



30 October 2020

Mr Wade Baggott
Manager, Listings Compliance (Perth)
By email: ListingsCompliancePerth@asx.com.au

Dear Mr Baggott

Fiji Kava Limited ('FIJ'): General – Aware Query

We refer to the ASX General – Aware Query dated 28 October 2020.

Using the numbering contained in the ASX General Aware Query, FIJ responds as follows:

1. Does FIJ consider the Coronavirus Impact Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

FIJ response: No

2. If the answer to question 1 is “no”, please advise the basis for that view commenting specifically on the decline of the price of FIJ securities on 27 and 28 October 2020 following the release of the September Quarterly Report.

FIJ response: The decline in the FIJ share price was from a high point of \$0.275. The decline brought the price to a level at which the stock was trading at the start of October. The Coronavirus Impact Information was detail released by FIJ to disclose some challenges the Company faced during the later stages of the September quarter including delays in custom clearances, testing bottlenecks and constraints on freight. FIJ considers that its Coronavirus disclosure has been accurate and complete, but the evolving nature of the virus and its economic impacts, means that disclosure will need to be updated from time to time. Investors have been informed, most recently in the presentations related to the recent capital raising by the company and released to the ASX that quarterly results were showing uneven growth. In FIJ's view the continued increase in quarterly revenue on a year on year basis which shows an increase of 144% on the prior corresponding period is more relevant in determining materiality for a company of the size, with the revenue profile and at the development stage of FIJ than quarter on quarter movements. FIJ considers that announcements regarding partnerships and distribution opportunities (such as the announcement of the agreement with Blackmores owned Bioceuticals on 13 August 2020) have historically had a larger impact on the FIJ share price than short term revenue volatility. FIJ also considers that the share price decline came at a time of share price volatility in Australian micro-cap stocks generally.

3. When did FIJ first become aware of the Coronavirus Impact Information? In answering this question please comment specifically on the timing of the decrease in revenue and decrease in receipts from customers throughout the period 1 July 2020 to 30 September 2020 ("September Quarter") being the period that the September Quarterly Report is in relation to?

FIJ response: Intra-quarter sales are lumpy on a day to day basis so no clear view could be arrived at for full quarterly sales data until after the end of the quarter. With regard to the Coronavirus related impacts on revenue, management became aware that a number of Coronavirus related factors may have some impact on sales during September, but were working to resolve them in the ordinary course of business throughout that period.

4. If FIJ first became aware of the Coronavirus Impact Information before 27 October 2020, did FIJ make any announcement prior to the relevant date which disclosed the Coronavirus Impact Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe FIJ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps FIJ took to ensure that the information was released promptly and without delay.

FIJ response: No announcement was made as it was not believed the information was material especially in light of the 144% increase in revenue compared to the prior corresponding period in the first quarter of FY20 (see responses to questions 1 & 2 above).

5. Please provide specific details of the following events that occurred during the September Quarter including the dates that each of those events occurred:

5.1 Operational disruptions.

FIJ response: The resignation of a farm and factory manager in Fiji caused some short-term operational disruptions. This change occurred on 30 June 2020. The disruptions became apparent in mid-September and they have now been addressed.

5.2 Delays in customs clearances.

FIJ response: Fiji Kava extract was imported into Australia via airfreight, and an import permit is required with each shipment. This process of freight and customs clearance for shipments is usually one week. During September FIJ had 2 such shipments with the freight and customs clearance taking 3 weeks and 3.5 weeks respectively.

5.3 Testing bottlenecks.

FIJ response: FIJ tests its imported material at Southern Cross University (SCU) in Lismore. Recently, the company has engaged BJP Laboratories (BJP) to provide additional blending of its materials as well as managing the testing outsourced to SCU. FIJ understands SCU has experienced increased testing volumes due to increased demand for nutraceutical products during the Coronavirus period. State border closures between Queensland (where BJP is based) and New South Wales (where SCU is based) also added complications. These events have combined to cause delays of greater than 4 weeks for testing which became apparent during September.

5.4 Constraints on available freight.

FIJ response: Shipments to Australia (including airfreight) have been reduced and shipments have come into Australia via Sydney with road freight to Brisbane or alternatively shipments have arrived in Brisbane via Auckland. This has caused additional delays. There is no specific date that this occurred but the impact became apparent to FIJ during the quarter. To mitigate against the above constraints, FIJ has increased production of its noble kava extract and is in the process of having these shipped to Australia for storage in Brisbane.

6. Does FIJ consider the Increased Cost Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

FIJ response: No

7. If the answer to question 6 is “no”, please advise the basis for that view commenting specifically on the decline of the price of FIJ securities on 27 and 28 October 2020 following the release of the September Quarterly Report.

