

BLOSSOMING



COMVITA.CO.NZ





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Directors'

DECLARATION

In the opinion of the Directors of Comvita Limited, the condensed interim financial statements and the notes, on pages 3 to 17:

- comply with New Zealand generally accepted accounting practice and fairly state the financial position of the Group as at 31 December 2022 and the results of their operations and cash flows for the period 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 statements of Comvita Limited for the six month period ended 31 December 2022.

For and on behalf of the Board of Directors:


Brett Hewlett
22 February 2023


Luke Bunt
22 February 2023

INTERIM

INCOME STATEMENT

| For the six months ended | | 31 December 2022 | 31 December 2021 |
|--|------|------------------|------------------|
| <i>In thousands of New Zealand dollars</i> | Note | Unaudited | Unaudited |
| Revenue | | 112,130 | 104,942 |
| Cost of sales | | (42,750) | (45,542) |
| Gross profit | | 69,380 | 59,400 |
| Other income | | 638 | 801 |
| Marketing expenses | | (15,510) | (13,277) |
| Selling and distribution expenses | | (25,655) | (23,259) |
| Administrative and other operating expenses | | (16,695) | (16,476) |
| Software development expenses | | (593) | - |
| Operating profit before financing costs | | 11,565 | 7,189 |
| Finance income | 5 | 326 | 140 |
| Finance expenses | 5 | (5,838) | (1,269) |
| Net finance costs | | (5,512) | (1,129) |
| Share of loss of equity accounted investees | 8b | (264) | (196) |
| Profit before income tax | | 5,789 | 5,864 |
| Income tax expense | | (1,624) | (2,375) |
| Profit for the period | | 4,165 | 3,489 |
| Earnings per share: | | | |
| Basic earnings per share (NZ cents) | 6 | 5.97 | 4.97 |
| Diluted earnings per share (NZ cents) | 6 | 5.91 | 4.95 |
| Supplementary non-GAAP information – EBITDA* | 18 | 13,430 | 12,084 |

*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 18.

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

INTERIM

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended
In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| | Unaudited | Unaudited |
| Profit for the period | 4,165 | 3,489 |
| <i>Items that are or may be reclassified subsequently to the income statement</i> | | |
| Foreign currency translation differences for equity accounted investees | (91) | - |
| Foreign currency translation differences for foreign operations | (2,009) | 471 |
| Effective portion of changes in fair value of cash flow hedges | 6,183 | (884) |
| Foreign investor tax credits received | 51 | 68 |
| Income tax on these items | (1,298) | 413 |
| Income and expense recognised directly in other comprehensive income | 2,836 | 68 |
| Total comprehensive income for the period | 7,001 | 3,557 |

COMVITA INTERIM FINANCIAL STATEMENTS 2023

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

INTERIM

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022
In thousands of New Zealand dollars

