



28 May 2020

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COMVITA LIMITED ANNOUNCES NZ\$50 MILLION EQUITY RAISING TO IMPROVE BALANCE SHEET FLEXIBILITY AND BUILD RESILIENCE

Comvita Limited (**Comvita**) has today announced its intention to raise approximately NZ\$50 million via a NZ\$20 million placement (**Placement**) to institutional investors, together with an approximately NZ\$30 million 1 for 4.15 pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) (together the **Offer**). The Offer is fully underwritten by Craigs Investment Partners Limited and Forsyth Barr Group Limited.

Chairman, Brett Hewlett said "Comvita has continued to benefit from strong demand for its products as consumers are actively choosing natural products that strengthen immunity. In addition, this year's Mānuka honey harvest has been very strong in terms of both volume and quality setting us up nicely to meet that strong demand in larger key target markets of China and North America. The business continues to make good progress on its cost out and business transformation programme, trading profitably January through May and paying down debt from improving operating cashflows. The Board believes that now the market conditions have stabilised, it is prudent to undertake the equity raising as foreshadowed earlier in the year to reset the capital structure, build greater resilience in our balance sheet and enable the business, under new the CEO, David Banfield to focus on profitable growth".

Key highlights

- Comvita is undertaking an approximately NZ\$50 million equity raising at an offer price of NZ\$2.50 per share via a NZ\$20 million underwritten Placement, together with an approximately \$30 million 1 for 4.15 underwritten Entitlement Offer to reset its capital structure, build resilience and support its growth agenda.
- Comvita has experienced strong trading performance year to date across most major markets with year-to-date sales up 7%¹ on a like-for-like basis and year-to-date gross margin up from 39%¹ to 49%.
- Very strong honey harvest season with volume increased 84% and quantity of UMF^{TM2} 10+ up 185%.
- Three point plan to stabilise performance, transform the organisation and build long term resilience and growth well underway, including Comvita's NZ\$15 million business transformation programme.
- The Board believes it prudent to now pursue an equity raising as foreshadowed earlier in the year to reset capital structure, build resilience and position the business to take advantage of future growth opportunities.
- All of the Independent directors and the CEO will be supporting the offer with a minimum combined committed participation of \$0.5m
- Comvita continues to be well supported by its debt provider and post capital raise has secured new debt facilities and terms to 1 July 2022
- Post the equity raising, Comvita expects net bank debt / FY20 Underlying EBITDA (per guidance)³ to decrease from 3.6x to 0.9x (as at 30 June 2020).

¹ Adjusts FY19 financial results to include the China Joint Venture as if the acquisition of the remaining 49% shares that Comvita did not previously own was completed at the start of the financial year

² Unique Mānuka factor

³ Underlying EBITDA is earnings before interest tax depreciation and amortisation and excludes any non-operating and non-recurring items (of the same nature as disclosed in Comvita's 1H20 results released on 27/2/2020). FY20 Underlying EBITDA is based on a post-IFRS-16 basis and therefore excludes lease cost from EBITDA and 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. FY20 Underlying EBITDA is assumed to be at the mid point of the \$17-19m range (i.e. \$18m)

Equity raising details

The fully underwritten approximately NZ\$50 million equity raise comprises a NZ\$20 million Placement and an approximately NZ\$30 million Entitlement Offer.

Under the Entitlement Offer, eligible shareholders may subscribe for 1 new ordinary share for every 4.15 existing shares held as at 5.00pm (NZST) on the Record Date of Friday, 29 May 2020, at an application price of NZ\$2.50 per new share. The application price reflects a 34.4% discount to NZ\$3.81, being the last closing price of Comvita's shares on the NZX on the night prior, Wednesday, 27 May 2020 and a 27.2% discount to the theoretical ex-rights price of NZ\$3.43 (TERP)⁴.

The transaction will be supported by all of the Independent Directors and the CEO who have committed to subscribe for \$0.5 million of new shares.

Placement details

The Placement to institutional investors will raise NZ\$20 million at the offer price of NZ\$2.50 per share. The Placement comprises the issue of 8.0 million shares to eligible, sophisticated and other institutional investors located in New Zealand, Australia and other selected international jurisdictions. The placement represents 11.5% of Comvita's ordinary shares on issue following the Entitlement Offer.

Settlement of the Placement is scheduled to take place on Wednesday, 3 June 2020, with commencement of trading of new shares on the NZX on the same day.

Entitlement offer details

The 1 for 4.15 Entitlement Offer will raise a total of approximately NZ\$30 million at an application price of NZ\$2.50 per share. The Entitlement Offer will be conducted in two parts, a component to institutional investors (**Institutional Entitlement Offer**) and a component to retail shareholders (**Retail Entitlement Offer**). The Entitlement Offer is non-renounceable, and entitlements will not be tradeable or otherwise transferrable.

Eligible shareholders under the Institutional Entitlement Offer include sophisticated, professional and other institutional shareholders located in Australia, New Zealand and select international jurisdictions as at 5.00pm (NZST) on the Record Date of Friday, 29 May 2020 (**Eligible Institutional Shareholders**). The Institutional Entitlement Offer will be accelerated and will close on Thursday, 28 May 2020.

