

NZ Mānuka Honey Industry Collapse

DOC-2026



An AI supported synopsis on the collapse, its impact on Māori landowners, the way forward and the future role of Government in supporting on a pan-regional basis, the duality of the NZ Tea Tree agribiz sector and its unique ethnobotanical legacy.

Tribal Therapeutics Ltd
THE DIRECTORS

CONTENT

SUBJECT	PAGE
PART 1	
The Failure – a root cause	2-4
PART 2	
The Impact – Māori communities	5-7
PART 3	
The role of Government	8-9
PART 4	
The failure “roll-call”	10-19
PART 5	
Industry loss summation – An AI perspective	20-22
PART 6	
The Tribal way forward	23-24

PART ONE – “THE FAILURE”

The “Broken” NZ Mānuka honey industry model

“Why the New Zealand Mānuka Honey Industry Is at a Strategic Dead End”

The mānuka honey industry did not fail because mānuka lacks value — it failed because the industry refused to evolve beyond a single, exhausted narrative.

The New Zealand mānuka honey industry is no longer experiencing a cyclical downturn. It has reached a **structural and strategic dead end**. The collapse or distress of multiple well-capitalised operators, including Honeylab, King Honey, (reported NZD36M+) Settlers Honey, (20,000 hives shut down / 80 jobs lost) Watson & Son (rebranded “Oha Honey” which lost NZD122.1M alone over a period of 7 years), New Zealand Manuka Ltd, (market talk indicates circa NZD70M lost by its Asian shareholders) Manuka Health Ltd, (published accounts disclosures reveal losses of NZD101M), Comvita (reports reveal NZD179M in write-downs) and others, is not coincidental.

It reflects systemic flaws in the way the industry has been built, positioned, and governed.

1. Over-Concentration on a Single Product Narrative

The industry became **dangerously myopic**, centring almost all value creation around one product form: **high-MGO / UMF™ monofloral mānuka honey**.

This created:

- **a narrow value funnel**,
- **an obsession** with ever-higher grading metrics,
- **an erroneous belief** that price escalation could continue indefinitely.

When consumer demand plateaued and supply expanded, the entire value proposition collapsed. There was **no diversified product architecture** to absorb the shock.

2. Commoditisation Disguised as Premium

Despite premium branding, mānuka honey became **functionally commoditised**:

- Multiple brands selling chemically similar products,
- Differentiation reduced to labels, certificates, and numeric grades,
- Price competition creeping in under the guise of “value tiers.”

Once consumers realised that higher MGO numbers did not necessarily equal better real-world outcomes, **price resistance set in** and inventory stacked up across the sector.

3. Regulatory Definition Damage

The Ministry for Primary Industries (MPI) mānuka honey definition, intended to protect integrity, **fractured the industry instead**. It:

- **favoured** certain regional chemotypes,
- **excluded** large volumes of honey previously considered mānuka,
- **stranded** producers with unsaleable inventory,
- **imposed** ongoing compliance costs without restoring demand.

Rather than stabilising the market, regulation **accelerated financial stress**, especially among regional and Māori producers.

4. Inventory Overhang and Balance Sheet Collapse

Years of speculative production left the industry with:

- **massive** unsold stockpiles,
- **inflated** balance sheets based on unrealised future prices,
- **cashflow** structures dependent on constant premium sales.

When export demand slowed (particularly post-COVID), these inventories became **toxic assets**, triggering write-downs, covenant breaches, and insolvencies. The estimated **NZD100M+ in sector losses** is a symptom, not the cause.

5. Weak Consumer Education and Misaligned Claims

The industry trained consumers to believe that:

- mānuka honey = antibacterial,
- higher UMF/MGO = better health outcomes.

This narrative was **over-simplified and ultimately fragile**. As consumers became more informed and as alternative infection-control and wellness products emerged, mānuka honey was exposed as **limited in scope**, particularly for modern infection-control needs.

6. Failure to Evolve Beyond the Flower

The most fundamental strategic failure was this:

The industry locked itself to nectar (the flower) and ignored the leaf, the tree, and the wider ethnobotanical system.

While mānuka and kānuka leaves contain far more potent antimicrobial and phenolic compounds, the industry:

- **failed to invest** in extraction science,
- **failed to diversify** into therapeutics,
- **failed to build** new product categories.

In doing so, it left enormous value **unharvested** and allowed competitors, including offshore producers to define adjacent markets.

7. Damage to the Wider NZ Tea Tree Agribiz Sector

The fixation on honey crowded out:

- kānuka,
- tea tree oils,
- hydrosols,
- phenolic extracts,
- and culturally grounded therapeutic uses.

As capital, attention, and land were pulled into a single speculative product, the **broader NZ tea tree agribusiness ecosystem was weakened**, not strengthened.

8. Structural Misalignment with Māori Landowners

Many Māori landowners were positioned as **raw suppliers**, not partners:

- short-term access agreements,
- little downstream participation,
- minimal intergenerational wealth creation.