| | Share capital | Foreign currency translation reserve | Hedging reserve | Retained earnings | Total |
|---|----------------|--------------------------------------|-----------------|-------------------|----------------|
| Balance at 1 July 2021 | 201,839 | (4,862) | (1,211) | 26,114 | 221,880 |
| Total comprehensive income for the period | | | | | |
| Profit after tax for the period | - | - | - | 3,489 | 3,489 |
| <i>Other comprehensive income (net of tax)</i> | | | | | |
| Foreign investor tax credits received | - | - | - | 68 | 68 |
| Foreign currency translation differences for foreign operations | - | 636 | - | - | 636 |
| Effective portion of changes in fair value of cash flow hedges | - | - | (636) | - | (636) |
| Total other comprehensive income for the period | - | 636 | (636) | 68 | 68 |
| Total comprehensive income for the period | - | 636 | (636) | 3,557 | 3,557 |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | |
| Share based payment | - | - | - | 264 | 264 |
| Purchase of treasury stock | (1,549) | - | - | - | (1,549) |
| Issue of ordinary shares - PSR Scheme | 299 | - | - | - | 299 |
| Redemption of ordinary shares - Staff share scheme | (10) | - | - | - | (10) |
| Issue of treasury stock - Supplier share scheme | 541 | - | - | (37) | 504 |
| Dividend paid (note 15) | - | - | - | (2,893) | (2,893) |
| Total transactions with owners | (719) | - | - | (2,666) | (3,385) |
| Balance at 31 December 2021 | 201,120 | (4,226) | (1,847) | 27,005 | 222,052 |
| Balance at 1 July 2022 | 199,677 | (1,992) | (4,564) | 34,869 | 227,990 |
| Total comprehensive income for the period | | | | | |
| Profit after tax for the period | - | - | - | 4,165 | 4,165 |
| <i>Other comprehensive income (net of tax)</i> | | | | | |
| Foreign investor tax credits received | - | - | - | 51 | 51 |
| Foreign currency translation differences for equity accounted investees (note 8b) | - | (91) | - | - | (91) |
| Foreign currency translation differences for foreign operations | - | (1,576) | - | - | (1,576) |
| Effective portion of changes in fair value of cash flow hedges | - | - | 4,452 | - | 4,452 |
| Total other comprehensive income for the period | - | (1,667) | 4,452 | 51 | 2,836 |
| Total comprehensive income for the period | - | (1,667) | 4,452 | 4,216 | 7,001 |
| <i>Transactions with owners, recorded directly in equity</i> | | | | | |
| Share based payment | - | - | - | 427 | 427 |
| Purchase of treasury stock | (322) | - | - | - | (322) |
| Redemption of ordinary shares - staff share scheme | (4) | - | - | - | (4) |
| Dividend paid (note 15) | - | - | - | (2,158) | (2,158) |
| Total transactions with owners | (326) | - | - | (1,731) | (2,057) |
| Balance at 31 December 2022 | 199,351 | (3,659) | (112) | 37,354 | 232,934 |

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The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

INTERIM

STATEMENT OF FINANCIAL POSITION

| As at | | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|--------------------------------------|------|------------------|------------------|----------------|
| In thousands of New Zealand dollars | | | | |
| | Note | Unaudited | Unaudited | Audited |
| Assets | | | | |
| Property, plant and equipment | | 72,203 | 64,462 | 64,968 |
| Intangible assets and goodwill | | 41,530 | 39,646 | 40,402 |
| Right of use assets | | 12,968 | 12,451 | 12,112 |
| Biological assets | | 4,277 | 3,808 | 3,878 |
| Investments | 8 | 10,610 | 11,745 | 10,965 |
| Loans to equity accounted investees | 8c | 5,298 | 4,883 | 5,188 |
| Deferred tax asset | | 4,063 | 6,200 | 5,759 |
| Total non-current assets | | 150,949 | 143,195 | 143,272 |
| Inventory | 10 | 145,844 | 111,776 | 132,157 |
| Trade receivables | | 35,315 | 32,308 | 27,818 |
| Sundry receivables | 7 | 13,631 | 10,509 | 11,526 |
| Cash and cash equivalents | 11 | 12,471 | 19,353 | 17,756 |
| Tax receivable | | 645 | 467 | 251 |
| Total current assets | | 207,906 | 174,413 | 189,508 |
| Total assets | | 358,855 | 317,608 | 332,780 |
| Equity | | | | |
| Issued capital | | 199,351 | 201,120 | 199,677 |
| Retained earnings | | 37,354 | 27,005 | 34,869 |
| Reserves | | (3,771) | (6,073) | (6,556) |
| Total equity | | 232,934 | 222,052 | 227,990 |
| Liabilities | | | | |
| Loans and borrowings | 11 | 75,750 | - | 43,300 |
| Lease liability | | 10,181 | 9,687 | 9,431 |
| Deferred tax liabilities | | 1,631 | 1,908 | 1,864 |
| Employee benefits | | 274 | 533 | 267 |
| Total non-current liabilities | | 87,836 | 12,128 | 54,862 |
| Trade and other payables | | 27,237 | 25,371 | 31,650 |
| Lease liability | | 3,587 | 3,388 | 3,373 |
| Employee benefits | | 4,517 | 4,015 | 6,142 |
| Tax payable | | 2,610 | 2,464 | 2,244 |
| Derivatives | 9 | 134 | 2,541 | 6,519 |
| Loans and borrowings | 11 | - | 45,649 | - |
| Total current liabilities | | 38,085 | 83,428 | 49,928 |
| Total liabilities | | 125,921 | 95,556 | 104,790 |
| Total equity and liabilities | | 358,855 | 317,608 | 332,780 |