FIJ response: The primary increase in costs was due to the reinstatement of full wages to FIJ directors and employees from 1 August 2020. These parties had previously agreed to a 20% reduction in their remuneration due to Coronavirus uncertainties until the end of FY20. This timing of remuneration cuts until the end of FY20 was announced when the cost cutting measures undertaken by FIJ due to the Coronavirus were first announced to the market on 1 April 2020. Directors and staff agreed to extend this remuneration cut by a further month until the end of July 2020. In addition, generally some movement in quarter to quarter financial information in quarterly reports has not previously had a material effect on the price of FIJ securities. Investors have been informed, most recently in the presentations related to the recent capital raising by the company, and released to the ASX, that quarterly results were showing uneven growth. In our view this volatility is to be expected given the early stage of the company’s development and the company’s increased focus on marketing and channel development. FIJ also believes the share price decline came at a time of share price volatility in Australian micro-cap stocks generally. The share price decline also brought the price back to a level at which it was trading at the start of October.

8. When did FIJ first become aware of the Increased Cost Information? In answering this question please comment specifically on the timing of the increase in those costs throughout the September Quarter?

FIJ response: Please refer to the answer to question 7.

9. If FIJ first became aware of the Increased Cost Information before 27 October 2020, did FIJ make any announcement prior to the relevant date which disclosed the Increased Cost Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe FIJ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps FIJ took to ensure that the information was released promptly and without delay.

FIJ response: As set out above, FIJ announced on 1 April 2020 that the 20% reduction in director and employee remuneration would be for the remainder of FY20. In addition, no further announcement was made as the information was not considered material.

10. Please confirm that FIJ is complying with the Listing Rules and, in particular, Listing Rule 3.1.

FIJ response: FIJ confirms it is complying with the Listing Rules and, in particular Listing Rule 3.1.

11. Please confirm that FIJ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FIJ with delegated authority from the board to respond to ASX on disclosure matters.

FIJ response: FIJ confirms the responses to the questions above have been authorised and approved by its board.

This announcement was authorised for release by the board of FIJ.

Yours sincerely

A handwritten signature in black ink, appearing to be 'J. Stephenson', written in a cursive style.

Jay Stephenson
Company Secretary



28 October 2020

Mr Jay Stephenson
Company Secretary
Fiji Kava Limited

By email:

Dear Mr Stephenson

Fiji Kava Limited ('FIJ'): General – Aware Query

ASX refers to the following:

- A. FIJ's announcement entitled "Response to Coronavirus (COVID-19)" lodged on the ASX Market Announcements Platform ('MAP') and released at 10:24PM AEST on 1 April 2020 (the 'Coronavirus Announcement'), disclosing amongst other things, the following:

1 April 2020, Brisbane Australia - Fiji Kava Ltd (ASX: FIJ), an Australian-Fijian medicinal kava health and wellness company which produces natural 'noble kava' products for the complementary and alternative medicine market, provides the following update in relation to precautionary measures and protocols implemented due to the continued evolution of COVID-19, and its impact on our staff, clients and our community.

- The company has implemented remote working initiatives across all business locations, utilising technology to remain connected to continue undertaking our 'business as usual' roles and responsibilities.*
- All in-person meetings with clients and other parties such as suppliers, have been reconvened using phone and digital alternatives.*
- Fiji Kava has implemented with immediate effect a 20% reduction in the CEO's remuneration and board fees, for the remainder of FY20; whilst proactively implementing identified cost saving initiatives across the business.*
- In anticipation of the Fiji Government placing restrictions on inter-island travel, Fiji Kava has taken measures including, strategic placement of personnel and our mobile processing units across Fiji to minimise disruption to day to day operations.*
- Due to our vertically integrated supply chain, Fiji Kava is currently still able to freight raw materials out of Fiji, to sustain the supply of raw materials; despite recent travel restrictions.*
- The Company has in place reserves of extracted kava in Fiji and Australia to maintain continued supply and meet forecasted incremental demand, including full supply of the recently announced launch of its products into Coles supermarkets.*
- Coles have confirmed that Fiji's Kava 'Noble Kava' capsules will be ranged online and in all 812 stores; complimented by Fiji Kava's new Fiji Kava 'Noble Calm, Sleep and Body' capsules ranged in 589 premium stores nationally. At this time, the products are still expected to be on-shelf in Coles Supermarkets in June.*
- Fiji Kava eCommerce operations including fijikava.com and Amazon continue to operate as normal providing consumers a natural alternative to promote sleep, soothe and calm the nerves and relax the mind; during what is a challenging time for everyone.*

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- B. FIJ's announcement entitled "Appendix 4C Cashflow Statement and Quarterly Activities Report" lodged on MAP and released at 8:42 AM AEST on 27 July 2020 (the 'June Quarterly Report'), disclosing amongst other things, the following:

"Continued positive sales momentum with Fiji Kava's Q4 FY20 revenue at a new high of \$367,616, an increase of 57% versus the prior quarter and up 1,205% versus the prior corresponding period."

and

"Despite the global dislocation from COVID-19, Fiji Kava has implemented a number of measures to minimise disruption to our supply chain, effectively navigating this period with our disciplined approach to managing costs and at all time prioritising the safety and wellbeing of our people."