When prices collapsed, Māori landowners bore disproportionate risk, reinforcing the need for a **new, equity-based model**.

Why an Industry Reset Is Urgent

The mānuka honey industry cannot be “fixed” by:

- marketing spend,
- minor regulatory tweaks,
- or waiting for demand to return.

The reset must involve:

- **diversification** beyond honey,
- **value creation beyond grading systems**,
- **new therapeutical** product categories, and
- **indigenous participation** in downstream value ownership.

Without this reset, the industry will continue to:

- **Destroy** capital,
- **Erode** trust,
- **Diminish** New Zealand’s global credibility in natural health products.

PART TWO “THE IMPACT”

Impact of the Mānuka Honey Industry Collapse on Māori Landowners and Rural Māori Communities

The collapse of the mānuka honey industry stripped income, jobs, and trust from Māori landowners and rural communities, exposing the failure of a model that treated whenua as an input rather than a partner.

The collapse of large parts of the New Zealand mānuka honey industry has had **disproportionate and lasting impacts on Māori landowners and Māori rural employment**, reflecting deep structural imbalances in how value and risk were allocated across the sector.

1. Māori Landowners Bore the Downside Without Sharing the Upside

Māori own or control **the majority of land on which mānuka grows**, particularly in Te Tai Tokerau, Te Tairāwhiti, the East Coast, and parts of the central North Island. However, most Māori landowners participated in the industry as **access providers**, not value-chain partners.

Common arrangements included:

- short-term land access or hive placement agreements,
- fixed per-hive or per-site fees, and
- limited or no exposure to downstream margins.

When the industry collapsed:

- Māori landowners saw **access income fall or disappear**,
- many were left with **damaged relationships** and no alternative revenue model, and
- there was **no residual ownership** in processing, branding, or export entities that might have cushioned losses.

In effect, Māori whenua carried **biological and reputational risk**, while capital owners extracted upside during the boom years.

2. Loss of Trust and Long-Term Opportunity Cost

The collapse created a **trust deficit** between Māori landowners and the wider agribusiness and investment community.

Many whānau experienced:

- aggressive hive placement during peak years,
- promises of long-term income that failed to materialise, and
- abrupt withdrawal by operators once margins compressed.

The deeper cost is not just financial — it is **lost willingness to engage** in future ventures. This has slowed new land-based development and made Māori landowners rightly cautious of externally driven “next big thing” narratives.

3. Significant Job Losses in Rural Māori Regions

The mānuka honey boom created employment across:

- beekeeping and hive management,
- honey extraction and processing,
- logistics, transport, and warehousing, and
- regional administration and compliance roles.

As companies collapsed or downsized, **jobs disappeared quickly**, particularly in regions with limited alternative employment. Impacts included:

- loss of seasonal and permanent roles,
- reduced training and apprenticeship pathways, and
- increased out-migration of younger Māori seeking work elsewhere.

These job losses hit rural Māori communities hardest, where mānuka honey had been one of the few growth sectors offering local employment.

4. Māori Land Became a “Stranded Asset” in the Honey Model

As honey prices fell and inventory piled up, mānuka-covered land shifted from being seen as a premium asset to a **stranded or underutilised resource**. For many Māori land trusts and incorporations:

- the land could not easily be repurposed,
- alternative uses were capital-intensive or culturally inappropriate, and
- there was no pathway to monetise the resource beyond honey.

This exposed a critical flaw:

....."the industry had no Plan B for whenua once the honey model broke"

5. Reinforcement of Historical Extraction Patterns

The industry collapse reinforced a familiar pattern:

- Māori provide land and labour,
- external capital captures downstream value,
- losses are **socialised back onto communities**.

This outcome undermined decades of work toward **Māori economic self-determination** and highlighted the dangers of participation models that exclude equity, governance, and long-term value sharing.

6. Intergenerational Impact

Because Māori land is held intergenerationally:

- income volatility affects whānau long after a business cycle ends,
- governance bodies must explain losses to multiple generations,
- opportunities lost today reduce future options for rangatahi.

The collapse therefore represents not just a market failure, but a **missed intergenerational development opportunity**.

Why This Matters for an Industry Reset

Any credible reset of the NZ tea tree agribusiness sector must start with this reality:

Māori landowners carried the greatest biological and social risk | yet captured the least enduring value.

A future-facing model must therefore:

- **move** Māori landowners from access providers to **value-chain partners**,
- **create recurring, diversified income streams** beyond honey,
- **embed equity** and governance participation, and
- **anchor** production close to whenua to support regional employment.

Without correcting these structural inequities, any “next phase” of the tea tree industry risks repeating the same failure — with higher social cost and even less trust.

PART THREE – “THE ROLE OF GOVERNMENT”

The mānuka experience shows that export ambition alone is insufficient; without adaptive, enabling policy settings, intervention can unintentionally constrain the very growth it seeks to accelerate.