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

INTERIM

STATEMENT OF CASH FLOWS

| For the six months ended | | 31 December 2022 | 31 December 2021 |
|--|------|------------------|------------------|
| In thousands of New Zealand dollars | | | |
| | Note | Unaudited | Unaudited |
| Receipts from customers | | 100,333 | 97,616 |
| Payments to suppliers and employees | | (117,549) | (100,566) |
| Interest received | | 189 | 2 |
| Interest paid | | (2,317) | (1,144) |
| Taxation paid | | (1,390) | (764) |
| Net cash flows from operating activities | 12 | (20,734) | (4,856) |
| Investment in equity accounted investees | | - | (5,092) |
| Interest from related parties | | 21 | 28 |
| Loans to/repayment equity accounted investee | | (33) | 250 |
| Payment for the acquisition of property, plant and equipment | | (9,725) | (3,463) |
| Receipt from disposal of property, plant and equipment | | 84 | 75 |
| Payment for the purchase of biological assets | | (421) | - |
| Payment for the acquisition of intangibles | | (2,128) | (2,450) |
| Net cash flows from investing activities | | (12,202) | (10,652) |
| Purchase of treasury stock | | (322) | (1,549) |
| Redemption of ordinary shares | | (4) | (10) |
| Repayment of lease liabilities | | (1,993) | (1,934) |
| Drawdown of loans and borrowings | | 32,450 | 24,799 |
| Payment of dividends | | (2,158) | (2,893) |
| Net cash flows from financing activities | | 27,973 | 18,413 |
| Net increase in cash and cash equivalents | | (4,963) | 2,905 |
| Cash and cash equivalents at the beginning of the period | | 17,756 | 16,267 |
| Effect of exchange rate fluctuations on cash held | | (322) | 181 |
| Cash and cash equivalents at the end of the period | | 12,471 | 19,353 |
| Represented as: | | | |
| Cash and cash equivalents | 11 | 12,471 | 19,353 |
| Total | | 12,471 | 19,353 |

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

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 condensed interim financial statements of the Group for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in equity accounted investees. In December 2022 the Company incorporated a new subsidiary in Malaysia, Comvita Malaysia Sdn Bhd. The new entity is not yet trading.

The principal activity of the Group is 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 as appropriate for profit-oriented entities.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the group financial statements as at and for the year ended 30 June 2022.

The condensed interim financial statements were approved by the Board of Directors on 22 February 2023.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments designated as fair value through other comprehensive income, biological assets which are measured at fair value. Fair values have been determined for measurement and/or disclosure purposes on the same basis as those applied by the Group in the financial statements as at and for the year ended 30 June 2022.

(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) Use of estimates and judgements

The preparation of condensed interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting 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.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group’s financial statements as at and for the year ended 30 June 2022.

4. SEGMENT REPORTING

A review of operating segments has been completed in the current period and this has resulted in a change to reported segments. Previously reported segment information has been restated in line with the operating segments described below.

Segment information is presented in the condensed interim 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 apiary 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 for 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 reports 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 six months to 31 December 2022 and 31 December 2021 unaudited

