand dollars

	Sale of goods and services		Purchases of goods and services (including prepayments)	
	Transaction value	Balance due from	Transaction value	Balance owing to
2022				
Makino	80	-	1,135	-
Apiter	-	-	323	-
2021				
Makino	67	9	682	39
Apiter	32	33	2,944	-

17. INVENTORY

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Raw materials	76,611	56,828
Work in progress	5,511	4,983
Finished goods	50,035	39,197
Total inventory	132,157	101,008

Inventory disposed of during the year ended 30 June 2022 has been recognised within cost of goods sold - \$522,000 (2021: \$900,000).

18. TRADE RECEIVABLES

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Gross receivable	28,166	23,971
Impairment	(348)	(448)
Total trade receivables	27,818	23,523

The aging of trade receivables at reporting date is as follows:

<i>In thousands of New Zealand dollars</i>	Gross receivable 2022	Impairment 2022	Gross receivable 2021	Impairment 2021
Not past due	22,954	-	18,499	-
Past due 0-30 days	3,426	-	2,929	-
Past due 31-60 days	523	-	569	(68)
Past due 61-365 days	1,263	(348)	1,974	(380)
Past due > 365 days	-	-	-	-
Total	28,166	(348)	23,971	(448)

The Company has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Australia	3,692	4,339
China	12,658	11,584
New Zealand	6,933	4,721
United States	1,580	996
United Kingdom	1,129	461
Hong Kong	554	456
Other regions	1,272	966
Total	27,818	23,523

19. SUNDRY RECEIVABLES

In thousands of New Zealand dollars

	Note	2022 30 June	2021 30 June
Loan receivable – key management personnel	28	2,778	2,746
Prepayments		6,997	4,360
Other receivables		1,751	1,326
Total sundry receivables		11,526	8,432

20. EMPLOYEE BENEFITS

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Annual leave	1,836	1,567
Performance accrual	4,054	3,348
Accrued wages and salaries	252	599
Total current employee benefits	6,142	5,514
Long service leave (non-current)	267	539
Total employee benefits	6,409	6,053

21. TRADE AND OTHER PAYABLES

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Trade creditors	18,322	8,843
Accruals	13,298	9,799
Contingent consideration – equity accounted investees	-	164
Due to Directors	30	63
Total trade and other payables	31,650	18,869

22. CAPITAL AND RESERVES

Ordinary and partly paid redeemable share capital

<i>In thousands of shares</i>	Note	2022 30 June	2021 30 June
On issue at beginning of the year		70,300	69,780
Share issue - Leader Share Purchase & Loan scheme	26a	-	738
Share issue - PSR Scheme		138	-
Acquisition of treasury stock		(854)	(370)
Supplier Partnership Group Share Scheme		147	152
Ordinary shares on issue at end of the year		69,731	70,300
Closing partly paid shares	26c	363	618
Total shares including part paid at end of the year		70,094	70,918

Treasury Stock

<i>In thousands of shares</i>	2022 30 June	2021 30 June
Treasury stock at beginning of the year	2	2
Acquired on market	854	370
Issued - Leader Share Purchase & Loan scheme	-	(370)
Issued – PSR Scheme	(55)	-
Supplier Partnership Group Share Scheme	(147)	-
Total treasury stock at end of the year	654	2

22. CAPITAL AND RESERVES (CONTINUED)

Ordinary shares

All ordinary shares issued are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve comprises the cumulative change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises cumulative change in the fair value of financial assets designated as fair value through other comprehensive income.

Dividends

The following dividends were declared and paid by the Company:

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
\$0.040 per ordinary share October 2021	2,893	-
\$0.025 per ordinary share March 2022	1,809	-
Total	4,702	-

Capital management

The Group's capital includes share capital, reserves and retained earnings. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the geographic spread of shareholders, as well as the return on capital.

Public share offerings and private offerings are made, where applicable. This and acquisitions are key to ensuring the future development of the business.

The Board has an Executive Employee Share Scheme, a Leader Share Purchase and Loan Scheme and a Performance Share Rights Scheme to ensure the employees hold an investment in the Group.