The Mānuka Paradox: Ambition Versus Outcome

In 2017, the New Zealand Government articulated an ambition for mānuka honey to become a **NZD 1 billion export industry within a decade**. At the time, this goal reflected genuine confidence in New Zealand’s natural product advantage and global brand.

However, the sector’s subsequent trajectory has moved in the **opposite direction**, with widespread business failures, inventory write-downs, job losses, and a significant contraction in export value. This divergence between ambition and outcome highlights a fundamental **paradox in policy execution**.

Where the Paradox Emerged

The issue was not the goal itself, but **how the goal was pursued**.

Rather than allowing the industry to mature organically and diversify, policy settings contributed to:

- an increasingly **narrow definition of value**,
- heightened **compliance and classification costs**, and
- a regulatory environment that **amplified risk rather than dampening it**.

In effect, the sector was encouraged to scale rapidly while being constrained by increasingly rigid definitions and oversight mechanisms.

Over-Regulation in a Nascent Export Category

The mānuka honey sector was still in a **category-formation phase** when it became subject to heavy regulatory intervention. While intended to protect integrity and international reputation, the cumulative effect of regulation was to:

- **reduce** flexibility at the producer level,
- **strand** inventory that no longer met evolving definitions, and
- **raise** the cost base for smaller and regional operators.

This dynamic favoured scale and compliance capacity over innovation and adaptation, unintentionally weakening sector resilience.

Misaligned Support Mechanisms

Public support tended to reinforce the **existing honey-centric model**, rather than encouraging diversification into oils, extracts, or higher-value downstream products.

As a result:

- capital flowed into a single product narrative at peak valuation,
- alternative value pathways were underdeveloped, and
- when the honey market stalled, there were limited buffers available.

Support mechanisms were therefore **too narrow to deliver the stated ambition**.

Crowding Out Market Discovery

A further unintended consequence was the **crowding out of market discovery**. Rather than allowing demand, pricing, and product formats to evolve naturally, the sector became increasingly structured around compliance with definitions and metrics.

This constrained experimentation and delayed the emergence of new product categories that could have complemented — rather than replaced — honey.

The Central Lesson

The paradox illustrates a broader policy lesson:

“Ambitious export goals require enabling frameworks, not prescriptive outcomes”.

In the case of mānuka, well-intentioned intervention narrowed the sector's evolutionary options at precisely the time when flexibility, diversification, and market-led discovery were most needed.

Implications for a Reset

The experience does not argue against government involvement | **but for a different form of involvement**:

- **catalytic** rather than directive,
- **enabling** rather than defining, and
- **supportive of diversification rather than reinforcing a single product model.**

A reset of the NZ tea tree agribusiness sector should therefore focus on creating conditions for multiple value pathways to emerge, rather than attempting to engineer scale within a single category.

PART FOUR – “THE FAILURE ROLL CALL”

It appears that since the start of the downturn of the Manuka Honey Industry, AI supported research indicates that over NZD500M (half a billion dollars) has been lost. This “roll-call” presents a summary of the losses suffered by the major industry players.

NGAI TAHU HONEY LOSSES

Ngāi Tahu rebranded the Watson & Son honey business as **Oha Honey** in late 2017 after taking full ownership of the company. Ngāi Tahu Holdings eventually decided to wind down the business's operations following significant and sustained financial losses:

- **Closure:** In October 2023, the iwi announced it would shut down Oha Honey's North Island operations.
- **Reasoning:** The decision was driven by "significant industry challenges," including a global oversupply of mānuka honey, depressed market pricing, and the impacts of both COVID-19 lockdowns and a significant downturn in Chinese buying.
- **Financial Losses:** The business reported heavy losses over several years, including:
 - **2019:** \$62.4 million net loss.
 - **2020:** \$21.6 million operating loss.
 - **2022:** \$30.9 million net loss.
 - **2023:** \$23.2 million loss (reported at the time of the closure announcement).

Following the shutdown of its primary operations, Ngāi Tahu reached a partnership agreement to merge Oha Honey's packed honey sales with **The Mānuka Collective**. (See Perry Group-P10).

Ngāi Tahu invested approximately **\$110.1 million** in total to acquire full ownership of the Watson & Son honey business (later rebranded as Oha Honey). The investment process occurred in phases:

- **Initial Stake (2015):** Ngāi Tahu originally invested approximately **\$67 million** for a 50% share in Watson & Son. This initial figure included a baseline investment of \$51 million plus a \$16 million earn-out payment made in 2016.
- **Full Ownership (2017):** When Ngāi Tahu took 100% control of the honey business in late 2017, the total cost of the acquisition reached **\$110.1 million**. As part of this "divorce" settlement, the founding Watson family retained 100% ownership of the related medical honey venture, MānukaMed.

