

APPENDIX 4C CASHFLOW STATEMENT AND QUARTERLY ACTIVITIES REPORT

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, submits the following Appendix 4C Cashflow Statement and Activities report for the three months to 31 March 2022 (Q3FY22).

KEY HIGHLIGHTS

- Record quarterly revenue of \$620k achieved in Q3FY22, an increase of 30% versus the prior period (Q2FY22: \$476k) and up 53% from the previous corresponding period (Q3FY21: \$405k).
- Record quarterly Cash Receipts of \$844k, an increase of 551% versus the prior period (Q2FY22: \$153k) composed of \$507k received from customers and \$327k received from Australian Taxation Office (GST refunds).
- 51% of Revenues recognised in the USA Market driven by strong growth in the Amazon platform for FijiKava[®] and Taki Mai[®] and the successful acquisition and integration of Danodan[®], their patents and the Danodan Hempworks LLC trading entity.
- Record quarterly sales via IMCD-Network Nutrition in USA, which ordered all available extract in stock, including first sales to a leading global supplement brand in the USA for use in a globally distributed product.
- 45% of Revenues recognised in Drinking Formats including FijiKava[®] and Taki Mai[®] powdered drinking kavas and the Danodan[®] range of USFDA Certified Organic CBD tinctures.
- National distribution through Australia's second largest grocery chain for the 50g Noble Kava[®] powdered drinking kava SKU.
- Sales to China starting to build a base as FijiKava[®] Noble Sleep[®], Noble Kava[®] and Noble Body[®] launched on Alibaba's Tmall marketplace.
- \$490k program of capital works underway across three farming and manufacturing sites in Ovalau, Fiji to enable scale up to processing of 300MT of green kava per year from FY23 onwards and minor upgrades of the Danodan facility in Portland USA

Fiji Kava CEO, Dr Anthony Noble said: "The FijiKava group of companies is now doing business as the Calmer Co. in the USA following the completion of the acquisition of Danodan. Coupled with the recent legislative changes in Australia, this means we are rapidly shifting our sales balance to products in drinking formats in all regions. Business to Business ingredient sales in the USA also ramped up, thanks to the hard work of the Network Nutrition team led by Ryan Gorman, who joined The Calmer Co. USA Board of Directors. Danodan also recommenced white labelled product and bulk ingredient sales in Q3."

"In Australia, following the implementation of the commercial import trial for drinking kava, we have seen strong demand online for the FijiKava[®] Noble Kava[®] Instant and Traditional Grind products. We are now rolling stock out to Coles, positioned alongside our Complementary Medicine range, in a new higher shelf position and we expect to see this process completed over the final weeks of April."

“Importantly, in this quarter, we have continued to reduce our operational cost base relative to sales, even while adding a new international business unit the USA with the associated increase in staff costs. Marketing programs that were executed in 2021, which were accounted for in the half year results released previously, saw operating cash expenditure for marketing also increase in Q3 as these payments came due.”

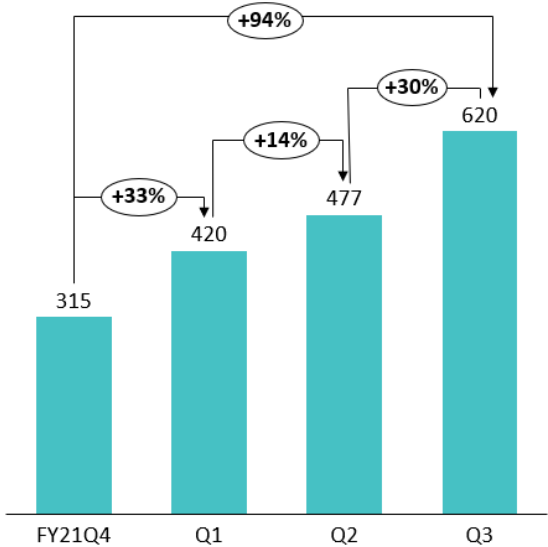
“As well as continuing to make investments in building our brands, and awareness of health benefits of our products, we have made significant investments in further growth driving assets this quarter. The acquisition of the Danodan company and their patented liquid extract technology, as well as minor Capex investments in the USA facility were successfully completed. In Fiji we are in the midst of a major factory upgrade that will support the growth trajectory that is unambiguously now being demonstrated from quarter to quarter.”