In thousands of New Zealand dollars

| Contribution segments | Greater China | | ANZ | | Rest of Asia | | North America | | EMEA | | Total reportable segments | | Other segments | | Total | |
|---|---------------|--------|--------|--------|--------------|--------|---------------|--------|-------|-------|---------------------------|--------|----------------|-------|----------|----------|
| For the six months to 31 December | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Contribution Segments | | | | | | | | | | | | | | | | |
| Revenue | 51,916 | 47,740 | 18,074 | 18,061 | 12,925 | 12,698 | 20,699 | 17,178 | 2,530 | 2,900 | 106,144 | 98,577 | 5,986 | 6,365 | 112,130 | 104,942 |
| Contribution | 13,066 | 11,349 | 6,326 | 5,099 | 3,314 | 3,075 | 6,977 | 4,979 | 7 | 202 | 29,690 | 24,704 | 1,155 | 531 | 30,845 | 25,235 |
| Non attributable (other corporate expenses) | | | | | | | | | | | | | | | (19,918) | (18,847) |
| Financial income and expenses (note 5) | | | | | | | | | | | | | | | (5,512) | (1,129) |
| Other income | | | | | | | | | | | | | | | 638 | 801 |
| Share of profit of equity accounted investees (note 8b) | | | | | | | | | | | | | | | (264) | (196) |
| Net profit before tax | | | | | | | | | | | | | | | 5,789 | 5,864 |

5. FINANCIAL INCOME AND EXPENSES

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| | Unaudited | Unaudited |
| Interest income | 326 | 134 |
| Dividend income | - | 6 |
| Finance income | 326 | 140 |
| Interest expense on financial liabilities measured at amortised cost | (2,357) | (1,144) |
| Net foreign exchange loss | (3,481) | (125) |
| Finance expense | (5,838) | (1,269) |
| Net finance expenses | (5,512) | (1,129) |

6. EARNINGS PER SHARE

| Basic earnings per share - weighted average number of ordinary shares | 31 December 2022 | 31 December 2021 |
|--|-------------------------|-------------------------|
| <i>In thousands of shares</i> | Unaudited | Unaudited |
| Issued ordinary shares at beginning of period | 69,731 | 70,300 |
| Effect of shares issued during the period | 71 | (151) |
| Weighted average number of ordinary shares at the end of the period | 69,802 | 70,149 |
| Earnings | 4,165 | 3,489 |
| Basic earnings per share (NZ cents) | 5.97 | 4.97 |
| Diluted earnings per share – weighted average number of ordinary shares | 31 December 2022 | 31 December 2021 |
| <i>In thousands of shares</i> | Unaudited | Unaudited |
| Weighted average number of ordinary shares (basic) | 69,802 | 70,149 |
| Effect of stock entitlements issued | 667 | 351 |
| Weighted average number of diluted shares at the end of the period | 70,469 | 70,500 |
| Diluted earnings per share (NZ cents) | 5.91 | 4.95 |

7. SUNDRY RECEIVABLES

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|---|------------------|------------------|---------------|
| <i>In thousands of New Zealand dollars</i> | Unaudited | Unaudited | Audited |
| Prepayments | 8,021 | 6,874 | 6,997 |
| Loan receivable - management personnel (note 13b) | 2,796 | 2,757 | 2,778 |
| Other receivables | 2,814 | 878 | 1,751 |
| Total sundry receivables | 13,631 | 10,509 | 11,526 |

8. INVESTMENTS

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|--|------------------|------------------|---------------|
| <i>In thousands of New Zealand dollars</i> | Unaudited | Unaudited | Audited |
| Investment in equity accounted investees | 10,602 | 11,737 | 10,957 |
| Investment in unlisted shares | 8 | 8 | 8 |
| Total investments | 10,610 | 11,745 | 10,965 |

8. INVESTMENTS (CONTINUED)

(a) Investments in equity accounted investees comprises:

| | Country of Incorporation | Ownership Interest Held | Balance Date | Principal Activity |
|-------------------------------|--------------------------|-------------------------|--------------|---|
| Makino Station Limited | 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 | USA | 50% | 31 Dec | Development and commercialisation of products |

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.

(b) Carrying value of equity accounted investees

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|--|------------------|------------------|---------------|
| <i>In thousands of New Zealand dollars</i> | Unaudited | Unaudited | Audited |
| Opening balance – 1 July | 10,957 | 6,841 | 6,841 |
| Acquisition | - | 5,092 | 5,092 |
| Dividends received | - | - | (743) |
| Share of losses | (264) | (196) | (187) |
| Foreign exchange movements | (91) | - | (46) |
| Closing balance | 10,602 | 11,737 | 10,957 |

(c) Loans to equity accounted investees

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|--|------------------|------------------|--------------|
| <i>In thousands of New Zealand dollars</i> | Unaudited | Unaudited | Audited |
| Loan and interest receivable | | | |
| Makino | 4,159 | 3,999 | 4,079 |
| Apiter | 1,139 | 884 | 1,109 |
| Total | 5,298 | 4,883 | 5,188 |

Makino:

Interest is accrued on the balance of loan at a rate of 5.34% p.a. (2021: 5.34%). Interest income for the six months ended 31 December 2022 was \$81,000 (2021: \$81,000).