Summary of Losses

By the time the iwi decided to wind down the North Island operations in late 2023, the venture had incurred massive financial losses:

- **Operating and Net Losses:** In the seven years leading up to 2024, the business reported total **operating losses of \$100.5 million** and **net losses of \$122.1 million**.
- **Major Write-downs:** In 2019 alone, Ngāi Tahu recorded a **\$57.1 million write-down** on the value of Oha Honey, significantly impacting the group's overall profit.
- **Final Operating Loss:** In the 2023 financial year, Oha Honey recorded a further **\$35.9 million operating loss** before the closure announcement.

Summary of the Investment's End

- **Acknowledged Failures:** In 2019, Ngāi Tahu's chairperson admitted the iwi had not done a "good job" of analyzing the risks before venturing into the honey industry.
- **Winding Down:** After years of compounding losses—including a massive **\$122.1 million net loss** over seven years—Ngāi Tahu announced in October 2023 it would wind down Oha Honey's North Island operations.
- **Current Status:** As of 2026, the brand's remaining sales operations have been merged into **The Mānuka Collective**

As of 2026, the Watson family's involvement in the honey industry is marked by the sale of their primary medical venture and the failure of several smaller honey-related companies.

- **MānukaMed Sale (2025):** The Watson family recently exited their major remaining venture, **MānukaMed**, which was the medical honey business they retained after the "divorce" from Ngāi Tahu. In **July 2025**, MānukaMed was acquired by the US-based wound care manufacturer **Gentell**. The company has since been rebranded as **Gentell MānukaMed**.
- **Company Liquidations:** Several other honey-related businesses owned by Denis Watson have failed in recent years:
 - **Mānuka Te Miere** was placed into liquidation in June 2021, owing approximately \$3.25 million to the Inland Revenue Department (IRD).
 - **Mānuka Gold** was voluntarily liquidated in December 2019.
- **First Honey:** Denis Watson's children, **Dan Watson** and **Sarah Scarlet**, founded **First Honey**, a family-owned company that focuses on medical-grade mānuka honey products for wound care. This business promotes itself as using honey from their own "First Honey forests".

MANUKA HEALTH – GUOCO GROUP LOSSES

Since 2018, Hong Kong based Guoco Group has recorded at least **\$100.65 million in total write-offs and impairments** related to its NZD238M Manuka Health investment, primarily due to challenging market conditions and a global oversupply of mānuka honey.

Here is a breakdown of the publicly reported losses and write-downs:

Manuka Health Financial Summary (under Guoco ownership)

Financial Year (Ended June 30)	Net Profit / Loss	Impairment / Write-off Amount
2023	Net Loss: \$5.6 million	Not specified for this year
2024	Net Profit: \$4.0 million (after a prior year loss)	Reportedly a write-down of HK\$18.3 million (\$NZ3.9 million) and a goodwill write-off of HK\$82.3 million (\$NZ17.5 million) in one report, though specific to HK reporting.
2025	Net Loss: \$23.71 million	\$24 million (\$17 million to NZ unit goodwill, \$4 million to brand, rest to German unit goodwill).

While specific year-on-year cumulative figures are not always consolidated in public reports, major impairment charges have been noted:

- **2024:** Guoco's reports indicated an impairment of approximately **\$NZ21.4 million** in total related to the NZ unit's goodwill and brand.
- **2025:** A further **\$NZ24 million** impairment was recorded, citing "*uncertainty in future performance outlook*" and low-price competition.

This data, combined with general industry reports on a significant decline in New Zealand honey production and export values since a 2020 peak, confirms substantial financial distress for the company under Guoco's ownership.

Key Insights

Manuka Health was acquired by Guoco with NZ Overseas Investment Office consent in 2018 for around **\$NZ238 million**. The expected benefits included potential access to significant historic tax losses, which became a point of legal contention with PwC. The mānuka honey market, which boomed until 2020, has since experienced a global oversupply and depressed prices, severely impacting the profitability of producers like Manuka Health and competitors such as Comvita and Ngāi Tahu's Oha Honey venture.

Since Guoco Group's acquisition of **Manuka Health** in late 2018, the company's annual revenue peaked in 2020 but has since experienced a steady and significant decline.

Manuka Health Annual Sales (FY 2018–2025)

Sales figures reflect the New Zealand-based unit's performance, often consolidated with its German distribution arm, Neuseelandhaus GmbH.

Financial Year (Ended June 30)	Reported Revenue (NZD)	Status/Notes
2018 (Pre-acquisition)	~\$100 million	Baseline at time of purchase.
2019	\$110 million	Transition year under new ownership.
2020	\$120 million	Peak revenue during global COVID-19 demand spike.
2021	\$107 million	Start of industry-wide decline.
2022	Not Publicly Detailed	General industry downturn noted.
2023	\$122.1 million	Brief recovery in top-line revenue but recorded a loss.
2024	\$110.8 million	Revenue fell 9% year-on-year.
2025	\$94.3 million	Further 15% drop; net loss of \$23.71m reported.

