

28 February 2022

FIJIKAVA – FY23 HALF YEAR FINANCIAL RESULTS

Fiji Kava Ltd (ASX: FIJ), is a health and wellness company with operations in Australia, Fiji, and the USA. The company which produces natural products to reduce anxiety, promote relaxation, improve sleep, and support sports recovery and performance, submits the following Appendix 4D Preliminary Report for the six months to 31 December 2022 (H1FY23).

KEY HIGHLIGHTS

- Gross profit up by more than 300% to \$468k for the period (vs H1FY22, \$100k) driven by a strong improvement in gross margins which grew to 63% compared to 11% in the prior corresponding period (H1FY22).
- Half year revenue result of \$746,043 was achieved in H1FY23, a decrease of 20% versus the prior corresponding period (H1FY22: \$927k).
- Cash utilised in operations reduced by more than one million dollars vs previous period to \$2.2m vs \$3.2m in the prior corresponding period.
- Statutory Net Loss was reduced by 10% vs prior corresponding period to \$2.37m vs. (\$2.62m:H1FY22)
- \$11m AUD three- year international distribution agreement signed with CJ Patel Group
- ANZ Pharma appointed as distribution partner for Fiji Kava branded products in New Zealand
- Additional cash savings of more than \$1m per annum to be implemented from March 2023
- Modernisation of supply chain implemented in the Fiji Islands to cyclone proof scalable kava supply across every major agricultural region and relocate operations to Navua on Viti Levu.
- National listing for dietary shot confirmed in the Vitamin Shoppe USA, expected early in FY24.

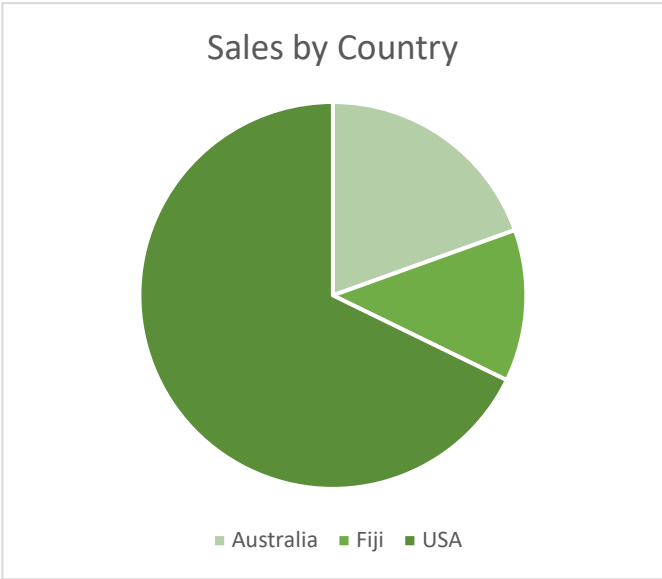
Fiji Kava CEO, Dr Anthony Noble said: "FijiKava has continued to invest strongly in strengthening our supply chain in Fiji and has relocated operations to a new site in Navua, 30km from the capital Suva. Our modernised supply chain now spans the Fiji Islands, positioning us to be able to meet increased demand for our products across all formats. The company has focussed on entering the functional beverage market in the USA and has secured distribution for our dietary shot range in Vitamin Shoppe, now expected to launch early in FY24 and in the Taki Mai® branded livery."

"The Danodan business unit has continued to increase retail footprint and is close to breaking even as a business unit. Sales of the full FijiKava® and Taki Mai® range on Amazon.com continue to grow and contribute solid margins month-on-month, making the USA by far our largest market."

