



CONDENSED INTERIM
FINANCIAL
STATEMENTS



FOR THE SIX MONTHS ENDED 31 DECEMBER 2020
COMVITA LIMITED



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Directors' Declaration

In the opinion of the directors of Comvita Limited, the 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 2020 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 period ended 31 December 2020.

For and on behalf of the Board of Directors:



Brett Hewlett
24 February 2021



Luke Bunt
24 February 2021

Condensed Interim Income Statement

For the 6 months ended		31 December 2020	31 December 2019
<i>In thousands of New Zealand dollars</i>		Unaudited	Unaudited
	Note		
Revenue		98,885	93,854
Cost of sales		(50,385)	(58,041)
Gross profit		48,500	35,813
Other income		2,001	584
Marketing expenses		(10,979)	(8,808)
Selling and distribution expenses		(22,252)	(25,307)
Research and development expenses		(1,210)	(746)
Administrative expenses		(10,903)	(12,041)
Operating profit/(loss) before financing costs		5,157	(10,505)
Finance income	5	516	164
Finance expenses	5	(1,250)	(3,497)
Net finance costs		(734)	(3,333)
Share of profit of equity accounted investees	8	(8)	11
Impairment of equity accounted investees		-	(2,310)
Profit/(loss) before income tax		4,415	(16,137)
Income tax		(960)	3,167
Profit/(loss) for the period		3,455	(12,970)
Earnings per share:			
Basic earnings per share (NZ cents)	6	4.95	(26.17)
Diluted earnings per share (NZ cents)	6	4.95	(26.17)

Supplementary non-GAAP information – EBITDA*	16	10,595	(8,829)
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*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 16.

Condensed Interim Statement of
COMPREHENSIVE INCOME

For the 6 months ended	31 December 2020	31 December 2019
<i>In thousands of New Zealand dollars</i>	Unaudited	Unaudited
Profit/(loss) for the period	3,455	(12,970)
<i>Items that are or may be reclassified subsequently to the income statement</i>		
Foreign currency translation differences for foreign operations	(2,058)	(505)
Foreign currency translation differences for equity accounted investees	-	(540)
Fair value movement – available for sale reserve	396	-
Effective portion of changes in fair value of cash flow hedges	1,208	1,137
Income tax on these items	(262)	(221)
Income and expense recognised directly in other comprehensive income	(716)	(129)
Total comprehensive income for the period	2,739	(13,099)

Condensed Interim Statement of
CHANGES IN EQUITY

For the 6 months ended 31 December 2019	Share capital	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<i>In thousands of New Zealand dollars</i>						
Balance at 1 July 2019	151,245	(4,467)	(1,723)	-	28,300	173,355
Total comprehensive income for the period						
(Loss) after tax for the period	-	-	-	-	(12,970)	(12,970)
<i>Other comprehensive income (net of tax):</i>						
Foreign currency translation differences for equity accounted investees	-	(540)	-	-	-	(540)
Foreign currency translation differences for foreign operations	-	(408)	-	-	-	(408)
Effective portion of changes in fair value of cash flow hedges	-	-	819	-	-	819
Total other comprehensive income for the period	-	(948)	819	-	(12,970)	(13,099)
Total comprehensive income for the period	-	(948)	819	-	(12,970)	(13,099)
<i>Transactions with owners, recorded directly in equity</i>						
Share based payment	-	-	-	-	239	239
Issue of ordinary shares						
- executive share scheme	(7)	-	-	-	-	(7)
- staff share scheme	(5)	-	-	-	-	(5)
Purchase of treasury stock	(318)	-	-	-	-	(318)
Supplier share scheme	502	-	-	-	(43)	459
Total transactions with owners	172	-	-	-	196	368
Balance at 31 December 2019	151,417	(5,415)	(904)	-	15,526	160,624
Balance at 1 July 2020	200,104	(3,809)	(527)	(2,640)	18,620	211,748
Total comprehensive income for the period						
Loss after tax for the period	-	-	-	-	3,455	3,455
<i>Other comprehensive income (net of tax)</i>						
Fair value movement in equity instruments	-	-	-	396	-	396
Disposal of equity instruments	-	-	-	2,244	(2,244)	-
Foreign currency translation differences for foreign operations	-	(1,982)	-	-	-	(1,982)
Effective portion of changes in fair value of cash flow hedges	-	-	870	-	-	870
Total other comprehensive income for the period	-	(1,982)	870	2,640	(2,244)	(716)
Total comprehensive income for the period	-	(1,982)	870	2,640	1,211	2,739
<i>Transactions with owners, recorded directly in equity</i>						
Share based payments	-	-	-	-	117	117
Issue of ordinary shares:						
- executive share scheme	(6)	-	-	-	-	(6)
- staff share scheme	(14)	-	-	-	-	(14)
Supplier share scheme	407	-	-	-	-	407
Total transactions with owners	387	-	-	-	117	504
Balance at 31 December 2020	200,491	(5,791)	343	-	19,948	214,991