Other than the banking requirements, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23. EARNINGS PER SHARE

Basic earnings per share - weighted average number of ordinary shares	2022	2021
<i>In thousands of shares</i>	30 June	30 June
Issued ordinary shares at beginning of year	70,300	69,780
Effect of shares issued during the year	(213)	(140)
Weighted average number of ordinary shares at the end of the year	70,087	69,640
Basic earnings per share (NZ cents)	18.24	13.61
Diluted earnings per share - weighted average number of ordinary shares (diluted)		
<i>In thousands of shares</i>		
Weighted average number of ordinary shares (basic)	70,087	69,640
Effect of share entitlements issued	440	107
Weighted average number of diluted shares at end of the year	70,527	69,747
Diluted earnings per share (NZ cents)	18.13	13.59

24. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

Terms and debt repayment schedule

<i>In thousands of New Zealand dollars</i>	Facility Local Currency	Currency	Nominal Interest rate	Maturity	Carrying Amount	Carrying Amount
					2022	2021
Secured bank loan – Westpac NZ	20,000	NZD	4.35%	July 2023	20,000	20,000
Multi option credit line – Westpac NZ	72,500	NZD	3.30%	July 2023	23,300	850
Total borrowings					43,300	20,850
Less current portion of borrowings					-	-
Borrowings – non current					43,300	20,850

24. LOANS AND BORROWINGS (CONTINUED)

Covenants and security

The Group was in compliance with all banking covenants during the year and as at 30 June 2022. All debt with Westpac New Zealand Limited is secured by way of registered first and exclusive Composite Debentures and a General Security Agreement, cross collateralised, over all the assets, undertakings and uncalled capital of all Charging Group companies and an interlocking supported guarantee between all Charging Group companies.

"Charging Group" - Comvita Limited, Comvita New Zealand Limited, Comvita Holdings Pty Limited, Comvita Australia Pty Limited, Comvita Holdings UK Limited and Comvita UK Limited.

Cash

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Cash	17,756	16,267
Less debt - non current	(43,300)	(20,850)
Net debt	(25,544)	(4,583)

Interest rate risk

At reporting date the interest rate profile of the Group's interest-bearing financial instruments is the balances of the loans above. The Group has a policy of ensuring that its exposure to interest rates for borrowings is managed. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure with the Group's policy.

Sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2022 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately \$464,000 (30 June 2021: \$129,000).

Other Facilities

Overdraft schedule

In thousands of New Zealand dollars

		Currency	Interest rate 2022	Interest rate 2021
Overdraft facility NZD – Westpac NZ	750	NZD	8.75%	7.25%
Overdraft facility GBP – Westpac NZ	1,617	GBP	8.75%	7.25%
Overdraft facility YEN – Westpac NZ	494	JPY	8.75%	7.25%

The balance drawn on each of these at 30 June 2022 is nil (2021: nil).

25. RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH THE NET CASH FROM OPERATING ACTIVITIES

In thousands of New Zealand dollars

		2022 30 June	2021 30 June
Profit for the period	Note	12,784	9,479
<i>Adjustments for:</i>			
Depreciation		8,707	8,670
Amortisation	12	2,006	1,679
Share based payments		899	471
Supplier share scheme – inventory purchase		504	487
Fair value loss of biological assets	5	(48)	(17)
Share of loss/(profit) equity accounted investees	16b	187	(992)
Profit adjusted for non-cash items		25,039	19,777
<i>Items relating to investing activities:</i>			
Interest income		(285)	(202)
Gain on disposal of property, plant & equipment		(110)	(222)
Change in trade payables		(1,291)	(128)
Bad debt written off		-	50
<i>Movement in working capital items:</i>			
Change in inventories		(31,149)	11,671
Change in trade receivables		(4,295)	(5,797)
Change in sundry debtors and prepayments		(3,095)	824
Change in trade and other payables		12,781	(3,837)
Change in employee benefits		356	1,986
Change in tax payable		277	924
Change in deferred tax		1,352	602
Change in working capital items from foreign currency translation reserve		2,027	(831)
<i>Other movements:</i>			
Movement of deferred tax in equity		987	328
Foreign investor tax credits		109	-
Foreign currency reserve		127	(320)
Net cash from operating activities		2,830	24,825

26. EMPLOYEE SHARE SCHEMES

(a) Leader Share Purchase & Loan scheme

On 25 March 2021 Comvita Limited established a Leader Share Purchase & Loan scheme (“LSPLS”) to retain key employees and materially align the interests of participants with those of shareholders, by making loans available to eligible employees for the acquisition of fully paid ordinary shares in Comvita.