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 six month ended 31 December 2022 was \$17,000 (2021: \$9,000).

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

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

(d) Transactions with equity accounted investees

In thousands of New Zealand dollars

| | Sale of goods and services | | Purchases of goods and services | |
|-------------------------|----------------------------|------------------|---------------------------------|------------------|
| | Transaction value | Balance due from | Transaction value | Balance owing to |
| 31 December 2022 | | | | |
| Makino | 81 | - | 1,457 | 876 |
| Apiter | - | - | - | - |
| 31 December 2021 | | | | |
| Makino | 80 | - | 1,021 | 113 |
| Apiter | - | - | 323 | - |

9. DERIVATIVES

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|--|-------------------------|-------------------------|---------------------|
| | Unaudited | Unaudited | Audited |
| Derivatives – liabilities (hedging instrument) | 134 | 2,541 | 6,519 |

Financial instruments are all level 2 on the fair value hierarchy. 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.

Derivatives are designated at fair value through the income statement. The fair value of all financial assets and liabilities is the same as the carrying amount.

10. INVENTORY

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|------------------------|-------------------------|-------------------------|---------------------|
| | Unaudited | Unaudited | Audited |
| Raw materials | 89,006 | 70,253 | 76,611 |
| Work in progress | 4,011 | 3,426 | 5,511 |
| Finished goods | 52,827 | 38,097 | 50,035 |
| Total inventory | 145,844 | 111,776 | 132,157 |

Inventory disposed of during the period ended 31 December 2022 has been recognised within cost of goods sold - \$205,000 (2021: \$324,000).

11. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings issued and repaid during the periods presented.

Terms and debt repayment schedule

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 | 30 June 2022 |
|---------------------------------|-------------------------|-------------------------|---------------------|
| | Unaudited | Unaudited | Audited |
| Balance at beginning of period | 43,300 | 20,850 | 20,850 |
| Drawdown of borrowings - net | 32,450 | 24,799 | 22,450 |
| Balance at end of period | 75,750 | 45,649 | 43,300 |

Represented as:

| | | | |
|-----------------------------------|---------------|---------------|---------------|
| Current loans and borrowings | - | 45,649 | - |
| Non-current loans and borrowings | 75,750 | - | 43,300 |
| Total loans and borrowings | 75,750 | 45,649 | 43,300 |
| Less: cash and cash equivalents | (12,471) | (19,353) | (17,756) |
| Total net debt | 63,279 | 26,296 | 25,544 |

The Group was in compliance with banking covenants during the period and as at 31 December 2022.

At 31 December 2022, the Group's loans and borrowings have an expiry date of 1 January 2024.

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

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| | Unaudited | Unaudited |
| Profit for the period | 4,165 | 3,489 |
| Items not involving cash flows: | | |
| Depreciation | 4,449 | 4,338 |
| Amortisation | 1,161 | 873 |
| Gain on disposal of non-current assets | (34) | (51) |
| Share based payments | 427 | 563 |
| Supplier share scheme – inventory purchase | - | 504 |
| Share of losses in equity accounted investees | 264 | 196 |
| Profit adjusted for non-cash items | 10,432 | 9,912 |
| Movement in working capital items: | | |
| Change in inventories | (13,687) | (10,768) |
| Change in trade receivables | (7,497) | (8,785) |
| Change in sundry debtors and prepayments | (2,087) | (2,054) |
| Change in trade and other payables | (6,265) | 4,812 |
| Change in tax receivable/payable | (28) | 281 |
| Change in deferred tax | 1,463 | 955 |
| Movement in working capital items from foreign currency translation reserve | (1,489) | 719 |
| Other movements: | | |
| Movement of deferred tax in equity | (1,298) | 418 |
| Interest income from investing activities | (137) | (132) |
| Foreign investor tax credits | 51 | 68 |
| Foreign currency reserve | (192) | (282) |
| Net cash from operating activities | (20,734) | (4,856) |