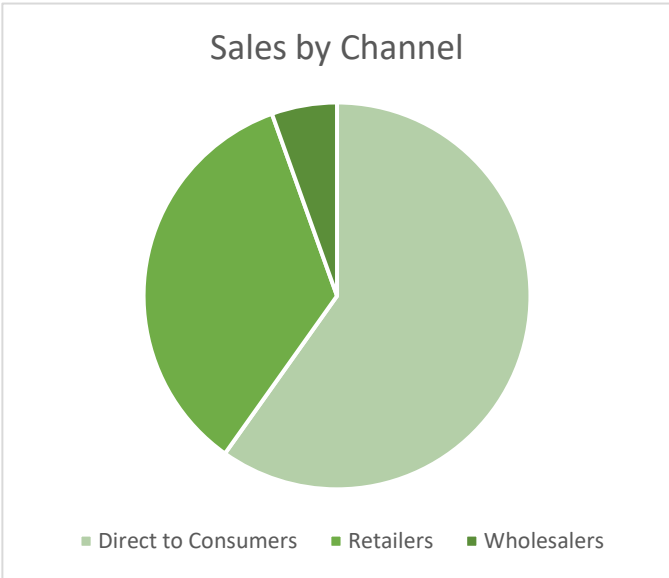
"Supported by a new Board of Directors who have a formidable business track record in Australia, Fiji and in the USA beverage industry, the company continues to focus on execution of our strategy of entry into the US functional beverage market where both the regulatory environment and demand growth for kava products suggest that we can achieve scale and profitability in FY24."

SALES OVERVIEW AND OUTLOOK

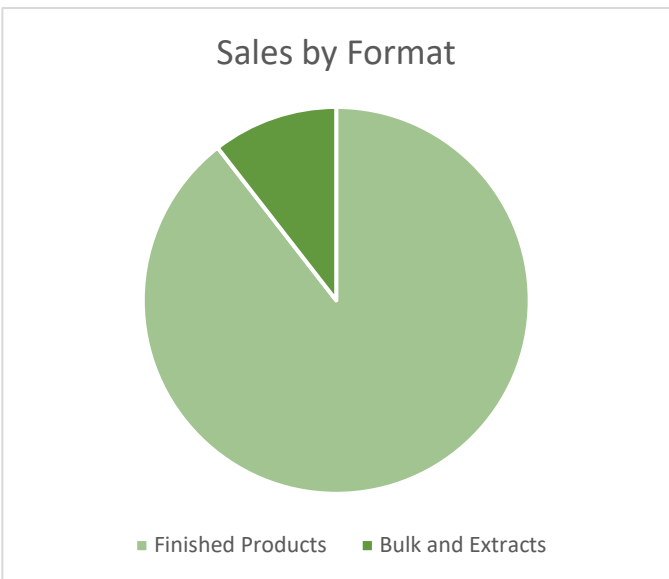
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Sales in the USA have continued to grow as percentage of overall sales and now dominate our mix in H1. We expect this will continue into H2 as we seek to ensure all sales globally have healthy margins, which will include potential rationalisation of Australia distribution and continued reduction of spend supporting Australian retail. Furthermore, regulatory restrictions mean USA and Fiji are the only markets that can launch many of our new product formats including dietary shots, fresh kava juice products, gummies and formulated RTDs.



Direct to consumer sales, via Amazon USA, Danodan and Fijikava.com are all increasing and have more robust margins than sales through wholesalers or retailers. We will continue to invest in growing these most profitable channels. The sales to retailers in Fiji were significant and we expect these to remain and be complemented by sales through our new wholesale partner CJ Patel in the coming half year.



Sales of Finished products including drinking kava, Danodan tinctures and capsules were the vast majority of sales in the period. We expect Kavaton® extract sales through IMCD-Network Nutrition to normalise over H2FY23 and contribute more to our product mix over the full year.

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FOR FURTHER INFORMATION

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ABOUT FIJI KAVA

Fiji Kava Ltd (ASX: FIJ), provides natural solutions to calm nerves, support mind and muscle relaxation and induce sleep. The product range includes functional beverages, drinking powders, teas, shots, concentrates and capsules. Sold under our house of brands: Fiji Kava, Taki Mai and Danodan Hempworks in markets including USA, Australia, New Zealand and Fiji.

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.

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