

3rd October 2022

FIJI KAVA TO ACQUIRE LEILO

Fiji Kava Ltd (ASX: FIJ), a health and wellness company with operations in Australia, Fiji, and the USA, which produces natural products to reduce anxiety, promote relaxation, improve sleep, and support sports recovery and performance, has entered into a binding agreement to acquire Leilo Inc, in all stock acquisition and has completed a placement of \$1.6m to sophisticated and institutional investors.

HIGHLIGHTS

- Leilo is the leading ready-to-drink (RTD) kava brand in the United States
- This acquisition furthers Fiji Kava's foothold as the global leader in kava products
- The acquisition gives FijiKava access to Leilo's more than 700 doors of retail distribution in North America and growing market share on Amazon.com
- Consolidated Group revenues will be more than doubled by integration of Leilo Inc.
- Fiji Kava Limited will acquire 100% of Leilo stock in a share swap transaction
- Leilo's five USA based employees will join The Calmer Co USA and Fiji Kava Limited team
- The transaction is expected to close on or before 31st October 2022
- Fiji Kava has completed a placement of \$1.6m to sophisticated and institutional investors to support inventory for rapid rollout of Leilo into FijiKava's national US retail broker network



Raspberry Hibiscus
sweet, sassy & never too serious. the summer fling even your parents can get behind



Pineapple Mango
the Leilo® you love with just 10 calories and ~1g of sugar



Tango Berry
versatile, upbeat, groovy... brings the vacation to any occasion



Blackberry Orange
refined, mysterious, soft-spoken ... sweeps you off your feet at the first sip



Lemon Ginger
unshakeable, doesn't fall for fast trends. has your back when you need calm most



Leilo Luna
night time blend of kava & melatonin for bed time rituals

The Leilo Range of Ready to Drink Kava beverages

Dr Anthony Noble, Fiji Kava Limited's Managing Director and CEO said of the transaction, "Leilo is truly our dream acquisition. We are actively implementing the retail rollout of our full product suite in the USA, joining forces with Leilo accelerates our entry into the fast-growing functional beverage category. This deal also helps us build the scale required to reach profitability sooner. The Leilo team are vibrant young and dynamic. They have built an amazing brand with a loyal customer base. I am particularly proud to have Leilo Founder, Sol Broady, leading the strategy for this fast-growing brand."

"We have seen significant retailer interest in all our kava products, and especially in liquid formats, such as dietary shots and RTDs. Leilo will now be our brand taking these formats to market in the USA, the Pacific and internationally. The Calmer Co., incorporating Leilo alongside Danodan, Fiji Kava and Taki Mai, now has all the DNA to become the next blockbuster functional beverage company."

"In addition, to material cost of goods savings delivered through integration of the Leilo products into our vertically integrated supply chain in the Fiji Islands, there are a number of immediate cross selling opportunities for The Calmer Co. products into the Leilo distribution network. We have become a bigger broader business with revenues over four million per year, now growing faster than ever."

Sol Broady, Leilo Founder and CEO said, "We see a large and lucrative opportunity for a globally consolidated kava company. By joining forces with Fiji Kava, Leilo gains not only a significantly strengthened supply-chain, traceable back to the Fiji Islands, but also a diversified product portfolio to offer to our existing customers. Leveraging our widespread book of business, digital footprint and existing brand equity in the US, this move makes us the most robust company in the domestic and international kava markets. We are pleased to become shareholders in FJI and are excited to lead the kava industry as a united front, as we continue to garner increasing mainstream attention in the US."

About Leilo

Leilo debuted in late 2020 and launched with a variety of flavours in early 2021. They have witnessed more than 10x growth over the last 12-month period. In less than two years, Leilo was made available in over 700 premium retailers throughout the world including notable locations such as the Erewhon, Fairway Markets, Westside Markets, La Guardia Airport, JFK airport and Penn Station. Leilo is carried by majority of US kava bars, which are one of the fastest growing new retail channels in the US. Leilo was recently ranked at #10 in Soft Drink category on Amazon outpacing major beverage conglomerates.

Leilo has generated significant earned media in the USA, including being featured in Forbes, NY Post, Delish, BuzzFeed, San Francisco Chronicle and PopSugar.

"We Tried All The Canned Mocktails — And Found One Favorite...Leilo" - Delish

"Kava drinks, like Leilo, are the hot new sober beverages" - NY Post

"Leilo is about slowing down, enjoying the moment, and finding relief and release amongst all the noise" - Forbes



Key Terms of the Leilo Transaction
Fiji Kava will acquire 100% of Leilo for consideration of 160,000,000 FJ shares and receive 1,129,461 Leilo shares (100%)
Shares issued to the Leilo shareholders will be under ESCROW for 12 months
The issue of shares to Leilo shareholders is subject to Fiji Kava Ltd shareholders' approval

Details of Placement
\$1.6m was raised at 2c per share with 1 option priced at 3c expiring in 3-years issued for each 4 shares purchased
The issue of shares and options in the placement is subject to Fiji Kava Ltd shareholders' approval
The lead manager was Novus Capital and will be paid a fee of 6% plus 7m Options at 3c expiring in 3-years

This release has been approved by the Board of Directors

ENDS

For Further Information

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About Fiji Kava

Fiji Kava Ltd (ASX: FJ), 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. The Danodan range of CBD products contain USFDA certified hemp and non-palm derived USFDA certified glycerine. 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, certified organic supply chain of 'noble kava', ginger and turmeric, supported through partnership throughout the Fiji Islands, including with the iTaukei Trust Fund Board. Fiji Kava is focussed on developing a range of natural products based on effective natural medicine ingredients that 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.

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.