Analysis of the Decline

- **Market Downturn:** Manuka Health's sales have dropped approximately **23% from its 2023 levels** to the most recent 2025 figures.
- **Total Write-offs:** In December 2025, Guoco recorded a **\$24 million impairment** against the business, primarily due to "uncertainty in future performance outlook" and intense low-price competition.
- **Industry Context:** This downward trend mirrors the broader New Zealand mānuka honey industry, which saw export demand drop 26% from its 2020 peak, leading to a glut in supply and aggressive price-cutting by competitors.

COMVITA LOSSES

New Zealand's largest mānuka honey producer, **Comvita**, has reported total **net losses of approximately \$172.9 million since the mānuka honey industry downturn began around 2020**. This total includes significant impairments and asset write-downs resulting from market oversupply, intense price competition, and a drop in demand from China.

Comvita's Annual Net Profit/Loss (FY2021–FY2025)

Financial Year (Ended June 30)	Net Profit After Tax (NPAT) (NZD)
2021	~\$9.5 million profit
2022	~\$13 million profit
2023	~\$11.1 million profit
2024	\$77.4 million loss (including a \$64.2 million impairment)
2025	\$104.8 million loss (including significant impairments and provisions)

Key Takeaways

- **Industry Peak:** The industry boomed until 2020 but then faced a "seismic change" with a massive oversupply and subsequent price collapse.
- **Major Impairments:** The losses are largely driven by one-off, non-cash impairments and provisions taken to write down high-cost inventory and the value of the business itself.
- **Restructuring:** In response to these losses and ongoing pressure, Comvita has cut jobs, closed offices, and is undertaking significant restructuring and cost-saving measures. The company was the subject of a takeover offer, highlighting its financial distress but this was rejected by shareholders in November 2025, seeing Comvita enter into an urgent recapitalization phase to secure its financial future.

Current Financial Status (Early 2026)

- **Failed Takeover:** In November 2025, shareholders voted down an 80-cents-per-share takeover offer from **Florenz** (owned by Mark Stewart's Masthead). While 54.3% voted in favor, it failed to reach the required **75% threshold** to pass.
- **Debt & Moratorium:** As of December 2025, Comvita had approximately **\$67.4 million** in net debt. The company's banking syndicate has extended the maturity dates of expiring facilities from January and March to **April 30, 2026**.

- **Covenant Waivers:** Lenders have granted further waivers for the **March 31, 2026** testing date, provided Comvita meets temporary targets, including a minimum underlying profit (EBIT) for the six months ending December 31, 2025.
- **Capital Raise:** Comvita confirmed in December 2025 that it needs "**at least \$25 million**" in new capital to achieve a sustainable financial position. The board is currently in "early dialogue" with both existing shareholders and new potential investors.

Outlook for 2026

Despite the crisis, the company maintains its **2026 forecast** for a return to profitability:

- **Target Revenue:** \$212.6 million.
- **Target Net Profit (NPAT):** \$6.4 million.
- **Leadership:** To stabilize operations, Comvita recently appointed **Mandy Tomkins-Dancey** as permanent CFO and confirmed **Ben Duncan** as COO.

NEW ZEALAND MANUKA LTD

Based on the financial trajectory of **Manuka Bioscience (MBS)** and its predecessor **New Zealand Manuka Ltd (NZM)**, total investment losses following the February 2025 receivership are estimated to exceed **\$85 million**. The breakdown of these losses across various investor groups is as follows:

1. Hong Kong Investor Losses (~\$70 Million)

- **Initial Investment (2014):** Hong Kong-based investors acquired a majority stake in Opotiki-based New Zealand Manuka Ltd in 2014.
- **Cumulative Funding:** Market data indicates that over the following years, these investors injected over **\$70 million** into NZM to fund ambitious growth in mānuka honey and oil production.
- **The "Merger" (2022):** When Manuka Bioscience acquired NZM in 2022, the Hong Kong investors' massive capital injection was converted into a minority stake (reported as circa 30%) in MBS.
- **Final Loss:** With MBS entering receivership in **January 2025** and the assets sold to original founder Phil Caskey for an undisclosed sum, the Hong Kong group's equity in the parent company has been effectively wiped out.

2. Crowdfunding Loss (~\$3.9 Million)

- **Campaign (2022/2023):** MBS launched a public capital raise via the **Snowball Effect** platform, closing in January 2023.
- **Amount Raised:** While the target was between \$2.5m and \$4.5m, the campaign successfully raised **\$3.9 million** from over 100 retail and strategic investors.
- **Outcome:** As equity crowdfunding investors are typically unsecured shareholders, this entire **\$3.9 million** investment is lost in the 2025 receivership process.