	2022	2021
Employees in the LSPLS	8	8
Number of shares held	738,012	738,012
% of share capital	1.05%	1.04%

(b) Performance Share Rights scheme

Comvita Limited has a Performance Share Rights (PSR’s) Scheme to incentivise Executives. Upon vesting of the PSR’s, shares will be transferred from treasury stock or new shares will be issued in the capital of the Company on the terms and conditions described in the Comvita Limited Performance Share Rights Scheme. Share based payment expenses are recognised over the vesting period of these PSRs.

In thousands

	2022	2021
	Number of entitlements	Number of entitlements
Entitlements outstanding at beginning of period	147	-
Entitlements granted	387	147
Entitlements cancelled	(23)	-
Shares vested	(53)	-
Entitlements outstanding at end of year	458	147

A valuation of each PSR tranche is performed at grant date and a share based payment is recognised over the vesting period of the PSR. The PSR’s currently on issue are valued using either the Monte Carlo model or the share price at grant date, less the present value of estimated dividend payments during the period.

(c) Executive share scheme

Comvita Limited has an Executive Share Scheme called the Comvita Limited Partly Paid Share Scheme which is winding down. As at 30 June 2022 there is 363,000 of outstanding entitlements (2021: 618,000). The remaining 363,000 entitlements have their final opportunity to meet the hurdle rate in October 2022.

27. FINANCIAL INSTRUMENTS

Overview

Exposure to credit, liquidity and market risks arises in the normal course of the Company's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee is designated to develop and monitor the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and processes aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. As the counterparty of financial instruments is Westpac New Zealand Limited, it is considered there is minimal credit risk.

The majority of revenue is generated from retailers and consumers and there is some geographical concentration of credit risk in China. In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. Trade receivables aging are monitored on a monthly basis and the Company does not require collateral in respect of trade and other receivables, however Personal Guarantees are obtained where the Company considers it is appropriate.

The Board has approved a credit policy under which new customers are analysed individually for credit worthiness before the Group's standard payment terms and conditions are offered. The Group's review includes reviewing references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Where possible, our interest in goods sold are subject to retention of title clauses and a security interest is registered on the Personal Property Securities Register (PPSR), so that in the event of non-payment the Group may have a secured claim.

The Group's policy is to provide financial guarantees only to subsidiaries and equity accounted investees.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk represents the Group's ability to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Due to the seasonal nature of raw materials supply the Group has credit lines in place to cover timing differences to offset the mismatch of receipts and payments. The borrowings are by way of overdraft and committed credit facilities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return on risk. The Group buys and sells derivatives, and also incurs financial liabilities in order to manage market risks. All transactions are carried out within the Treasury Policy guidelines set by the Board of Directors. Generally the Group seeks to apply hedge accounting in order to manage volatility in the income statement.

Currency risk

The Group is exposed to currency risk on sales that are denominated in a currency other than its functional currency, the New Zealand Dollar. The currencies in which transactions are primarily denominated are United States Dollars, Japanese Yen, Australian Dollars, Hong Kong Dollars, British Pounds and Chinese Yuan.

The Group manages foreign currency risk by hedging net foreign currency receipts. At any point in time the Group hedges between 40% to 100% of its estimated net foreign currency receipts expected to be received over the following 12 months, and between 0% to 75% in respect of 12-to-24-month net foreign currency receipts. The Group uses a mixture of forward exchange contracts, collars and options to hedge its currency risk.

Derivatives – assets and liabilities (hedged) and designated at fair value through the income statement

The Group's Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments are all level 2 on the fair value hierarchy, as they include inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices). There have been no transfers between levels in either direction during the period.

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Derivatives – liabilities (hedging instrument)	(6,519)	(1,648)
Total liabilities	(6,519)	(1,648)

Liquidity risk

The following table sets out the contractual maturities of financial liabilities including interest payments and derivatives:

In thousands of New Zealand dollars

	Stmnt of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
2022						
Non-derivative financial liabilities						
Secured bank loans	(43,300)	(46,582)	(819)	(819)	(44,944)	-
Trade and other payables	(31,650)	(31,650)	(31,650)	-	-	-
Total non-derivative liabilities	(74,950)	(78,232)	(32,469)	(819)	(44,944)	-
Derivatives						
Inflow	-	101,065	25,580	31,360	38,038	6,087
Outflow	(6,519)	(107,764)	(27,629)	(33,601)	(40,233)	(6,301)
Total derivatives	(6,519)	(6,699)	(2,049)	(2,241)	(2,195)	(214)
2021						
Non-derivative financial liabilities						
Secured bank loans	(20,850)	(21,355)	(252)	(252)	(20,851)	-
Trade and other payables	(18,869)	(18,869)	(18,869)	-	-	-
Total non-derivative liabilities	(39,719)	(40,224)	(19,121)	(252)	(20,851)	-
Derivatives						
Inflow	-	43,738	20,701	18,560	4,464	13
Outflow	(1,648)	(45,537)	(21,197)	(19,350)	(4,753)	(237)
Total derivatives	(1,648)	(1,799)	(496)	(790)	(289)	(224)

27. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

In thousands of New Zealand dollars

Group						
2022						
	RMB	AUD	GBP	HKD	USD	Other
Trade receivables	12,742	3,520	523	554	1,613	1,813
Trade and other payables	(2,033)	(1,913)	(425)	(1,208)	(1,800)	(970)
Gross statement of financial position exposure	10,709	1,607	98	(654)	(187)	843
Forward exchange contracts (local currency)	184,500	7,250	915	38,150	25,875	270,000

2021

	RMB	AUD	GBP	HKD	USD	Other
Trade receivables	11,584	3,606	473	456	1,284	1,074
Trade and other payables	(3,415)	(1,512)	(675)	(721)	(1,402)	(923)
Gross statement of financial position exposure	8,169	2,094	(202)	(265)	(118)	151
Forward exchange contracts (local currency)	66,300	2,150	1,100	22,300	12,450	269,000

Sensitivity analysis

A 10% strengthening and 10% weakening of the NZD against the following currencies would have changed the asset or liability values in the statement of financial position at 30 June 2022 through a change in equity and the income statement by the amounts shown on the next page. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2022		2022		2021		2021	
	Equity		Income statement		Equity		Income statement	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
AUD	710	(869)	-	-	210	(257)	-	-
GBP	162	(199)	-	-	198	(242)	-	-
USD	3,671	(4,495)	-	-	1,623	(1,984)	-	-
HKD	700	(857)	-	-	375	(458)	-	-
RMB	3,950	(4,837)	-	-	1,285	(1,565)	-	-
JPY	301	(371)	-	-	317	(387)	-	-

Classification and Fair Values

The carrying amount of all assets and liabilities reflects the fair value. They are classified as follows:

Classification	Asset or liability
Amortised cost	Trade and other receivables, cash and cash equivalents, trade and other payables, loans and borrowings
Fair value through OCI	Derivatives

28. RELATED PARTIES

Transactions with key management personnel

The key management personnel consists of the Leadership team the Company.

Key management and director compensation comprised:

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Director fees (note 8)	592	573
Short term employee benefits	4,965	4,778
KiwiSaver employer contribution	154	100
Share based payments	686	692
Total	6,397	6,143

Key management and director loans:

In thousands of New Zealand dollars

	2022 30 June	2021 30 June
Loan to CEO	450	450
Loan to key management personnel – Leader Share Purchase & Loan Scheme (note 26a)	2,328	2,296
Total	2,778	2,746

At 30 June 2022 Directors and other key management personnel of the Company control 2.50% (2021: 2.37%) of the voting shares of the Company.

