29 August 2025

Comvita Limited (NZX: CVT) releases results for the year ended 30 June 2025

Comvita Limited (NZX: CVT) today announces its audited financial results for the year ended 30 June 2025. FY25 was another difficult year, with results reflecting significant financial pressure and persistent headwinds across both external markets and internal operations.

Financial and Operating Summary

- **Revenue:** $192.4m, down 4.1% vs PCP.
- **Gross profit:** $82.7m, down 24.0% vs PCP.
- **EBITDA*:** ($74.2m), down 16.7% vs PCP.
- **Underlying NPBT*:** Loss ($21.9m), in line with guidance of ($20m) -($24m)
- **Reported NPAT:** Loss ($104.8m), down 30.3% vs PCP.
- **Operating cash flow*:** $34.1m, up $28.8m vs PCP.
- **Inventory:** $89.0m, down significantly (34.4 % improvement vs PCP).
- **Net debt*:** $62.4m, reduced 21.8% vs PCP.
- Strong market share maintained in high-grade UMF™ honey in China and the US.
- $12.6m cost reductions implemented, with further actions underway

Comvita Chair, Bridget Coates, said: "Comvita's FY25 performance reflects the full weight of prolonged market disruption - particularly in China - compounded by internal challenges and limited financial headroom.

"The Company continues to navigate sustained structural pressure in the Mānuka honey sector, with prolonged oversupply, pricing volatility, and softer consumer demand weighing heavily on margins.

"These external pressures have been compounded by internal complexity, underperforming investments, and the cost of delivering a significant turnaround. We weren't fast enough to adjust - and those same market dynamics have only intensified.

"Limited financial headroom and capital constraints have further restricted the Company's ability to respond at pace. As a result, FY25 performance was materially impacted, including significant impairments.

"We recognise the impact this has had on our shareholders and the importance of delivering a clear path forward.

"The Company has taken urgent and decisive action to strengthen its balance sheet and operational footing, and important progress has been made. Free cash flow is now positive, net debt has been reduced, and greater discipline has been applied to inventory and cost management. These are early but important signs that the reset is beginning to take hold.

"However, the scale of the challenges means the reset alone will not be enough to restore balance sheet strength. That is why, following a comprehensive review of all strategic options, the Board signed a Scheme Implementation Agreement with Florenz in August.

"In our view, the Scheme provides greater certainty in a difficult environment, a choice for our diverse shareholder base and the strongest foundation for Comvita's long-term brand, people, and market leadership."

** EBITDA, Underlying NPBT, Operating cash flow and Net Debt are Non-GAAP financial measures. We monitor these non-GAAP measures as key performance indicators, in assessing the performance of the core operations of our business.*

Market and industry conditions
The Mānuka honey category is in a period of structural reset following years of oversupply and inconsistent demand. Profitability across the sector remains under pressure. Consumer behaviour is shifting and the category is fragmenting, with discount players driving volume at the lower end and pricing pressure escalating across both online and offline channels.

Industry consolidation is gathering pace, with several brands under financial stress and large global players entering the market, accelerating commoditisation and raising the bar for innovation.

Comvita is navigating these dynamics while defending premium positioning. Despite a highly challenging environment, the Company has retained its #1 brand position in core markets and achieved key commercial milestones, including a strategic agreement with the world's largest club retailer.

Performance across Comvita's global markets was mixed in FY25, with strong growth in North America and wider Asia offset by decline in China, ANZ, and EMEA.

China remained the most challenging market, with sales down 10.9% and profit down 24.8% versus FY24. Economic slowdown and oversupply pressured margins, and recovery is expected to be slow despite early gains from distribution resets and structural simplification. Comvita retained its #1 brand with over 50% share, with Q4 improvement led by premium UMF™ and further opportunities in large-scale retail and online channels.

North America delivered strong momentum, with sales up 10.0% and profit up 15.2%. Growth was driven by expanded distribution with a major retailer, leadership in the Natural Retail Channel and improved e-commerce capability.

Rest of Asia grew 18.5% versus FY24, supported by stronger distribution and channel execution. Singapore is well placed for further growth following the HoneyWorld™ reset, and volume opportunities remain through expanded distribution.

ANZ declined, with sales down 13.4% and profit down 32.5%. Weakness in Daigo channels weighed on results, although non-honey products have stabilised and returned to growth, providing a platform for FY26.

EMEA reported an 8.9% decline in sales but remained profitable. The transition to a distributor-led model in the UK and Europe improved margins, while the Middle East offers growth potential through pharmacy and wellness partnerships.

Financial commentary
FY25 revenue was $192.4m, down 4.1% from $200.7m in FY24. The decline was mainly attributable to weaker sales in Mainland China, partly offset by gains in the USA and Rest of Asia markets. Gross profit of $82.7M ($97.8M pre-inventory provisions), compared to FY24 $108.9M. The reduction was driven by high-cost honey purchased in earlier years, combined with price discounting in some markets.

Operating expenses reduced by $11.4m to $114.4m, from $125.8m in FY24 (-9.0%). Cost reduction initiatives, including saving from headcount and structural adjustments, underpinned the improvement.