3. Other Capital Raises (~\$16.3 Million)

- **Prior Funding:** Before the 2023 crowdfunding, MBS had successfully raised **\$16.3 million** through various private capital rounds.
- **Creditor Claims:** The first receivers' report in March 2025 revealed that the company and its subsidiary, Manuka Biologicals, owed creditors a combined **\$12.3 million**.

4. Government and R&D Support (~\$400k+)

- **Callaghan Innovation:** The company received a 10-year R&D loan of **\$400,000** in August 2023 to support clinical trials for mānuka oil. This debt remains an outstanding liability in the receivership.

The "Reset" in 2025

The receivership was triggered by **WFT Finance**, a company owned by NBR Rich Lister **Wayne Wright**, who stated it was "*obvious... it was never going to make any money.*"

While original founder **Phil Caskey** has reclaimed ownership of the core **New Zealand Manuka** assets through a sale process in March 2025, this "reset" effectively purged the previous decade's capital structure.

The total loss for previous backers—including the \$70m from Hong Kong, the \$3.9m from crowdfunders, and the \$16.3m from other private rounds—totals approximately **\$90.2 million** in lost equity and debt.

THREE PEAKS HONEY – THE PERRY GROUP

The Perry Group is a private entity and does not publicly release detailed loss figures for its individual investments, industry data and corporate actions by 2026 reveal the extent of the "bleeding" they managed before forming **The Mānuka Collective**. The Perry Group faced the same industry-wide collapse that forced Ngāi Tahu, Comvita, and Manuka Health into massive write-downs.

1. Indicators of Financial Distress

Although specific impairment figures for **Three Peaks Mānuka Honey** are not public, the scale of the financial pressure is evident through several key industry "insider" metrics/corporate events:

- **Closure of Beekeeping Operations (2024):** In May 2024, it was confirmed that the Perry Group had closed the **Three Peaks beekeeping operation** within The Mānuka Collective. This move to exit the hive-ownership side of the business (traditionally the most capital-intensive and loss-making area during a glut) indicates that the "land-to-brand" model had become unsustainable.
- **Rationalization for Survival:** At the time of the 2022 merger, **100% Pure New Zealand Honey** owner Steve Lyttle explicitly stated that the industry needed "rationalization and consolidation" due to a massive **oversupply of mānuka**. This merger was widely viewed by the industry as a defensive move to achieve the critical mass needed to avoid the total liquidations seen by other mid-sized players.
- **The "Zero Value" Hive Trend:** During the 2022–2024 period, the book value of honey-producing assets (hives, equipment, and biological assets) plummeted. Competitors like **Me Today** wrote off **\$36 million** on their honey venture, and **Ngāi Tahu** took a **\$57 million write-down** in a single year. It is estimated by industry analysts that private operators like the Perry Group likely faced similar proportional write-downs on their own multi-million dollar hive investments.

2. Strategy: From Producer to "Collective" Packer

The Perry Group's decision to hook up with **Ngāi Tahu** and **100% Pure NZ Honey** was a pivot designed to shift the financial risk:

- **De-risking:** By merging into the collective, the Perry Group shifted from being a high-risk primary producer (owning thousands of hives) to being a partner in a **packer/exporter** model.
- **Stopping the Bleed:** Closing their beekeeping branches in 2024 allowed them to stop the ongoing operating losses associated with maintaining bees and land during a period of rock-bottom bulk honey returns.

3. Estimated Impact

Given that Three Peaks managed approximately **8,500 hives** at its peak and invested in premium "gifting" branding for China—a market that subsequently collapsed—market talk in 2026 suggests that the Perry Group's cumulative losses and impairments before and during the collective's formation were in the **tens of millions of dollars**. This aligns with the "material impairments" reported by similarly sized corporate honey entities during the 2021–2025 downturn.

WESTERVELT HONEY

While the specific final loss figure for the Alabama-based Westervelt Company has not been publicly detailed in a single balance sheet, data from its 2019 exit indicates the group likely lost **tens of millions of dollars** on its New Zealand honey venture. The estimated loss is based on the following investment and divestment factors:

1. Significant Initial Investment

Westervelt entered the industry during the "gold rush" era, committing heavy capital to infrastructure and acquisitions:

- **Facility Cost:** In 2015, the company invested in a state-of-the-art storage and processing plant in **Taupō**, designed to process up to **\$20 million** worth of honey annually.
- **Acquisitions:** They took a **51% controlling stake** in the Whakatāne-based **Tāku Honey** brand and established the Westervelt Owhaoko Honey Limited Partnership to manage thousands of hives across the North Island.
- **Poronui Station:** While a separate asset, Westervelt's broader NZ presence included the **\$35 million purchase** of the 7,000ha Poronui Station in 2006, which served as a base for many of its land-based operations.

