



31 August 2021

FIJI KAVA 2021 FULL YEAR FINANCIAL RESULTS

Fiji Kava (ASX: FIJ), an Australian-Fijian medicinal kava health & wellness company which produces natural 'noble kava' products for the natural medicine market, submits the following Appendix 4E Preliminary Report for the Financial Year ending 30 June 2021 (FY21).

Financial Highlights

- Positive sales momentum and record annual revenues of \$1,168,566, up 52% from FY20 (\$766,496).
- FY21 statutory net loss of \$3,390,522 which is 10% reduction from last financial year (FY20: \$3,766,407).
- Chemist Warehouse to invest \$1.43m via a 12,995,454-share placement over two tranches as part of an expanded strategic partnership.
- Implemented key cost saving initiatives to maintain prior year cost structure with increased sales and significant investment in inventory build.
- Successfully completed placement of 15,000,000 Shares at 10c per share to raise \$1.5 million to further support inventory build.

Operational Highlights

- Fiji Kava launched in Chemist Warehouse, with its suite of Noble Kava™ 60 vegan capsules including Noble Kava™ Extract, Noble Sleep™, Noble Calm™ and Noble Body™ to be available in nationally across Australia and New Zealand and Chemist Warehouse online.
- The Company continued to build inventory levels to manage any future potential Kava supply challenges and now holds \$868k inventory in finished product, extract and intermediate forms in both Fiji and Australia.
- Complimenting Fiji Kava's existing Speciality Ingredients customers including Blackmores owned BioCeuticals, Fiji Kava received its opening pilot purchase order for Noble Kava extract, for the United States market.
- Sales growth continues in Coles Supermarkets and across the natural and complimentary healthcare channel, which includes naturopaths of all specialties, herbalists, TCM practitioners, doctors, chiropractors, and other registered health professionals.
- Positive consumer demand and continued growing sales from Amazon e-commerce marketplaces in the United States. Including the launch of Traditional Grind Drinking Kava range on Amazon
- Commencement of production for the Fiji Kava medicinal tea range for sale via Amazon USA

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EXECUTIVE SUMMARY

Commenting on the full-year result, Fiji Kava CEO, Dr Anthony Noble said: "Fiji Kava Ltd has achieved another year of record revenue, with sales surpassing the million-dollar mark for the first time.

"Underpinning these results has been successfully growing the availability of Fiji Kava products. This has primarily been achieved via the expansion of our distribution network to include Chemist Warehouse, alongside Coles, Osborne Health and Green Cross in New Zealand. The company has also continued to build on our Business to Business (B2B) selling capabilities, especially by expanding this market in Australia and through pilot sales into the USA. These pilot sales have seeded our kava extract into key contract manufacturers in the market, which is a critical first step to allow engagement with US supplement brands via our B2B channel partners in the coming year.

"Over the past year, Fiji Kava has continued to invest heavily in our Fijian facilities and in building our inventory of Noble Fijian kava extract, drinking kava powders and our finished products. As well as ensuring we can meet growing demand for our products, we also took this approach to aggressively manage for any supply disruptions of fresh green kava in Fiji.

"Even compared to the rapidly growing consumer health market, natural medicines addressing anxiety, stress and sleep have continued to outperform over the last two years. Indeed, consumers are becoming more aware of the importance of addressing these health needs and are increasingly seeking self-medication solutions, such as our product range. As we move ahead, Fiji Kava will work hard to increase our market share in this growing market with our existing products. Importantly, we will also be dedicating resources to expanding the range and format of products that we can offer to consumers across our defined need areas of Calm, Sleep and Recovery to continue to deliver strong sales growth."

FINANCIAL OVERVIEW

Revenues for the year were \$1,168,566 (FY20: \$766,496) a 52% increase on FY20, driven by increased revenue from Coles supermarkets, specialty ingredient sales, and launch of Fiji Kava's Functional Noble Kava capsule product range into Chemist Warehouse nationally in Australia. This includes growth and increased awareness of Fiji Kava's products across other international markets including the USA, New Zealand and Fiji.