The Retail Entitlement Offer will be offered to eligible retail shareholders with registered addresses in New Zealand as at 5.00pm (NZST) on the Record Date (**Eligible Retail Shareholders**). The Retail Entitlement Offer will open on Wednesday, 3 June 2020, and close on Friday, 12 June 2020 (unless extended). Provided they have taken up their full entitlement, Eligible Retail Shareholders may also apply for additional new shares not taken up by other retail shareholders up to a maximum of 100% above their pro-rata entitlement. The Retail Offer Document, containing full details of the Entitlement Offer, will be sent to Eligible Retail Shareholders on Wednesday, 3 June 2020.

The rights will not be listed on NZX and there will be no shortfall bookbuild for those entitlements not taken up. Those shareholders who do not exercise their entitlements, or who are ineligible to do so, will have their shareholdings diluted. Retail shareholders who do not use a custodian or nominee to hold their shareholding are strongly encouraged to complete applications online via www.comvitashareoffer.co.nz given the likelihood of delays with the postal system at this time. Those that do apply for shares by postal applications are strongly encouraged to mail their applications as early as possible during the offer period.

⁴ TERP is the Theoretical Ex-Rights Price at which Comvita's ordinary shares would trade immediately after the ex-rights date for the Offer. TERP is calculated with reference to Comvita's closing share price of NZ\$3.81 on 27 May 2020 and includes all new shares issued under the placement and the Offer. TERP is a theoretical calculation only and the actual price at which Comvita's ordinary shares will trade immediately after the ex-rights date for the Offer will depend on many factors and may not be equal to TERP

Indicative timetable⁵

| Event | Date |
|---|-------------------------|
| Announcement of equity raising and trading halt pre market open | Thursday, 28 May 2020 |
| Institutional Entitlement Offer and Placement opens | Thursday, 28 May 2020 |
| Institutional Entitlement Offer and Placement closes | Thursday, 28 May 2020 |
| Announce Results of Institutional Entitlement Offer | Friday, 29 May 2020 |
| Trading halt lifted and shares recommence trading on NZX on an ex-entitlement basis | Friday, 29 May 2020 |
| Record Date for the Entitlement Offer | Friday, 29 May 2020 |
| Retail Entitlement Offer opens | Wednesday, 3 June 2020 |
| Dispatch of the Offer Document and Entitlement and Acceptance Forms to Eligible Retail Shareholders | Wednesday, 3 June 2020 |
| Settlement of Placement and Institutional Entitlement Offer and commencement of trading of allotted New Shares on the NZX | Wednesday, 3 June 2020 |
| Retail Entitlement Offer closes | Friday, 12 June 2020 |
| Announce results for Retail Entitlement Offer | Wednesday, 17 June 2020 |
| Settlement of Retail Entitlement Offer and commencement of trading of allotted New Shares on the NZX | Friday, 19 June 2020 |
| Despatch of holding statements for New Shares issued under the Retail Entitlement Offer | Friday, 19 June 2020 |

Additional information

Additional information regarding the Offer is contained in the investor presentation accompanying this announcement. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the Offer.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors are encouraged to seek appropriate professional advice before making any investment decision.

For any questions in respect of the Retail Entitlement Offer, please visit www.comvitashareoffer.co.nz or call Link Market Services Limited on +64 9 375 5998 (within New Zealand) between 8:30am and 5.00pm (NZST) Monday to Friday during the Retail Entitlement Offer Period. For other questions, investors should contact their broker, solicitor, accountant, financial adviser or other professional adviser.

Authorised for release by the Board of Comvita Limited.

⁵ This timetable is indicative only and may change without notice at the Company's discretion or subject to the requirements of the NZX Listing Rules. Comvita has the ability at its discretion to make changes including to extend the closing date for the Retail Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of the New Shares and/or to accept late applications either generally or in specific areas.

For more information on the content of this announcement, please contact:

David Banfield
Chief Executive Officer
Comvita Limited
Contact: 021 041 5630

Brett Hewlett
Chair
Comvita Limited
Contact: 021 740 160

Important Notices and Disclaimer

This announcement has been prepared for publication in New Zealand, and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 (the "US Securities Act") or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Forward-looking statements

This announcement contains certain forward-looking statements about Comvita. The "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this announcement include statements regarding: statements regarding plans, strategies, growth initiatives and objectives of management, timing, expected costs for Comvita, based on its estimates for 2020 and beyond and the future operation and financial performance of Comvita, and the outcome of the Placement and the Entitlement Offer and the use of proceeds therefrom. Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Comvita). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and Comvita assumes no obligation to update such information.

All dollar values are in New Zealand dollars ("\$" or "NZ\$") unless stated otherwise.

This announcement contains certain financial measures that are "non-GAAP financial measures" under the Financial Markets Conduct Regulations and guidance issued by the New Zealand Financial Markets Authority, "non-IFRS financial information" under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards ("AAS") and International Financial Reporting Standards ("IFRS"). The non-IFRS/non-GAAP financial information does not have a standardised meaning prescribed by AAS and IFRS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial information included in this announcement. The non-GAAP / non-IFRS financial information is not audited, and caution should be exercised as other companies may calculate these measures differently.

In addition, the pro forma historical financial information included in this announcement is for illustrative purposes only and is not represented as being indicative of Comvita's or anyone else's, views on its future financial position and/or performance. Such information does not purport to be in compliance with Article 11 of Regulation S-X under the US Securities Act and was not prepared with a view towards compliance with the rules and regulations or guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information. The pro forma historical financial information has been prepared by Comvita in accordance with the measurement and recognition requirements, but not disclosure requirements, prescribed by NZ IFRS.