Condensed Interim Statement of FINANCIAL POSITION

As at			December 2020	December 2019	June 2020
<i>In thousands of New Zealand dollars</i>					
	Note		Unaudited	Unaudited	Audited
Assets					
Property, plant and equipment			60,262	58,345	56,829
Biological assets			3,794	4,098	3,795
Intangible assets and goodwill			38,791	40,280	39,467
Investments in equity accounted investees	8		6,253	8,916	6,261
Right of use assets			12,992	11,498	11,447
Other investments			8	2,648	8
Deferred tax asset			8,440	9,642	8,043
Total non-current assets			130,540	135,427	125,850
Inventory	10		98,549	116,139	112,679
Trade receivables			26,223	28,913	17,726
Sundry receivables	7		12,122	12,746	12,349
Cash and cash equivalents	11		14,397	10,199	16,680
Derivatives	9		389	38	-
Tax receivable			528	508	366
Assets held for sale			-	-	773
Total current assets			152,208	168,543	160,573
Total assets			282,748	303,970	286,423
Liabilities					
Loans and borrowings	11		28,300	103,350	32,200
Lease liabilities			9,989	8,881	7,891
Deferred tax liability			2,003	2,346	2,194
Employee benefits			329	405	414
Total non-current liabilities			40,621	114,982	42,699
Trade and other payables			17,510	20,431	22,707
Lease liability			3,451	2,765	3,744
Employee benefits			3,574	2,941	3,653
Tax payable			2,601	1,055	1,158
Derivatives	9		-	1,172	714
Total current liabilities			27,136	28,364	31,976
Total liabilities			67,757	143,346	74,675
Equity					
Issued capital			200,491	151,417	200,104
Retained earnings			19,948	15,526	18,620
Reserves			(5,448)	(6,319)	(6,976)
Total equity			214,991	160,624	211,748
Total equity and liabilities			282,748	303,970	286,423

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

Condensed Interim Statement of CASH FLOWS

For the 6 months ended			31 December 2020	31 December 2019
<i>In thousands of New Zealand dollars</i>				
	Note		Unaudited	Unaudited
Receipts from customers			89,910	93,631
Payments to suppliers and employees			(78,707)	(89,810)
Interest received			11	13
Interest paid			(1,250)	(2,374)
Taxation paid			(535)	(573)
Net cash flows from operating activities	12		9,429	887
Interest from related parties			18	28
Proceeds from disposal of investment			396	-
Payment for loans & prepayment to equity accounted investee			(1,493)	(1,304)
Payment for the acquisition of property, plant and equipment			(5,394)	(1,731)
Receipt from disposal of property, plant and equipment			997	255
Payment for the acquisition of intangibles			(184)	(278)
Net cash flows from investing activities			(5,660)	(3,030)
Payment for redemption of employee shares			(20)	(12)
Payment for purchase of treasury stock			-	(318)
Repayment of lease liabilities			(1,623)	(1,527)
(Repayment) / drawdown of loans and borrowings			(3,900)	4,100
Net cash flows from financing activities			(5,543)	2,243
Net increase in cash and cash equivalents			(1,774)	100
Cash and cash equivalents at the beginning of the period			16,680	10,314
Effect of exchange rate fluctuations on cash held			(509)	(215)
Cash and cash equivalents at the end of the period			14,397	10,199
Represented as:				
Cash and cash equivalents	11		14,397	10,199
Total			14,397	10,199

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

Notes to the Condensed Interim 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 2020 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 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 2020.

The condensed interim financial statements were approved by the Board of Directors on 24 February 2021.

(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 and leases 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 2020.

(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 2020.

2. BASIS OF PREPARATION (CONTINUED)

(e) Covid-19 considerations

Covid-19 considerations Comvita is classified as an 'Essential' business by the New Zealand Government, therefore having no impact on the manufacturing process of the Group. For the period ended 31 December 2020 the Group has not been significantly impacted by COVID-19. There has been a strong demand in sales, in particular in online channels across all markets. An assessment over the carrying value of assets and liabilities has been performed and the Group has recognised provisions where necessary relating to the impact of COVID-19. The Group continues to operate as a going concern and Senior Management continue to closely monitor the situation.