2. Market Downturn and Distressed Sale

Westervelt's exit in **2019** coincided with a major industry contraction:

- **The "Bubble" Pop:** A 2024 industry report noted that the mānuka boom ended abruptly in 2020 due to oversupply and a "supply glut".
- **Fire-Sale Pricing:** By the time Westervelt sold its honey partnership to **Ngāi Tahu (Oha Honey)** in 2019, bulk honey prices for non-monofloral "bush" honey had plummeted.
- **Subsequent Write-downs:** The poor value of these acquired assets was immediately apparent to the buyer; just months after taking over Westervelt's operations and others, Ngāi Tahu was forced to record a massive **\$57 million write-down** on its honey business in its 2019 annual report.

3. Cumulative Losses

Industry-wide, large-scale operators that invested heavily in the 2014–2018 period have faced staggering losses: i.e. **Comvita** reported a **\$104.8 million loss** in 2025, **Me Today** wrote off the entire **\$36 million** it paid for King Honey, **Ngāi Tahu** shuttered the North Island operations it bought from Westervelt and Watson & Son after cumulative losses exceeding **\$120 million**.

Conclusion: Westervelt's exit was a "cut and run" move designed to stop further bleeding. Given their million-dollar facility investment, hive purchase costs, and the heavily depressed sale price in 2019, their total loss is consistent with the **tens of millions lost by other major players** who entered the market at the peak of the mānuka bubble.

PART 5 INDUSTRY LOSS SUMMATION / MODEL COMPARISON AN “AI” PERSPECTIVE

AI INPUT

*The New Zealand mānuka honey industry is no longer experiencing a cyclical downturn. It has reached a **structural and strategic dead end**. The collapse or distress of multiple well-capitalised operators is not coincidental. It reflects **systemic flaws** in the way the industry has been built, positioned, and governed leading to losses, impairments and write-downs of over NZD500M (half a billion dollars).*

AI OUTPUT

Understood — and you’re right to foreground this. This half-billion-dollar shadow is real, it sits in the minds of investors, officials, and platforms alike, and it must be explicitly neutralised by how your strategy is framed. Here is a clean, authoritative way to hold this in mind and reframe it constructively.

How This NZD500M+ Industry Collapse Is Being Addressed — Not Avoided

The scale of losses in the mānuka honey sector over the past five years, conservatively exceeding **NZD 500 million** in impairments, write-downs, and trading losses has fundamentally reshaped investor perception of anything associated with “mānuka”.

This is not a reputational issue that can be ignored. It is an overhang risk that must be actively de-risked.

Importantly, these losses were **not caused by (1) the mānuka tree (2) nor Māori landowners, (3) nor global demand** for natural health products. They arose from **systemic flaws**:

- **single-product** obsession (monofloral honey),
- **commoditisation** disguised as premium branding,
- **regulatory rigidity** at the wrong point in the industry lifecycle,
- **inventory-driven** balance sheets,
- **minimal diversification** beyond the flower.

The collapse of operators such as Honeylab, King Honey, Settlers Honey, Watson & Son / Oha, the financial stress of New Zealand Manuka Ltd, Manuka Health Ltd, Comvita and others is therefore clear **structural evidence**, not market noise.

Why Tribal Therapeutics Is Not Exposed to This Failure Mode

Your model overcomes this shadow **by design**, not by optimism. The key distinction — and the reason this conversation is fundamentally different — **Tribal Therapeutics is not a honey company.**

It is a **tea tree therapeutics platform** built on:

1. **Duality, not dependency**
 - Mānuka *and* kānuka
 - Leaf *and* flower
 - Oils, phenolics, hydrosols *and* honey
2. **Finished products, not inventory speculation**
 - Retail-ready SKUs
 - Defined LOIs and market pull
 - Short production-to-cash cycles
3. **Collective value capture, not single-margin risk**
 - POI honey
 - Infection control products
 - Therapeutics positioned between supplements and pharma
4. **Distributed risk across product categories**
 - If one category softens, others continue
 - No single metric (UMF/MGO) determines viability
5. **Whenua-anchored supply with downstream ownership**
 - Māori landowners as partners, not price-takers
 - No stranded land or stranded inventory scenario

Why This Matters for Investors, MPI, and PledgeMe

This is precisely why:

- the **Pre-Series A underwrite + escrow structure** matters,
- MPI matching capital is logical rather than speculative, and
- PledgeMe's role is not reputationally exposed but **strengthened**.

You are not asking stakeholders to **ignore the wreckage** of the mānuka honey sector. You are demonstrating that..... *This monofloral wreckage fully justifies the formation of a more resilient, diversified, and culturally grounded model.*

The Deeper Distinction: Culture vs. Science as the Organising Principle

The key distinction — and the reason this conversation is fundamentally different — is that **Tribal Therapeutics is not a honey company**. It is a **tea tree therapeutics platform** built not only on product diversification, but on a **cultural narrative more than 1,000 years in the making**. The mānuka honey industry was organised almost entirely around a **science-led narrative**:

- chemical markers (UMF/MGO),
- laboratory definitions,
- regulatory thresholds,
- and claims framed primarily in technical or antibacterial terms.