"We are proud to report that as a result, we have not experienced any material operational impact to our operations."

and

RESPONSE TO COVID-19

"Fiji Kava continues to effectively navigate the COVID-19 pandemic with a primary focus on the safety and wellbeing of its people and clients. The strategies put in place across the company's supply chain has ensured no material impact to commercial operations, with Fiji Kava continuing to operate across all its jurisdictions."

The key measures enacted by Fiji Kava to mitigate any impact were to implement various remote working initiatives across all business locations to ensure 'business as usual' roles and responsibilities were unaffected; to engage with suppliers using digital alternatives; strategic placement of our mobile processing units; and careful management of our supply chain to ensure we were able to freight raw materials out of Fiji."

At the same time, the company has successfully managed to reduce its business expenditure through the various initiatives previously announced to the ASX. The company has adopted a prudent approach to managing costs including a 20% reduction in all staff and Board remuneration during the quarter."

and

Receipts from customers of \$369,000

Staff costs of \$238,000

Administration and corporate costs of \$268,000

- C. FIJ's announcement entitled "Option Offer Prospectus" lodged on the ASX Market Announcements Platform and released at 7:03PM AEST on 20 August 2020 (the 'Option Prospectus'), which amongst other things, discloses the following:

"6 RISK FACTORS...

6.2 Company specific

(a) Coronavirus (COVID-19)

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company."

As announced on 1 April 2020, the Company is implementing a wide range of strategies to mitigate the risks posed by COVID-19 including remote working initiatives across all business locations, a 20% reduction in the CEO's remuneration and Board fees. Strategic placement of personnel and mobile processing units across Fiji to minimise disruption to day to day operations. The Company also has in place reserves of extracted kava in Fiji and Australia to maintain continued supply and meet forecasted incremental demand.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. If any of these impacts appear material prior to close of the Offers, the Company will notify investors under a supplementary prospectus."

- D. FIJ's announcement entitled "Fiji Kava 2020 Full Year Financial Results" lodged on MAP and released at 2:38 PM AEST on 31 August 2020 (the 'Statutory Accounts'), disclosing amongst other things, the following:

"Key initiatives introduced to minimise global disruption of COVID-19, with the company's vertically integrated supply chain continuing to freight raw materials out of Fiji to meet demand for kava."

and

"Fiji Kava progressed a series of initiatives to strengthen the company's supply chain. Across the year, outflows of \$368,187 were invested in Fiji Kava's supply chain to ensure a true farm-to-shelf operation across R&D, growing, processing, extracting and distribution of the company's unique noble kava.

Importantly, the company has minimised potential disruptions due to COVID-19 and has continued to freight raw materials out of Fiji to meet supply requirements during this time. While no material impact has been evident due to COVID-19 to date, the company has built greater levels of reserves of extracted kava in Fiji and Australia to ensure it can continue to maintain its ongoing supply and to meet forecast increment demand."

and

"Importantly, we've been able to make significant progress on our commercial and operational strategies despite the global disruption caused by COVID-19. As we've previously disclosed, the company implemented key measures during this period to protect our people while continuing to operate in all our markets."

- E. FIJ's announcement entitled "Prospectus" lodged on the ASX Market Announcements Platform and released at 1:32 PM AEST on 15 September 2020 (the 'Prospectus), which amongst other things, discloses the following:

"6 RISK FACTORS...

6.2 Company specific

(a) Coronavirus (COVID-19)

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

As announced on 1 April 2020, the Company is implementing a wide range of strategies to mitigate the risks posed by COVID-19 including remote working initiatives across all business locations, a 20% reduction in the CEO's remuneration and Board fees. Strategic placement of personnel and mobile

processing units across Fiji to minimise disruption to day to day operations. The Company also has in place reserves of extracted kava in Fiji and Australia to maintain continued supply and meet forecasted incremental demand.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. If any of these impacts appear material prior to close of the Offers, the Company will notify investors under a supplementary prospectus."

F. FIJ's announcement entitled "Annual Report" lodged on the ASX Market Announcements Platform and released at 8:13 PM AEST on 1 October 2020 (the 'Annual Report'), which contains similar disclosures to the Statutory Accounts.