“We embark on our fourth quarter of FY22, with a robust inventory position, a new strong international team and a diverse mix of products and functional ingredients including exciting new products under development that will further enhance our focus on drinking formats globally.”

SALES OVERVIEW AND OUTLOOK

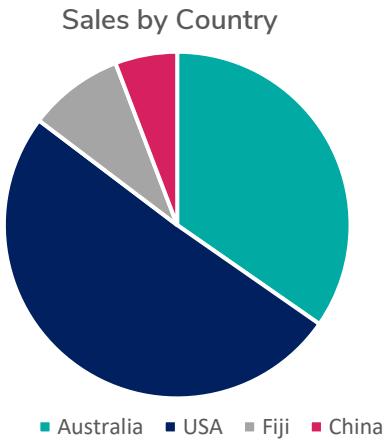
Fourth Quarter of Double-Digit Growth In Sales

Sales growth quarter-on-quarter has now been achieved over the last 12 months, rolling annualised sales exceed 1.8m AUD and sales in FY22 to date are over 1.5m AUD, more than 70% above performance to end of Q3 FY21



USA Leads Global Sales Growth

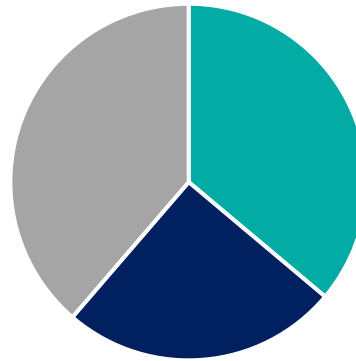
While sales in Australia had dominated our mix in H1, more than 50% of sales were in the USA in Q3. This is due to growth of Amazon sales for Taki Mai® and the establishment of our own organisation in The Calmer Co. USA, including the acquisition of Danodan



Increased Channel Balance Driven By Online Growth

Sales of ingredients represented more than half of our revenues in H1. In Q3, the sales mix has become more balanced, largely driven by growth of Direct-to-Consumer sales via eCommerce.

Sales by Channel

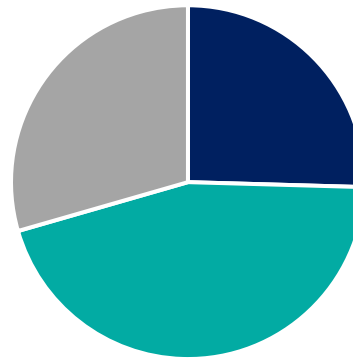


■ Direct to Customers ■ Retailers ■ Wholesalers & B2B

Drinking Formats Now Lead Our Sales Mix

Sales of drinking formats including drinking kava in Australia and via Amazon USA and the Danodan Certified Organic CBD tinctures in the USA are now the leading product format (45% in Q3) and finished products represent more than 2:1 of bulk ingredient sales.

Sales by Format



■ Solid dose form ■ Drinking formats ■ Bulk Ingredients

STRATEGIC HIGHLIGHTS

Fiji Kava's vision is a happier world where people take better care of themselves. To deliver our mission we market a range of natural products to reduce anxiety, promote relaxation, improve sleep, and support sports recovery. In delivering our vision and mission we focus on four key pillars. The company continues to progress its strategy across each pillar, with the below a summary of key highlights achieved during the quarter, now encompassing a core business which includes our expanded USA operations:

1. Growing Availability of our products

- Business to Business ingredient trading through IMCD Network Nutrition continued to grow in the USA market and all available extract stock was shipped in Q3, including new sales to global nutraceutical brands in the USA for manufacturing products to be distributed globally.
- Danodan's white label and bulk ingredient business contributed around a third of revenues for that business unit in March, after production recommenced at scale in February.

- Direct to Consumer (online) sales continued to be a major driver of growth, with upgrades to the Danodan website and FijiKava USA websites both completed and continued excellent performance of the TakiMai® and FijiKava® brands on Amazon USA.

2. Supply Chain Excellence

- FijiKava now holds more than one year of finished goods inventory for our OTC range and work in progress for drinking kava is sufficient to support demand growth expected over the balance of 2022.
- FijiKava has invested more than \$500k in the current financial year to make minor changes of our manufacturing facilities in Danodan's USA site, and undertake a major upgrade of our Levuka Processing Facility and a second satellite site in Levuka to facilitate processing increased volumes of drinking kava intermediates. The upgrades are expected to be completed by June 2022.
- Danodan founder Mr Daniel Stoops has continued to engage with Oregon Industrial Hemp suppliers to ensure a robust and cost-effective supply of USFDA certified organic raw material to support the growth of Danodan sales over 2022.

