

# CHAIRMAN'S ADDRESS

Annual General Meeting 28 November 2019

## Introduction

- Good afternoon ladies and gentlemen.
- Again, I'd like to begin by acknowledging your support to the company – our company – as its committed shareholders.
- I'd also like to especially welcome the relatively newly appointed Nicholas Simms. Nick has not been on the longer journey with us but has given us his immense energy and experience since September. His palpable impact comes from his deep experience in consumer markets, in Asia, and in growing a small listed company, Bubs Australia, into a 500-million-dollar giant. I will refer to Nick later in this address and encourage anyone who has not met him to come up to him after the meeting adjourns.
- All our Board members are open to taking questions at appropriate times during the proceedings today. However, we will also be inviting all of you to join us after the meeting for refreshments.
- Today, I'll be providing you with an overview of what has been a strong establishment year for Fiji Kava Limited. I'll give an update on key achievements and on our plans for the future. This will be followed by a more expansive presentation from Zane, our CEO and the founder of Fiji Kava.

## Company Update

- The past year has been one of building foundations as we've implemented our strategy to become the first global kava company, delivering relaxation to stressed people around the world.
- We've put down the necessary infrastructure to support a true farm-to-shelf kava operation. We've developed new products to give us depth as a consumer offering, and we've started to drive sales.
- Today, we have complete control over the supply chain – from R&D and New Product Development, to cultivation, growing, processing, extracting, packaging, branding and often distributing our Noble Kava products. Our product range now includes capsule and instant kava powders, with tea-bags and shots standing in the wings to enter production, and these are just now beginning to roll out into the big kava markets in the world: Australia, Fiji, New Zealand and the USA.
- It's only been 11 months since we were born onto the ASX last December, and I am greatly encouraged by the demand we are witnessing for our product. Our Fiji Kava brand is gaining traction and we have begun to establish a quality distribution footprint in key markets. You will have noticed an increasing number of announcements, both formally and through our email channels, about the deals we are doing one-by-one.
- With no coincidence at all, we are doing this at a time of significant global growth in kava popularity. This presents huge opportunities for Fiji Kava given our early-mover advantage, our product innovation and the channels we're opening now with significant distribution agreements.
- The company has a very clear strategy predicated on four key pillars:
  - Supply Chain Excellence

- Growing the Market
  - New Product Development, and
  - Proving the Medicinal Benefits.
- We've made significant progress across each of these pillars, and I will touch on some of them right now. Our CEO will give more detailed information on all four in his presentation later.

## Supply Chain Excellence

- From a manufacturing standpoint, we now have the infrastructure in place to meet the rising demand for kava in the future. This includes increasing production and processing capabilities with western standards of quality assurance at every step. We have traditionally sourced kava from a network of more than 200 registered and carefully vetted Fijian farmers, as part of our out-growers scheme. But we now have a nucleus estate, our own plantation, with over 30,000 Noble Kava plants, which we can use for selection, and to generate a much lower cost raw material. That plantation will continue to be expanded as demand rises.
- Pivotal to the future success of Fiji Kava is our ability to establish a supply system to create consistent volume and standardized quality. We took a major step forward in this regard when in September this year, Fiji Kava launched the world's first kava tissue culture laboratory.
- Tissue culture is a long-term solution for creating a sustainable, disease-free, and quality-assured kava industry and we will use it first to supply our own contract growers with the specific varieties, with specific kavalactone profiles, that we want. No other kava company in the world can guarantee quality in this way, and yet this is becoming a necessary requirement of natural products in most western markets.

## Growing Availability of Fijian Noble Kava

- After getting our supply chain in order, we launched our mass-market retail activities in September, including our marketing program and our first brand campaign. These activities and the corresponding sales achieved will be reflected in our financials when we provide our Q2 trading update in February.
- Zane will cover some of our retail agreements in more detail during his presentation, but I want to call out just a handful of key items we've accomplished so far:
  - In Australia, we have recently signed an MoU with Osborne Health, a leading natural and complimentary health distributor, and we've filled our first order of kava powder extract for complementary medicines group Pathway International.
  - In Fiji, our products are now available in a wide range of retail chains.
  - In New Zealand, we signed an MoU with the largest national pharmacy group, Green Cross Health.
  - And we have launched our e-commerce strategy, culminating in Fiji Kava products being available on Amazon in Australia and the USA.
- These milestones provide a strong foundation from which to accelerate our retail activities. We are also well advanced in our negotiations with other manufacturers, distributors, suppliers and retail outlets, with more announcements to be made in the near future.

## New Product Development

- The third of our pillars, New Product Development, has been largely unseen to the outside world. Every new product needs to complete design, raw material supply, costing, formulation and market testing, and then design of regulatory approved labels and formats. We've been deliberately measured in our roll out to ensure we align timing with availability.

- We are buoyed by the resurgence of kava globally and the progress being made on the accessibility of kava as new global legislation and regulations are developed and applied. The closest to home has been the recent Australian Government announcement loosening import restrictions on kava into Australia, covering both personal use and commercial imports. It's significant to note that Fiji Kava is the first and, so far, only foreign company to win approval from the Fiji Government to export kava.

## Conclusion

- The delivery on our strategy wouldn't be possible without a quality team, led by Founder and CEO Zane Yoshida. I want to thank Zane sincerely for his passion and persistence, along with two of his recently appointed lieutenants, Franc Zvonar, head of marketing, and Sanfred Smith who leads our extensive team on farm and factory in Fiji, for their efforts.
- I also want to mention the efforts of Mr Stephen Copplin. Stephen has supported Zane during many years pre-IPO and then turned away from a number of other commitments, both Directorships and volunteer, to help us get this plane off the ground. Stephen took his decision to step away quite recently and wanted to announce it prior to today's Board meeting so as not to give a false impression to you the shareholders. I'd like to thank Stephen sincerely for his service and wish him well in returning to his prior life.
- Finally, I'd like to acknowledge the recent appointment to the Board of Nicholas Simms, who has more than two decades of experience as an FMCG specialist, including as Chief Executive Officer of Bubs Australia. Nick is like a force of nature within the Board and we are only just beginning to see what will surely be a major contribution.
- We are always searching to add the right skills and talent to our Board, and Nick's experience was a perfect fit for what we are trying to achieve in promoting Fiji Kava across global markets.
- As a final word before I return to the Resolutions, I want to reiterate once again our commitment to our strategy and the confidence we have entering 2020. These are exciting times for the business as we begin to reap the rewards of our initial efforts over the past year.
- Thanks again to each of you for your support and for travelling together with us on Fiji Kava's journey.
- That is the end of the Chairman's address, and I would welcome any comments or questions that I or other Board members might answer.