This discredited narrative proved **fragile**. It could be disputed, redefined, commoditised, and ultimately undermined by regulation, oversupply, and consumer scepticism. By contrast, Tribal Therapeutics is organised around a **cultural narrative that science supports but does not replace**.

Why This Matters

Your positioning is grounded in:

- **customary Māori knowledge** of mānuka and kānuka as taonga species,
- **gendered ethnobotanical use**, passed down through generations,
- **place-based provenance** that cannot be replicated offshore,
- **a living relationship** between whenua, whānau, and wellbeing.

This narrative **cannot be regulated out of existence**, nor reduced to a single metric. Science becomes a **validation layer**, not the organising principle.

Culture as a De-Risking Mechanism

This shift matters commercially because:

- cultural narratives are **resilient to price cycles**,
- they cannot be easily copied by competitors,
- they support brand loyalty beyond functional claims, and
- they create **meaning-based differentiation**, not just performance-based differentiation.

Where the mānuka honey story collapsed under the weight of its own scientific rigidity, a culturally anchored therapeutics platform remains adaptive.

The key distinction and the reason this opportunity is fundamentally different; is that the Tribal platform draws on the duality of New Zealand's native tea trees. Mānuka / kānuka and their customary, gender-specific use as taonga species. This cultural foundation enables a diversified product architecture spanning oils, phenolics, hydrosols, infection control products, and value-added honey formats, without reliance on any single commodity, grading system, or regulatory definition.

Why This Is Critical for Every Audience

- **Investors** see defensibility and brand moat
- **MPI** sees cultural integrity + diversification
- **PledgeMe** sees a kaupapa-led campaign unlike any before
- **Consumers** see meaning, not metrics

This is precisely how Tribal will **step out from under the NZD500M shadow** — not by arguing science harder, but by **changing the organising story of the sector**.

PART SIX- THE “TRIBAL” WAY FORWARD”

1. Context

Over the past decade, mānuka honey became one of New Zealand’s most visible natural product exports. However, the sector’s recent contraction. Including company failures, inventory write-downs, and job losses, has demonstrated that the industry’s challenges are **structural rather than cyclical**. These outcomes provide valuable insight into how future Crown and private investment can be better structured to deliver resilient, regionally inclusive outcomes.

2. Key Structural Lessons

a) Over-Concentration Risk

Industry growth became heavily concentrated around a **single product format (monofloral mānuka honey)** and a narrow value proposition.

b) Limited Value-Chain Diversification

Investment largely focused on upstream production and basic processing. There was limited development of **downstream, higher-value products**.

c) Uneven Regional Value Capture

While some regions benefitted from processing infrastructure and coordinated development, others remained reliant on external processors and commodity pricing. This created **variable resilience across regions**, particularly affecting rural and Māori communities.

d) Landowner Participation Models

Many Māori landowners participated primarily as access or supply providers. This structure constrained long-term income stability and limited participation in downstream value creation.

3. Implications for Future Industry Development

The experience of the mānuka honey sector requires future development that should prioritise:

- **Product diversification beyond a single commodity**
- **Value creation closer to source**, including extraction and formulation
- **Partnership-based participation models** for Māori landowners
- **Regionally anchored production** to support employment and skills
- **Scalable export pathways** linked to demonstrable end-use demand

These principles reduce risk, increase resilience, and better align capital with policy objectives.

4. Rationale for an Industry Reset

A reset of the NZ tea tree agribusiness sector is not about replacing honey but **expanding the value ecosystem around native tea trees**. This includes oils, hydrosols, phenolic compounds, and therapeutical applications that serve global markets in natural health and infection control.

Such a reset:

- **reduces** reliance on a single product cycle,
- **enables** new export categories,

- **supports** regional employment, and
- **creates** pathways for Māori landowners to participate as long-term partners.

5. Alignment with Public Co-Investment Objectives

A co-investment approach that matches private capital with public support can:

- **de-risk** early-stage manufacturing and market entry,
- **accelerate** regional infrastructure development,
- **crowd** in additional private investment, and
- **support** Māori economic development without distorting markets.

Importantly, this approach builds on lessons learned, rather than repeating past sector designs.

6. Conclusion

The contraction of the mānuka honey sector highlights the importance of **diversification, inclusive value-chain participation, and regionally grounded production**. A forward-looking reset of the NZ tea tree agribusiness sector supported by both private capital and targeted public co-investment, represents an opportunity to convert these lessons into durable economic outcomes.

The key distinction and the reason this opportunity is fundamentally different; is that Tribal Therapeutics is not a honey company. It is a tea tree therapeutics platform grounded in a cultural narrative more than 1,000 years in the making, supported by science rather than defined by it.

“Me whakahoki te mauri kia ora ai te rāngai.”
(The life force must be restored so the industry can thrive).

Published by:

The Directors

Tribal Therapeutics Ltd

Kerikeri | Aotearoa

January 8th 2026