Fiji Kava recorded a statutory net loss from continuing operations for the year ended 30th June 2021 is \$3,390,522 (FY20: \$3,766,407) which is 10% reduction from last financial year ended 30th June 2020. Total assets of the company as of 30th June 2021 is \$3,604,299 and total liabilities as of 30th June 2021 is \$2,909,522. As at 30 June 2021, the company had \$1,184,132 in cash.

STRATEGIC PROGRESS

1. Growing Availability of Fijian Noble Kava

Fiji Kava is the first and only foreign company with approval from the Fijian Government to operate in the kava industry.

Fiji Kava secured an agreement with Chemist Warehouse during the year, that was finalised and announced on 7 April 2021. This includes Fiji Kava's suite of Noble Kava™ 60 vegan capsules - Noble Kava™ Extract, Noble Sleep™, Noble Calm™ and Noble Body™ - being merchandised in Chemist Warehouse's Australia and New Zealand network of retail stores and online.

The company has continued to grow Fiji Kava's Specialty Ingredients channel, including receipt of its first purchase order to pilot Fiji Kava's Noble Kava extract for the United States; the largest global market for natural medicines.

The company has continued to grow its e-commerce operations across fijikava.com and Amazon USA, which has experienced significant month-on-month sales increases since launching in November 2019. The range of products are also available domestically online in Australia via Amazon, eBay and Catch.com. A range of Noble Kava capsules and powders are now available on the Amazon USA channels. America is a key market with significant untapped potential, evidenced by the boom of kava in the US with hundreds of 'kava bars' now open across the country.

2. Noble Kava Supply Chain Excellence

Establish a globally leading sustainable, unadulterated and 100% traceable supply chain of noble kava

Fiji Kava continues to build its finished goods inventory and work in progress levels to manage potential future Kava supply challenges and enhance ability to respond to growth and fluctuations in demand. The company has been able to manage its robust supply chain within Fiji to ensure that production of Kava Extract has continued. The company is currently working with kava suppliers and community growers to understand the level of impact they sustained and any future implications and to put in place redundancy in supply of kava from geographically diverse regions of Fiji.

3. Innovation & Product Development

Innovation and product development to bring health & wellbeing to consumers through the natural benefits of Fijian noble kava

During the year, the company continued development of its new product innovation pipeline to provide natural alternatives to medicines to address health and social issues such as sleep, anxiety and muscle relaxation. Including the undertaking of detailed consumer research across the identified need-state pillars of Sleep, Calm and Recovery; enabling the identification of critical "must win" consumer groups which will be vital in guiding increased marketing efforts and development of new product formats.

The company continued development of our new product pipeline to provide a natural alternative to prescription medicines, including Specialty Ingredients now sold in three distinct specifications and innovations in product formats such as dietary shots and functional teas.

The company also commenced of extraction process improvements implementation and efficiency enhancement trials in Fiji, the outcomes of which have led to improvements in the potency and efficiency of kava extract production over the year.

4. Promoting the Medical Benefits of Kava

Scientific and traditional evidence support Fiji noble kava's therapeutic benefits to health & wellbeing

Fiji Kava is committed to being pioneers in the global Kava industry, through efforts to promote awareness and the benefits of Noble Kava, as well as through medical research and development to shape the future of the industry.

This announcement has been approved by the Board of Directors

ENDS

Forward-Looking Statements

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Fiji Kava. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

For Further Information

For Investors

Jay Stephenson
Fiji Kava
investors@fijikava.com

For Media

Brendan Altadonna
GRACosway
+61 409 919 891
baltadonna@gracosway.com.au

About Fiji Kava

Fiji Kava Ltd (ASX: FIJ), an Australian-Fijian medicinal kava health & wellness company, producing natural 'noble kava' products for the natural medicine market, estimated to exceed USD \$210 billion by 2026 globally.

As the first foreign company with approval from the Fijian Government to operate in the kava industry, Fiji Kava has established a global leading sustainable and 100% traceable supply chain of noble kava' via its world first kava tissue culture laboratory and nucleus farm in Levuka, on the island of Ovalau, Fiji.

Fiji Kava is focussed on expanding the availability of noble kava products throughout western markets to provide a natural alternative to prescription medicines to promote sleep, soothe and calm the nerves, support muscle relaxation and relax the mind

Backed by years of independent research, Fiji Kava medical kava products are produced by high-quality GMP and are TGA and FDA compliant.

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