13. RELATED PARTIES

(a) Transactions with key management personnel

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 |
|------------------------------|------------------|------------------|
| | Unaudited | Unaudited |
| Short term employee benefits | 2,741 | 2,195 |
| Share based payments | 427 | 349 |
| Total | 3,168 | 2,544 |

(b) Key management and director loans

In thousands of New Zealand dollars

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| | Unaudited | Unaudited |
| Loan to CEO | 450 | 450 |
| Loan to key management personnel – Leader Share Purchase and Loan Scheme (note 14a) | 2,346 | 2,307 |
| Total | 2,796 | 2,757 |

Directors and other key management personnel of the Company control 2.77% (30 June 2022: 2.50%, 31 December 2021: 2.56%) of the voting shares of the Company.

14. EMPLOYEE SHARE SCHEMES

(a) Leader and Share Purchase and Loan Scheme

In 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.

| | | |
|------------------------|------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| | Unaudited | Unaudited |
| Employees in the LSPLS | 8 | 8 |
| Number of shares held | 738,012 | 738,012 |
| % of share capital | 1.06% | 1.05% |

(b) Performance Share Rights Scheme

Comvita Limited has a Performance Share Rights (PSRs) Scheme to incentivise executives. Upon vesting of the PSRs, 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.

| | | |
|--|------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| | Unaudited | Unaudited |
| Entitlements outstanding at beginning of period – July | 458 | 147 |
| Entitlements granted | 607 | 387 |
| Entitlements cancelled | - | (27) |
| Shares vested | (193) | (40) |
| Entitlements outstanding at end of period | 872 | 467 |

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 PSRs 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) Exempt Employee Share Scheme

In September 2022 the Company established a new Employee Share Scheme called the Comvita Exempt Employee Share Scheme (“CEES Scheme”). The CEES Scheme is designed to allow employees to share in the future of the Company. The key points of the CEES Scheme are:

- Comvita offered a certain number of ordinary shares to eligible employees.
- When the offer was accepted Comvita issued the shares to the CEES Scheme Trustee (Comvita Share Scheme Trustee Limited, which is a subsidiary Company) who will hold the shares on the employee's behalf.
- The release of shares to the employee is subject to remaining employed with the Company for three consecutive years subsequent to accepting the offer.
- The Company may from time to time invite eligible employees to participate in the CEES Scheme.
- All dividends or other distributions made in respect of each employee’s shares held on trust by the Trustee shall be paid to the employee.

There are 185 employees in the CEES Scheme and the number of shares held is 58,275.

15. DIVIDENDS PAID

On 7 October 2022 a final dividend was paid. It was a fully imputed final dividend of \$2,158,000, 3.0 cents per share (7 October 2021: \$2,893,000, 4.0 cents per share).

16. CAPITAL COMMITMENTS

At 31 December 2022 the Group has committed to spending \$4,334,000 over the next three years. The capital commitment relates to mānuka forest costs, digital transformation, and other capital projects.

17. SUBSEQUENT EVENTS

Dividends

On 22 February 2023, the Directors approved the payment of a fully imputed final dividend of \$1,747,000 (2.5 cents per share) to be paid on 28 April 2023. As the dividend was declared after balance date it has not been recognised as a liability in these financial statements.

18. 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.

| | | |
|---|------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| | Unaudited | Unaudited |
| Profit before tax | 5,789 | 5,864 |
| Add back: net interest expenses | 2,031 | 1,010 |
| EBIT | 7,820 | 6,874 |
| Add back: depreciation and amortisation | 5,610 | 5,210 |
| EBITDA | 13,430 | 12,084 |

Directory

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Lucas (Luke) Nicholas Elias Bunt
Sarah Jane Kennedy
Bridget Coates
Robert Malcolm Major
Yawen Wu
Guangping Zhu
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