(f) Reclassification of freight expenses

From 1 July 2020, the business has changed the classification of freight expenses from distribution expenses to cost of goods sold. For consistency, \$3,014,000 of freight expenses have been reclassified from operating expenses to cost of goods sold for the six months ended 31 December 2019.

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 2020.

4. SEGMENT REPORTING

A review of operating segments has been completed in the current year 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.

Notes to the Condensed Interim Financial Statements

4. SEGMENT REPORTING (CONTINUED)

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.

For the 6 months to 31 December 2020 and 31 December 2019 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	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Contribution Segments																
Revenue	47,615	43,842	18,092	22,726	12,572	8,496	11,617	8,414	3,394	3,444	93,290	86,922	5,595	7,006	98,885	93,928
Contribution	11,232	7,884	5,769	6,071	3,747	1,494	3,031	941	139	(926)	23,918	15,464	418	1,112	24,336	16,576
Non attributable (other corporate expenses)															(21,180)	(27,845)
Financial income and expenses (Note 5)															(734)	(3,333)
Other income															2,001	584
Share of profit of equity accounted investees (Note 8)															(8)	11
Impairment of equity accounted investees															-	(2,130)
Net profit/(loss) before tax															4,415	(16,137)

Total assets

	December 2020 Unaudited	December 2019 Unaudited	June 2020 Audited
In thousands of New Zealand dollars			
Total assets for reportable segments	143,054	124,834	128,266
Other investments	8	2,648	8
Investment in equity accounted investees	6,253	8,916	6,261
Other unallocated assets	133,433	167,572	151,888
Consolidated total assets	282,748	303,970	286,423

Notes to the Condensed Interim Financial Statements

5. FINANCIAL INCOME AND EXPENSES

	Note	31 December 2020	31 December 2019
		Unaudited	Unaudited
Interest income		110	156
Dividend income		9	8
Net foreign exchange gain		397	-
Finance income		516	164
Interest expense on financial liabilities measured at amortised cost		(1,048)	(2,174)
Interest expense on lease liabilities		(202)	(200)
Net foreign exchange loss		-	(969)
Net loss in fair value of derivatives designated at fair value through the income statement:			
- SeaDragon options	9	-	(154)
Finance expense		(1,250)	(3,497)

6. EARNINGS PER SHARE

Basic earnings per share - weighted average number of ordinary shares	31 December 2020	31 December 2019
<i>In thousands of shares</i>	Unaudited	Unaudited
Issued ordinary shares at beginning of year	69,780	49,555
Effect of shares issued during the period	11	(3)
Weighted average number of ordinary shares at the end of the period	69,791	49,552
Earnings	3,455	12,970
Basic earnings per share (NZ cents)	4.95	(26.17)
Diluted earnings per share – weighted average number of ordinary shares	31 December 2020	31 December 2019
<i>In thousands of shares</i>		
Weighted average number of ordinary shares (basic)	69,791	49,552
Effect of stock entitlements issued	-	582
Weighted average number of diluted shares at the end of the period	69,791	50,134
Diluted earnings per share (NZ cents)	4.95	(26.17)

The effect of stock entitlements is nil where the exercise price is higher than the average share price for the year, in accordance with NZ IAS 33 *Earnings per share*. When there is a net loss the diluted earnings per share cannot be less than the basic earnings per share.

7. SUNDRY RECEIVABLES

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Prepayments	5,946	4,385	5,307
Loans to equity accounted investees (note 8c)	4,835	5,661	4,819
Loan receivable – related parties (note 8d)	567	1,224	567
Management personnel (note 13)	450	-	450
Other receivables	324	1,476	1,206
Total sundry receivables	12,122	12,746	12,349

Notes to the Condensed Interim Financial Statements

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

(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
Gan Supply JV Limited	New Zealand	33%	30 June	Apiary
Putake Group Holdings Limited*	New Zealand	50%	30 June	Apiary
Manuka Research Partnership Limited	New Zealand	31.77%	30 June	Shareholding ceased on 24 August 2020
Medibee Pty Limited**	Australia	50%	30 June	Apiary
Apiter S.A.	Uruguay	20%	31 July	Manufacturing, selling and distribution
Kaimanawa Honey Limited Partnership	New Zealand	50%	30 June	Ceased operating 10 November 2019

*On 30 November 2020, Comvita signed a Deed of Postponement in favour of ANZ in relation to Comvita's lending to Putake Group Holdings Limited and Putake Group Limited.
** Medibee Apiaries has a funding arrangement with HSBC and Comvita has signed a several guarantee for its share of the facility, which is AUD \$5,500,000.