G. FIJ's announcement entitled "Appendix 4C Cashflow Statement and Quarterly Activities Report released on the ASX Market Announcements Platform and released at 9:34 AM AEDT on 27 October 2020 (the 'September Quarterly Report'), disclosing amongst other things, the following:

"Q1FY21 revenues of \$164,249 a reduction versus the prior quarter, but an increase of 144% from the prior corresponding period (Q1FY20: \$67k)"

and

"However, during the quarter the company faced operational disruptions to its supply chain as a result of COVID-19. This included delays in customs clearances, testing bottlenecks and constraints of available freight which have adversely impacted the supply of our Kava exports from Fiji during the quarter. This has resulted in some revenue volatility.

While we continue to work with our partners on these recent disruptions, these delays are not unlike those being experienced by many other businesses in the market at present, due to the operational challenges caused by the pandemic.

We anticipate that these recent disruptions to our supply chain will begin to normalise as the economy recovers moving forward. This will be aided by the recent welcome news of continued success on COVID-19 management across Australia and Fiji."

and

"During the quarter, the company began to experience some operational disruptions to its supply chain as a result of COVID-19. This included delays in customs clearances, testing bottlenecks and constraints of available freight which have adversely impacted the supply of our Kava exports from Fiji during the quarter. In many circumstances, this has more than doubled traditional timeframes expected for customs approvals, product testing and transportation.

We are anticipating the disruption to our supply chain will begin to normalise as the economy recovers moving forward. This will be aided by the recent welcome news of continued success on COVID-19 management across Australia and Fiji.

We continue to work with our suppliers to navigate these logistical challenges."

and

"As outlined earlier, the company experienced disruption to its supply chain during the quarter as a result of logistical challenges in the current COVID-19 environment. This includes challenges with custom clearance delays, testing bottlenecks and available freight constraints. The company is working with suppliers to minimise the disruption caused to its supply chain."

and

Receipts from Customers of \$51,000

(together, the “Coronavirus Impact Information”)

and

Staff costs of \$371,000

Administration and corporate costs of \$332,000

(together, the Staff costs and Administration and corporate costs are the “Increased Cost Information”)

- H. The decline in the share price of FIJ from a high of \$0.275 on 26 October 2020, to an intra-day low on 27 October 2020 of \$0.20, and an intra-day low of \$0.175 at the time of writing today, 28 October 2020.
- I. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- J. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:
- “an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”*
- K. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- “3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- It would be a breach of a law to disclose the information;*
 - The information concerns an incomplete proposal or negotiation;*
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - The information is generated for the internal management purposes of the entity; or*
 - The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed.”*
- L. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:
- “Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Request for information

Having regard to the above, ASX asks FIJ to respond separately to each of the following questions and requests for information:

1. Does FIJ consider the Coronavirus Impact Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view commenting specifically on the decline of the price of FIJ securities on 27 and 28 October 2020 following the release of the September Quarterly Report..
3. When did FIJ first become aware of the Coronavirus Impact Information? In answering this question please comment specifically on the timing of the decrease in revenue and decrease in receipts from customers throughout the period 1 July 2020 to 30 September 2020 (“September Quarter”) being the period that the September Quarterly Report is in relation to?
4. If FIJ first became aware of the Coronavirus Impact Information before 27 October 2020, did FIJ make any announcement prior to the relevant date which disclosed the Coronavirus Impact Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe FIJ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps FIJ took to ensure that the information was released promptly and without delay.
5. Please provide specific details of the following events that occurred during the September Quarter including the dates that each of those events occurred:
 - 5.1 Operational disruptions.
 - 5.2 Delays in customs clearances.
 - 5.3 Testing bottlenecks.
 - 5.4 Constraints on available freight.
6. Does FIJ consider the Increased Cost Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
7. If the answer to question 6 is “no”, please advise the basis for that view commenting specifically on the decline of the price of FIJ securities on 27 and 28 October 2020 following the release of the September Quarterly Report.
8. When did FIJ first become aware of the Increased Cost Information? In answering this question please comment specifically on the timing of the increase in those costs throughout the September Quarter?
9. If FIJ first became aware of the Increased Cost Information before 27 October 2020, did FIJ make any announcement prior to the relevant date which disclosed the Increased Cost Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe FIJ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps FIJ took to ensure that the information was released promptly and without delay.
10. Please confirm that FIJ is complying with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that FIJ’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FIJ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3 PM WST on Friday, 30 October 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FIJ's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require FIJ to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in FIJ's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in FIJ's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to FIJ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that FIJ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Wade Baggott
Manager, Listings Compliance (Perth)