



27 November 2023

COMVITA TRADING UPDATE

Comvita Limited (NZX:CVT) is today providing an update on its current trading performance, the forecasted impact on its interim results and for the full year ending 30th June 2024.

As has been widely reported, general consumer sales and sentiment in China and North America have been negatively impacted by broader concerns over the economy and in the case of the US, the impact of inflation on discretionary expenditure. As a result, the total honey category and Mānuka as a subcategory, has also been negatively impacted. This has meant that Comvita's revenue for the first four months of the financial year, including revenue from HoneyWorld™, is approximately 10% down on the corresponding four months last year. This has directly impacted earnings with its reported EBITDA* approximately \$6M behind the PCP year to date. This has also had a flow on impact to inventory, net debt and cashflow.

Given the impact of a slower economy in China and the US in the first four months, Comvita is forecasting that its half year revenue will be adverse to PCP by up to 5% and that reported EBITDA after ERP investment for the interim result is expected to be down 20% vs PCP. Net debt, at 31 December, is forecast to be between \$80M and \$85M, including debt for the acquisition of HoneyWorld™, inventory is forecast as at 31 December to remain flat vs PCP

Furthermore, Comvita advises that its forecast for its full year results ending 30 June 2024 is for revenue between \$245M and \$255M, reported EBITDA after ERP investment to be between \$33M and \$38M and for an improvement on its interim net debt position aided by positive operating cashflows. ERP investment remains on time and on budget. Comvita retains its FY25 guidance of earnings of c\$50M.

Comvita does not believe the first four months result is indicative of its underlying trading and is encouraged by the November performance which points to improving consumer confidence and demand.

Comvita sees demand in its main China market recovering and recently saw its performance in the 11:11 festival deliver revenue growth of 6% vs PCP, with domestic channels improved by 12% and Cross Border Ecommerce (CBEC) by 1% (verses a total China honey market that was double-digit down). This gives Comvita confidence that its business model is working, and that trading associated with this update is timing related.

In addition, during the recent China International Import Expo (CIIE) Comvita experienced strong interest for its core premium health and wellness ranges and elevated demand for its new products. Comvita was proud to be one of 26 global brands, and the only New Zealand brand, that were invited to open the expo with Premier Li, further underlining the strength of brand equity in the crucial China market.

*EBITDA is a non-gaap measure



Comvita uses its owned retail footprint as a lead measure to assess true underlying demand direct with consumers and is pleased to report that its three retail markets; Hong Kong SAR, Korea and Singapore all report strong sales out performance, further demonstrating robust consumer demand. Comvita reported that performance in its newly acquired HoneyWorld™ business is progressing according to plan.

Commenting David Banfield, CEO said “It’s disappointing to share today the impact of the economic slowdown in China and North America on us in the first four months of the year and its likely knock on impact for the full year. We are forecasting that this is temporary in nature, as we see improving underlying demand and improving consumer sentiment data. Unfortunately, we do not believe it will be possible to make up this impact in this financial year. We do however retain our FY25 forecast and guidance”.

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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 600+ 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 industry scientific knowledge on bee welfare, Mānuka trees and the many benefits of Mānuka honey and propolis. We have pledged to be carbon neutral by 2025 and carbon positive by 2030, and have planted millions of native trees aiding biodiversity and supporting future demand. Comvita has operations in Australia, China, North America, Southeast Asia, and Europe – and of course, Aotearoa New Zealand, where our bees are thriving.