(b) Carrying value of Investments in Equity Accounted Investees

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Opening balance – 1 July	6,261	9,755	9,755
Impairment	-	-	(2,543)
Share of profit	(8)	11	(174)
Transfer share of loss to receivable	-	(310)	(310)
Foreign exchange movements recognised in other comprehensive income	-	(540)	(467)
Closing Balance	6,253	8,916	6,261

(c) Loans to equity accounted investees

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Loan receivable			
Makino	4,089	3,911	4,007
Putake	-	925	-
Apiter	534	573	600
Gan Supply JV	212	252	212
Total	4,835	5,661	4,819
Interest receivable			
Makino	754	577	673
Apiter	31	14	23
Total	785	591	696

Interest income from Makino was \$81,000 for the six months ended 31 December 2020 (31 December 2019: \$96,000).
Interest income from Apiter was \$8,000 for the six months ended 31 December 2020 (31 December 2019: \$9,000).

Notes to the Condensed Interim Financial Statements

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

(d) Loans to related parties

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Nga Pi Honey Ltd (Gan Supply JV)	567	567	567
Casa Base Trustees (Putake)	-	657	-
Total	567	1,224	567

Loans to Nga Pi Honey Limited and Casa Base Trustees are secured over their investment in the equity accounted investee.

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Interest receivable			
Nga Pi Honey Ltd (Gan Supply JV)	-	-	-
Casa Base Trustees (Putake)	-	92	-
Total	-	92	-

The Group's interest income on the loan to Nga Pi Honey Ltd was \$18,000 for the six months ended 31 December 2020 (31 December 2019: \$18,000). Interest income on the loan to Casa Base Trustees was nil for the six months ended 31 December 2020 (31 December 2019: \$18,000).

(e) Transactions with equity accounted investees

	Sale of goods and services		Purchases of goods and services	
	Transaction value	Balance due from	Transaction value	Balance owing to
31 December 2020				
Kaimanawa	-	-	-	-
Makino	58	-	402	-
Gan Supply JV	8	-	478	-
Putake	-	-	9	-
Apiter	-	-	1,509	-
31 December 2019				
Kaimanawa	609	-	537*	-
Makino	210	-	-	-
Gan Supply JV	6	3	348	-
Putake	46	17	3	36
Apiter	-	-	2,174	-

* This number includes hives and equipment totalling \$518,000 purchased by Kiwibee Medical Limited related to the wind-up of the Joint Venture.

Notes to the Condensed Interim Financial Statements

9. DERIVATIVES

The table below analyses financial instruments carried at fair value, by valuation method. These 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.

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Derivatives – assets (hedging instrument)	389		
Derivatives – SeaDragon options	-	38	-
Total assets	389	38	-
Derivatives – liabilities (hedging instrument)	-	(1,172)	(714)
Total liabilities	-	(1,172)	(714)

Derivative – 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.

The Group determines Level 2 fair value through the application of the Binomial Model (2019: Binomial Model). Inputs include, the share price (a Level 1 input), risk free rate of the remaining life of the warrant, and the volatility of the share price.

Fair values

The fair value of all financial assets and liabilities is the same as the carrying amount.

10. INVENTORY

	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Raw materials	65,733	81,704	77,334
Work in progress	314	706	842
Finished goods	32,502	33,729	34,503
Total inventory	98,549	116,139	112,679

Inventory written off during the period ended 31 December 2020 has been recognised within cost of goods sold - \$288,000 (2019: \$494,000).

Notes to the Condensed Interim Financial Statements

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

<i>In thousands of New Zealand dollars</i>	31 December 2020	31 December 2019	30 June 2020
	Unaudited	Unaudited	Audited
Balance at beginning of period	32,200	99,250	99,250
(Repayment)/drawdown of long term borrowings - net	(3,900)	4,100	(67,050)
Balance at end of period	28,300	103,350	32,200
Represented as:			
Current loans and borrowings	-	-	-
Non-current loans and borrowings	28,300	103,350	33,200
Total loans and borrowings	28,300	103,350	33,200
Less: cash and cash equivalents	(14,397)	(10,199)	(16,680)
Total net debt	13,903	93,151	15,520

The Group was in compliance with banking covenants during the period and as at 31 December 2020.
The Group's loans and borrowings has an expiry date of 1 July 2022.