28. RELATED PARTIES (CONTINUED)

Subsidiaries	Country of Incorporation	Ownership Interest Held	Balance Date	Principal Activity
Comvita New Zealand Limited	New Zealand	100%	30 June	Manufacturing and marketing
Medibee Limited	New Zealand	100%	30 June	Not trading
Comvita Taiwan Limited	New Zealand	100%	30 June	Not trading
Bee & Herbal New Zealand Limited	New Zealand	100%	30 June	IP ownership
Comvita Landowner Share Scheme Trustee Limited	New Zealand	100%	30 June	Apicultural land owner share scheme
Kyoto Forests of New Zealand Limited	New Zealand	100%	30 June	Not trading
Comvita Share Scheme Trustee Limited	New Zealand	Management control	30 June	Executive employee share scheme
Comvita USA, Inc	USA	100%	30 June	Selling and distribution
Comvita Japan K.K.	Japan	100%	30 June	Selling and distribution
Comvita Korea Co Limited	Korea	100%	30 June	Selling and distribution
Comvita Food (China) Limited	China	100%	31 December	Selling and distribution
Comvita Food (Hainan) Co. Ltd	China	100%	31 December	Selling and distribution
Comvita China Limited	Hong Kong	100%	30 June	Selling and distribution
Comvita Holdings HK Limited	Hong Kong	100%	30 June	Holding Company
Greenlife (New Zealand) Product Limited	Hong Kong	100%	30 June	Not trading
Comvita HK Limited	Hong Kong	100%	30 June	Selling and distribution
Comvita Holdings Pty Limited	Australia	100%	30 June	Holding Company
Comvita Australia Pty Limited	Australia	100%	30 June	Manufacturing, selling & distribution
Olive Leaf Australia Pty Limited	Australia	100%	30 June	Not trading
Olive Products Australia Pty Limited	Australia	100%	30 June	Property ownership
Comvita IP Pty Limited	Australia	100%	30 June	IP ownership
Comvita Health Pty Limited	Australia	100%	30 June	Not trading
Medihoney Pty Limited	Australia	100%	30 June	Not trading
Medihoney (Europe) Limited	United Kingdom	100%	30 June	Not trading
Comvita Holdings UK Limited	United Kingdom	100%	30 June	Holding Company
Comvita UK Limited	United Kingdom	100%	30 June	Selling and distribution
New Zealand Natural Foods Limited	United Kingdom	100%	30 June	Not trading
Comvita Europe BV	Netherlands	100%	30 June	Selling and distribution

29. SUBSEQUENT EVENTS

Dividends

On 24 August 2022, the Directors approved the payment of a fully imputed final dividend of \$2,092,000 (3 cents per share) to be paid on 7 October 2022. As the dividend was declared after balance date it has not been recognised as a liability in these financial statements.

30. SUPPLEMENTARY NON-GAAP INFORMATION - EBITDA

Earnings before interest, tax, depreciation, and amortisation (EBITDA) is a non-GAAP measure. We monitor this as a key performance indicator and believe it assists investors in assessing the performance of the core operations of our business

<i>In thousands of New Zealand dollars</i>	2022 30 June	2021 30 June
Profit before tax	17,125	13,401
Add back: net finance cost	2,245	1,995
EBIT	19,370	15,396
Add back: depreciation and amortisation	10,713	10,127
EBITDA	30,083	25,523



Independent Auditor's Report

To the shareholders of Comvita Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Comvita Limited (the 'Company') and its subsidiaries (the 'Group') on pages 3 to 38:

- Present fairly in all material respects the Group's financial position as at 30 June 2022 and its financial performance and cash flows for the year ended on that date; and
- Comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated statement of financial position as at 30 June 2022;
- The consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the Group in relation to tax services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Impairment of Goodwill

Refer to the Notes 3(j)(ii) and 12.

The Group has \$26.8m of goodwill relating to three cash generating units (CGU's):

- Greater China;
- Apiaries; and
- Other.

The process of performing an impairment assessment is inherently judgemental as it involves the use of unobservable, forward looking assumptions and data.

The Group utilises value in use models to determine the recoverable amount of each CGU, which are then compared to the CGU's net assets. In relation to these models, particular attention was required of:

- Projected earnings before interest and tax (EBIT);
- Post tax discount rates;
- Manuka honey yields and grade; and
- Forecasted hive costs.

As disclosed in Note 12 of the financial statements, the recoverable amounts of each CGU have varying level of sensitivity to the respective assumptions applied by the Group.

Our audit procedures included the following, amongst others:

- We assessed the Group's determination of CGU's based on our understanding of the nature of the Group, their operations and the internal reporting of the business;
- We assessed the value in use models (VIU) for each CGU considering the methodology adopted in the discounted cash flow valuation models against the requirements of the applicable financial reporting standards;
- We considered the consistency of assumptions in individual VIU models with the overall Group 5 year forecast to ensure appropriate and consistent cash flows reported. Analysed the future cash flow forecasts used and determined whether they are reasonable based on the implementation of the strategic plan and historical achievements;
- We utilised valuation specialists to challenge key judgements, which included the post tax discount rates applied and terminal growth rates, through comparison to market data and industry research;
- We performed sensitivity analysis on key cash flow forecast assumptions, Manuka honey yields and grade, post tax discount rates and terminal growth, to understand the impact of reasonable possible changes in key assumptions in various scenarios;
- We performed testing to compare the calculated recoverable values to the associated carrying amounts, and assessed whether any impairment expense is to be recognised; and
- We considered and reviewed appropriateness, sufficiency and clarity of required disclosures included in the Group financial statements.