3. Innovation & Product Development

- Brand and formulation development has commenced in the USA for a range of dietary shots and ready to drink beverages, which are expected to be launched in Q2FY23
- Combination product development utilising the Danodan patented extraction technology and Noble Fijian Kava + Organic CBD is underway with initial results due in Q4FY22
- TGA listing and first commercial production batches completed for Noble Focus™- a synergistic combination formulated to support calm concentration and academic performance in adults experiencing symptoms including inattention and hyperactivity (adult ADHD).
- Delivery into our USA warehouse was completed for our three new Kava Teas which will soon be launched via Amazon - Noble Kava® Calm Tea, Noble Kava® Sleep Tea and Noble Kava® Wellness tea.

4. Promoting the Medical Benefits of our products

- New packaging design implemented for Australia Drinking Kava and packaging update completed for the Noble Body®, Noble Sleep®, Noble Kava® and Noble Calm® products
- Digital advertising focus shifting towards FijiKava® Noble Kava® Instant and Traditional Grind, price promotions and call to action to capitalise on latent demand for drinking kava in Australia
- Development of two new Taki Mai formulations for the Fijian Drinking Kava market commenced.
- 2oz sample pack product development and regionally targeted retail sampling program for Danodan® product commenced in the Pacific Northwest region (USA).

Our vision is a happier world where people take better care of themselves

This release has been approved by the Board of Directors

ENDS

For Further Information

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About Fiji Kava

About Fiji Kava

Fiji Kava Ltd (ASX: FIJ) is a health and wellness company with operations in Australia, Fiji and the USA. The company produces a range of natural products to reduce anxiety, promote relaxation, improve sleep and support sports recovery. These include dietary supplements and complementary medicines in solid dose forms, medicinal tinctures and teas, powdered drinks and functional beverages. Their products are marketed through major retail grocery and pharmacy chains, direct to consumers online and as bulk ingredients through B2B channels. Backed by years of independent research, Fiji Kava medical kava products are produced by high-quality GMP and HACCP processes which are fully compliant with TGA and FDA requirements.

As the only 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, certified organic supply chain of 'noble kava' including an 111-acre nucleus farm in Levuka, on the island of Ovalau, Fiji. Fiji Kava is committed to creating shared value with the growers and traditional users of Noble Fijian Kava across the Fiji Islands.

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

FIJI KAVA LIMITED (ASX:FIJ)

ABN

40 169 441 874

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	528	1121
1.2 Payments for		
(a) research and development	(17)	(407)
(b) product manufacturing and operating costs	(248)	(1409)
(c) advertising and marketing	(795)	(1504)
(d) leased assets	(3)	(3)
(e) staff costs	(519)	(1102)
(f) administration and corporate costs	(299)	(1208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (B.A.S. Refunds)	327	327
1.9 Net cash from / (used in) operating activities	(1026)	(4186)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(314)	(314)
(c) property, plant and equipment	(390)	(521)
(d) investments	-	-
(e) intellectual property (PATENT)	(170)	(170)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets (ESCROW ON PATENT)	(136)	(136)
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1010)	(1141)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,969
3.2	Proceeds from issue of convertible debt securities	643	643
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	84	84
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	727	5696

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2749	1132
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1026)	(4186)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1010)	(1141)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	727	5696
4.5	Effect of movement in exchange rates on cash held	(12)	(28)
4.6	Cash and cash equivalents at end of period	1473	1473

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1473	2794
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1473	2794

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	43
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to related parties are \$42,500 of director fees

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities (Fijian Facility)	83	83
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Notes – Fijian Investors)	1286	643
7.4 Total financing facilities	1369	726

7.5 **Unused financing facilities available at quarter end** 643

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 refers to a bridging loan from Kontiki Finance (Fiji) for 130,000FJD with a term of 3 months and 15% interest rate (15 March 2022 – 14 June 2022)

7.3 refers to the convertible note investment from BSP-Life (Fiji) for 2million FJD with a term of 5 years and a 5% interest rate, converting to equity at 15c.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1026)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1473
8.3 Unused finance facilities available at quarter end (Item 7.5)	643
8.4 Total available funding (Item 8.2 + Item 8.3)	2116
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.06

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19th April 2022

Authorised by: Dr. Anthony M. Noble, Managing Director, Group CEO
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.