Notes to the Condensed Interim Financial Statements

12. RECONCILIATION OF THE PROFIT/(LOSS) FOR THE PERIOD WITH THE NET CASH FROM OPERATING ACTIVITIES

<i>In thousands of New Zealand dollars</i>	31 December 2020	31 December 2019
	Unaudited	Unaudited
Profit/(loss) for the period	3,455	(12,970)
<i>Items not involving cash flows:</i>		
Depreciation	4,045	3,941
Amortisation	841	1,149
Gain on disposal of non-current assets	(237)	(95)
Share based payments	117	240
Wind-up of equity accounted investees	-	1,070
Impairment of equity accounted investees	-	2,310
Supplier share scheme – inventory purchase	407	459
Loss on fair value of biological assets	-	72
Loss on fair value of SeaDragon derivatives	-	154
Share of profit in equity accounted investees	8	(11)
Profit/(loss) adjusted for non-cash items	8,636	(3,681)
<i>Movement in working capital items:</i>		
Change in inventories	14,130	16,053
Change in trade receivables	(8,497)	1,965
Change in sundry debtors and prepayments	290	103
Change in trade and other payables	(5,622)	(10,536)
Change in tax payable	1,281	361
Change in deferred tax	(588)	(3,860)
Movement in working capital items from foreign currency translation reserve	(1,353)	(363)
<i>Other movements:</i>		
Movement of deferred tax in equity	(414)	(222)
Prepayment to equity accounted investee	1,509	1,257
Interest income from investing activities	(99)	(143)
Foreign currency reserve	156	(47)
Net cash from operating activities	9,429	887

13. RELATED PARTIES

Transactions with key management personnel

Key management compensation comprised:

<i>In thousands of New Zealand dollars</i>	31 December 2020	31 December 2019
	Unaudited	Unaudited
Short term employee benefits	1,910	940
Share based payments	46	90
Total	1,956	1,030

Notes to the Condensed Interim Financial Statements

13. RELATED PARTIES(CONTINUED)

Other transactions with key management personnel

On the 13 March 2020, the Company issued 307,488 ordinary shares from treasury stock to CEO David Banfield. The subscription price for the shares was satisfied partly through the provision of a \$450,000 interest free loan, with the remainder settled by David Banfield in cash. The acquisition of shares by David Banfield was at market value, calculated as the volume weighted average of prices at which CVT shares traded over the prior 10 trading days.

Directors and other key management personnel of the Company control 1.31% (30 June 2020: 3.72%, 31 December 2019: 4.17%) of the voting shares of the Company.

14. EXECUTIVE EMPLOYEE SHARE SCHEMES

Comvita Limited has an Executive Share Scheme called the Comvita Limited Partly Paid Share Scheme ("The Scheme"). The Scheme is designed to provide key employees with an opportunity to benefit from share price growth. A summary of the key points is disclosed in the most recent annual financial statements.

Movements in the number of share entitlements outstanding under the scheme are shown below:

	December 2020		31 December 2019	
	Number of Entitlements	Weighted average exercise price	Number of Entitlements	Weighted average exercise price
Entitlements on issue				
Entitlements outstanding at beginning of period – July	1,228	7.05	2,028	7.59
Entitlements granted	-		-	-
Entitlements converted to ordinary shares	-		-	-
Entitlements forfeited	(611)	8.00	(700)	8.68
Entitlements outstanding at end of period	617	6.11	1,328	7.07

On 31 July 2020, Comvita Limited implemented a Performance Share Rights (PSR's) Scheme to incentivise Executives. The PSR's are subject to a vesting period of 3 years. Vesting is subject to continued employment and occurs in 3 tranches (annually). 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. The shares will be transferred or issued (as applicable) for no consideration and will be credited as fully paid up. One PSR will convert into one ordinary share upon vesting and will rank equally with all other ordinary shares on issue. PSRs do not entitle the holder to receive dividends or other distributions, or vote in respect of CVT ordinary shares. Holders of PSRs cannot transfer or grant security interests over them.

	December 2020
	Number of Entitlements
Entitlements on issue	
Entitlements outstanding at beginning of period – July	-
Entitlements granted – 25 September 2020	122
Entitlements granted - 4 December 2020	25
Entitlements outstanding at end of period	147

15. CAPITAL COMMITMENTS

At 31 December the Group has committed to spending \$4,000,000 over the next 3 years.. The capital commitment relates to plantation costs and other capital projects.

Notes to the Condensed Interim Financial Statements

16. 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 2020	31 December 2019
	Unaudited	Unaudited
Profit before tax	4,416	(16,137)
Add back: net finance cost	1,140	2,219
EBIT	5,556	(13,918)
Add back: depreciation and amortisation	5,039	5,089
EBITDA	10,595	(8,829)

Directory

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Lucas (Luke) Nicholas Elias Bunt
Sarah Jane Kennedy
Paul Robert Thomas Reid
Robert Malcolm Major
Dayong Cheng
Guangping Zhu

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