We did not identify any material misstatements in relation to the impairment of goodwill or the related disclosure.



Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Financial Statements and Annual Report. Other information comprises the information included in the Group's Financial Statements and Annual Report, but does not include the consolidated financial statements and our Independent Auditor's Report thereon. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Company, are responsible for:

- The preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- Implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



xlr Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- To obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Trevor Newland

For and on behalf of

A handwritten signature in blue ink that reads 'KPMG'.

KPMG
Tauranga

24 August 2022

Statutory

INFORMATION

Principal activity

The principal activity of the Company is that of manufacturing and marketing quality natural health products, apiary ownership and management.

Dividend

On 24 August 2022, the Directors approved the payment of a fully imputed final dividend of \$2,092,000 (3 cents per share) to be paid on 7 October 2022.

Directors' remuneration for the year ended 30 June 2022

In accordance with the constitution, all directors will continue in office, until the 2022 Annual Meeting, when two directors will retire by rotation.

<i>In thousands of New Zealand dollars</i>	Base Fee	Committee Fee	Total
B.D Hewlett	129	-	129
L.N.E Bunt	65	29	94
S.J Kennedy	65	29	94
B Major	65	9	74
P Reid (resigned 1 October 2021)	16	-	16
C Dayong (resigned 13 September 2021)	16	-	16
Z Guangping	65	-	65
Y Wu (appointed 13 September 2021)	49	-	49
B Coates (appointed 1 October 2021)	49	6	55
D Banfield (appointed 13 September 2021)	-	-	-
Total	519	73	592

The maximum total pool of annual Directors' remuneration is \$610,000, as approved by Shareholders in 2016.



Interests register

Directors have disclosed the following directorships held by them excluding family companies and companies with no association to their appointment as director of the Company or any companies in the Group:

B MAJOR

Director – Comvita Limited
 Chairman – Gibb Holdings (Nelson) Ltd
 Chairman – High Value Nutrition National Science Challenge
 Chairman – Go Global Avocado Primary Growth Partnership
 Chairman – Armer Group Advisory Board
 Deputy Chairman – Hautupua General Partner Ltd
 Deputy Chairman – Miro Trading General Partner Ltd
 Managing Director and Shareholder – Sinotearoa Ltd
 Director – BioVittoria Ltd
 Director – BioVittoria Investments Ltd
 Director – Dairy Holdings Limited
 Committee Member – Oriens Capital Investment Committee

L.N.E BUNT

Director – Comvita Limited
 Chairman – Heat Treatments Limited

B COATES

Director – Comvita Limited
 Chairman – Toitu Tahuā:
 Centre for Sustainable Finance
 Chairman – Fonterra Sustainability - Advisory Panel
 Chairman – Real Estate Institute of New Zealand
 Chairman – Koi Tu: Centre for Informed Futures / University of Auckland
 Director – Yealands Wine Group Ltd
 Director – Northern Rescue Helicopter Trust
 Director – American Chamber of Commerce
 Director and Trustee – Mindful Money (Charity)
 Advisory Board Member – Global from Day One Fund

Z GUANGPING*

Director – Comvita Limited

S.J KENNEDY

Director – Comvita Limited
 Director – Lifestream International Limited
 Director – Lanaco Limited
 Director – SJK Consulting Limited
 Director – Calocurb Ltd
 Director – New Zealand Rural Land Co
 Director – Final Mile Holdings Limited

B.D HEWLETT

Chairman – Comvita Limited
 Director – Quayside Holdings Limited
 Director – Quayside Properties Limited
 Director – Quayside Securities Limited
 Member – University of Waikato Management School Business Advisory Group
 Member – University of Waikato Tauranga Campus Charitable Trust Academic Panel

Y WU*

Chairman – Comvita Limited
 Director – Genesis Care Pty Limited
 Director – Oatly Group AB (OTLY.US)
 Director – Blossom Key Holdings Ltd
 Director – China Resources Verlinvest Senior Care Services Ltd
 Director – Nativus Company Ltd
 Director – Shanghai Red Sun Enterprise Management Co., Ltd
 Director – Chongqing Hezhan Eldercare Industry Development Co., Ltd
 Director – Chengdu Buen Chunqiu Senior Care Services Limited

D BANFIELD

Managing Director and CEO – Comvita Limited plus various subsidiaries of Comvita Limited

* Mr Zhu Guangping and Ms Yawen Wu are not considered independent as they are associated with substantial product holders. Zhu Guangping is associated with Li Wang, the largest shareholder in the Company with a shareholding greater than 5%. Yawen Wu is associated with China Resources which also has a shareholding greater than 5%.