Underlying net loss before tax was in line with guidance of ($20m)–($24m) at ($21.9m), versus ($21.6m) in FY24. Reported net profit after tax was a loss of ($104.8m), including significant impairments and provisions relating to legacy structural issues, underperforming investments, and the write-down of high-cost inventory built up in previous years.

Impairments of ($53.9m), inventory provisions of ($15.1m) and fair value write-downs of ($3.5m) have been taken up in the financial statements. Combined with the underlying net loss before tax of ($21.9m), this resulted in a reduction in Net Assets to $54.9m (FY24: $156.7m).

The extent of impairments and additional provisions reflects the requirement to present net assets at fair value, with the recent offer received at $0.80 per share providing the most appropriate reference point for fair value of the business.

FY25 progress against reset
During the period, Comvita took urgent action to stabilise the business and improve financial resilience. Key initiatives included:

- $46.8 million inventory vs. FY24
- $17.4 million net debt reduction vs FY24
- $12.6 million in cost savings, with further savings targeted in FY26
- Restructured operations in North America, China and EMEA
- Exited underperforming units; rationalised product lines; simplified supply chain

Banking arrangements
Comvita renegotiated its banking covenants through to 31 December 2025, including waivers for two previously at-risk covenants and the introduction of a new EBIT covenant, which will be tested quarterly.

The working capital facility has been reduced from $44 million to $24 million and extended through to 31 January 2026, while the core debt facility of $35 million now runs through to 1 March 2026. These revised terms provide short-term stability, but the Company's lenders have been clear that a longer-term recapitalisation solution will be required.

Scheme of arrangement with Florenz
On 18 August 2025, Comvita announced a Scheme Implementation Agreement (SIA) with Florenz Limited, under which Florenz will acquire 100% of Comvita shares at $0.80 per share - a 56% premium to the 90-day VWAP at the date of announcement.

The Board unanimously supports the offer, citing the premium to recent trading, the certainty it provides in a sustained challenging environment, and the liquidity it offers in a historically low-volume stock, subject to the Independent Adviser concluding in its report that the $0.80 cents per share is within or above its valuation range for the Comvita shares and there not being a Superior Proposal (as defined in the SIA).

An Independent Adviser's Report by Grant Samuel will accompany the Scheme Booklet, expected to be distributed in October 2025. The shareholder vote is planned for November, with implementation targeted for December 2025, subject to conditions being met.

Shareholders are not required to take any action at this stage and should wait to receive and review the Scheme Booklet before deciding how to vote.

Going concern
The Directors have concluded that the Group will continue to operate as a Going Concern on the following basis: Current assets exceed current liabilities by $52 million, FY26 forecasts show sufficient cash to meet obligations as they fall due and the Directors expect a return to profitability, subject to execution.

The proposed Scheme would materially strengthen the Group's financial position and reduce funding risk. The board recognises the potential requirement for a longer-term recapitalisation solution if the Scheme does not proceed.

Taking action: FY26 priorities and outlook
While the Scheme process progresses, Comvita remains firmly committed to business continuity and performance delivery.

The core financial objective is a return to profitability in FY26. Comvita's immediate focus is on strengthening the balance sheet and lifting delivery. Key actions include reducing net debt, delivering further cost savings, and simplifying overheads and leadership structures to create a leaner, more agile business.

A central priority is to improve gross profit while protecting pricing integrity in premium segments, alongside regaining share in lower UMF™ product ranges through tighter commercial filters.

Rebuilding the leadership team is also a critical part of the reset. Karl Gradon has begun as CEO, recruitment for a new CFO is underway, and FY26 will see continued progress to ensure the right capability, alignment, and structures are in place to drive improved performance.

Looking further ahead, Comvita will continue to defend and grow its number one position in premium Mānuka globally, expand distribution through its omnichannel capability - particularly online - and optimise its scalable Mānuka forests and apiary operations for secure, cost-effective supply.

Innovation and category expansion will be pursued with sharper commercial filters and stronger prioritisation.

The Board remains committed to prudent stewardship throughout this period of change, maintaining continuity of operations and a clear focus on long-term outcomes for shareholders, people, and partners.

Investor Conference Call
Comvita will host a virtual investor conference call today, Friday 29 August 2025 at 11:00am NZST to present the FY25 results.

Participants can join via: www.virtualmeeting.co.nz/cvtfy25. Please register online 5–10 minutes prior to the start time.

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Background information

Comvita (NZX:CVT) was founded in 1974/5, with a purpose to heal and protect the world through the natural power of the hive. With a team of 400+ people globally, united with more than 1.6 billion bees, we are the global market leader in Mānuka honey and bee consumer goods. Seeking to understand, but never to alter, we test and verify all our bee-product ingredients are of the highest quality in our own government-recognised and accredited laboratory. We are growing scientific knowledge on Mānuka trees, the many benefits of Mānuka honey and propolis and bee welfare. We have planted millions of native trees, improving our natural ecosystems and biodiversity, and mitigating climate change in conjunction with our focus on carbon emissions reduction, while helping ensure the supply of high quality Mānuka honey. In 2023 Comvita was certified B Corp, a global community of like-minded companies that strive to balance profit with purpose, seeking to use business as a force for good. Comvita has operations in Australia, China, North America, Southeast Asia, and Europe – and of course, Aotearoa New Zealand, where our bees are thriving.