DIRECTORS OF GROUP COMPANIES OTHER THAN SHOWN ABOVE

Companies	Directors		
Apimed Medical Honey Limited**	D Banfield*		
Bee & Herbal New Zealand Limited	D Banfield *		
Comvita Australia Pty Limited	D Banfield*	M Tobin	
Comvita China Limited	D Banfield*	G Zhu	A Chen*
Comvita Food (China) Limited	D Banfield*	A Chen*	G Zhu
Comvita Food (Hainan) Co. Limited	D Banfield*	A Chen*	T Brown*
Comvita Health Pty Limited	D Banfield*	M Tobin	
Comvita HK Limited	D Banfield*	A Chen*	
Comvita Holdings HK Limited	D Banfield*	A Chen*	
Comvita Holdings Pty Limited	D Banfield*	M Tobin	
Comvita Holdings UK Limited	D Banfield*		
Comvita IP Pty Limited	D Banfield*	M Tobin	
Comvita Japan K. K.	D Banfield*	R Shida*	
Comvita Korea Co Limited	D Banfield*	J Park*	
Comvita Landowner Share Scheme Trustee Limited	D Banfield*		
Comvita New Zealand Limited	D Banfield*	A Barr*	
Comvita Share Scheme Trustee Limited	S Kennedy	L Bunt	
Comvita Taiwan Limited	D Banfield*		
Comvita UK Limited	D Banfield*		
Comvita USA, Inc	D Banfield*	A Barr*	
Green Life (New Zealand) Product Limited	D Banfield*	A Chen*	
Kyoto Forests of New Zealand Limited	D Banfield*		
Medibee Limited	D Banfield*		
Medihoney (Europe) Ltd	D Banfield*		
Medihoney Pty Ltd	D Banfield*	M Tobin	
New Zealand Natural Foods Limited	D Banfield*		
Olive Leaf Australia Pty Limited	D Banfield*	M Tobin	
Olive Products Australia Pty Limited	D Banfield*	M Tobin	
Comvita Europe B.V	D Banfield*	R Bosland*	

* denotes an executive of a Group Company

**Apimed Medical Honey Limited amalgamated into Comvita Limited effective 30 June 2022

DIRECTORS OF GROUP COMPANIES (CONTINUED)

Share Dealings of Directors

Director	Relevant Interest	Number of Shares Disposed	Value of Shares Disposed	Number of Shares Acquired	Value of Shares Acquired
S.J Kennedy	Beneficially owned	(57)	(196)	-	-
B.D Hewlett	Beneficially owned	-	-	3,000	10,200
B Major	Beneficially owned	-	-	7,858	26,860
B Coates	Beneficially owned	-	-	20,000	63,000
D Banfield	Beneficially owned	-	-	28,162	-*

*D Banfield received two allotments of shares during the year at nil value as part of the Performance Share Rights Scheme.

Directors Shareholding

Directors, or entities associated with directors, held the following ordinary shares in Comvita Limited at 30 June 2022:

Director	Relevant Interest	30 June 2022	30 June 2021
S.J Kennedy	Beneficially owned	22,835	22,892
L.N.E Bunt	Beneficially owned	70,000	70,000
B Major	Beneficially owned	35,810	27,952
B.D Hewlett	Beneficially owned	400,926	397,926
B Coates	Beneficially owned	20,000	-
D Banfield*	Beneficially owned	533,392	505,230
Total		1,082,963	1,024,000

* D Banfield also had 94,382 of outstanding Performance Share Rights at 30 June 2022.

DIRECTORS OF GROUP COMPANIES (CONTINUED)

Directors Indemnity and Insurance

The Company has insured all its Directors and the Directors of its wholly owned subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions. The Company has not been required to indemnify its Directors for any liabilities during the year.

Employees' remuneration

During the year ended 30 June 2022 the following numbers of employees received remuneration of at least \$100,000.

	Number of employees
\$100,000 to \$110,000	7
\$110,000 to \$120,000	10
\$120,000 to \$130,000	6
\$130,000 to \$140,000	5
\$140,000 to \$150,000	5
\$150,000 to \$160,000	6
\$160,000 to \$170,000	5
\$170,000 to \$180,000	3
\$190,000 to \$200,000	3
\$200,000 to \$210,000	4
\$210,000 to \$220,000	2
\$240,000 to \$250,000	2
\$250,000 to \$260,000	2
\$260,000 to \$270,000	1
\$280,000 to \$290,000	1
\$340,000 to \$350,000	2
\$370,000 to \$380,000	1
\$390,000 to \$400,000	1
\$420,000 to \$430,000	1
\$460,000 to \$470,000	1
\$500,000 to \$510,000	1
\$730,000 to \$740,000	1

Note: these bands are New Zealand dollar equivalents and reflect the impact of fluctuations in the foreign exchange rates for remuneration of overseas based employees. The figures include bonus provisions made during the year which may have not been paid at year end. It does not include any remuneration or benefit relating to share schemes.

Donations

During the year the Group made cash donations of \$279,000 (2021: \$5,000). This is in line with our commitment to donate 1% of our EBITDA each year as set out in our Harmony Plan. The Group also made donations of products to charitable organisations.

SHAREHOLDER ANALYSIS

Analysis of shareholder by size as at 1 August 2022

Category	No of shareholders	Shares held	Percentage of shareholders	Percentage of shares
Up to 1,000 shares	1,161	592,840	37.38%	0.85%
1,001 – 5,000 shares	1,213	3,071,226	39.05%	4.40%
5,001 – 10,000 shares	344	2,554,609	11.08%	3.66%
10,001 – 100,000 shares	340	7,994,401	10.95%	11.46%
100,001 shares or more	48	55,518,385	1.54%	79.63%
Total	3,106*	69,731,461	100%	100%

*This number does not include a number of shareholders within Custodial and Nominee companies

Top 20 shareholders as at 1 August 2022

Shareholder	Shares held	Percentage of shares
Li Wang	8,552,736	12.27%
Custodial Services Limited	4,792,299	6.87%
National Nominees New Zealand Limited	4,582,271	6.57%
China Resources Enterprise Limited	4,582,000	6.57%
Kauri NZ Investments Limited	3,558,077	5.10%
Accident Compensation Corporation	2,368,098	3.40%
Alan John Bougen & Lynda Ann Bougen & Graeme William Elvin	2,297,550	3.29%
Junxian Li	1,880,304	2.70%
Forsyth Barr Custodians Limited	1,733,878	2.49%
Pt Booster Investments Nominees Limited	1,561,195	2.24%
Bnp Paribas Nominees NZ Limited Bpss40	1,525,034	2.19%
Li Sun	1,410,000	2.02%
Robert Bertram Tait & Jane Gibbons Tait & Ian James Craig	1,169,553	1.68%
HSBC Nominees (New Zealand) Limited	1,083,264	1.55%
Maori Investments Limited	1,000,000	1.43%
New Zealand Permanent Trustees Limited	1,000,000	1.43%
JBWERE (Nz) Nominees Limited	977,986	1.40%
New Zealand Depository Nominee	813,898	1.17%
Citibank Nominees (Nz) Ltd	773,862	1.11%
Kevin Glen Douglas & Michelle Mckenney Douglas	753,655	1.08%
Masfen Securities Limited	734,010	1.05%
Other	22,581,791	32.38%
Total Ordinary Shares*	69,731,461	100.00%

* does not include 362,500 partly paid redeemable share entitlements as detailed in note 26 to the annual accounts

Substantial security holders as at 1 August 2022

Shareholder	Shares held	Percentage of shares
Li Wang	8,552,736	12.27%
China Resources Ng Fung Limited	4,582,000	6.57%
Milford Asset Management Limited	4,579,021	6.57%
Kauri NZ Investments Limited	3,558,077	5.10%

Directory

DIRECTORS

Comvita Board Of Directors

Lucas (Luke) Nicholas Elias Bunt
 Sarah Jane Kennedy
 Bridget Coates
 Brett Donald Hewlett
 Robert Malcolm Major
 Guangping Zhu
 Yawen Wu
 David Banfield

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BUILDING A



BETTER BUSINESS

