



15 April 2021

## APPENDIX 4C CASHFLOW STATEMENT AND QUARTERLY ACTIVITIES REPORT

**Fiji Kava Ltd** (ASX: FIJ), an Australian-Fijian medicinal Kava health & wellness company which produces natural Noble Kava products for the complementary and alternative medicine market, submits the following Activities Report and Appendix 4C Cash Flow Statement for the three-month period ended 31 March 2021 (Q3 FY21).

### KEY HIGHLIGHTS

- Record quarterly revenue result with \$405,042 achieved in Q3 FY21, an increase of 160% versus the prior corresponding quarter (Q3 FY20: \$155k) and an increase of 27% from the prior period (Q2 FY21: \$319k).
- Expenditure used in operating activities down 20% due to strong cost controls and increase in cash receipts.
- Fiji Kava to be ranged 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 nationally across Australia and New Zealand and Chemist Warehouse online.
- Building on the growing strength of Fiji Kava's domestic Speciality Ingredients which includes customers such as Blackmores owned practitioner brand BioCeuticals, Fiji Kava received an opening pilot purchase order for Noble Kava extract for the United States market
- Particularly strong quarterly momentum achieved in Coles Supermarkets and across the natural and complementary healthcare channel, which includes naturopaths of all specialties, herbalists, TCM practitioners, doctors, chiropractors, and other registered health professionals.
- Positive consumer demand and sales from Amazon e-commerce marketplaces in the United States, including revenues of \$41,378 an increase of 53% versus the prior quarter, and 289% from the prior corresponding period Q3FY20.
- Fiji Kava's Board continues to progress its recruitment process for a new CEO.

**Fiji Kava CEO, Mr Nicholas Simms said:** "I am pleased to announce that Fiji Kava has recorded another record quarterly revenue result and continued to deliver quarter-on-quarter revenue growth. We enter Q4 with growing momentum and with the company having already surpassed FY20 full year revenues."

"While short-term quarterly revenue momentum will fluctuate given the nature of our business and the timing of agreements, we remain confident in achieving sustained growth over the medium to long term."

"During the quarter we achieved strong revenue outcomes with our existing partners - in particular with Coles and across the natural and complementary healthcare channel - the company also worked diligently to secure new commercial agreements and to grow our distribution and availability of Fijian Noble Kava."

"These efforts culminated in the recent announcement of Chemist Warehouse, with Fiji Kava receiving the opening purchase order to enable the rollout of our Fiji Kava's Noble Kava capsule ranges in Australia and New Zealand stores throughout April and May. The pharmacy network is a critical channel for consumers seeking remedies for sleep, mild anxiety and other mind and body ailments, and so we're delighted to have secured ranging within Australia's largest pharmacy retailer."

"Globally, we continued to explore opportunities in the United States with a specific focus on our Noble Kava extracts via Specialty Ingredients, which is a channel that has significant room for future growth. This included receipt of an initial purchase order by a new wholesale customer for raw extract for the United States."

## FINANCIAL OVERVIEW

Revenues for the quarter were \$405,042 an increase of 27% versus prior quarter (Q2 FY21: \$319k) and an increase of 160% from the prior corresponding period (Q3 FY20: \$155k).

Expenditure used in operating activities in the quarter ending 31st March 2021 was \$1,025k a decrease of 20% from the prior quarter, driven fundamentally due to increases in cash receipts of \$182k for the Q3 and decrease in product, manufacturing, and operating cost of the company.

Receipts from customers was \$182k, while cash flow used in operating activities includes \$229k in product manufacturing and operating costs, \$94k in advertising and marketing costs, \$394k in staff costs and \$455k in administrative and corporate costs.

Pursuant to ASX Listing Rule 4.7C.3, the Company advises that payments to related parties include \$51,000 director fees and \$24,000 consultancy fees paid to the directors.

Pursuant to ASX Listing Rule 4.7C.1, and as outlined In the Appendix 4C, the Company advises it spent \$229k on product manufacturing and operating costs, \$455k on administration and corporate costs, \$394k on staff costs, \$94k on advertising and marketing, and \$35k on research and development.

## STRATEGIC PROGRESS

Fiji Kava's strategic vision is underpinned by 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.

## 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, with its high-quality Noble Kava products now available in key global markets including Australia, New Zealand, Fiji, China and the United States.

- Fiji Kava secured an agreement with Chemist Warehouse during the quarter, 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.
- Continued growth of 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 and alternative medicines
- Strongest FY21 quarterly revenues in Coles Supermarkets (as compared to Q1 and Q2 FY21) for its uniquely formulated Noble Kava varieties, consisting of Noble Kava™ Extract, Noble Sleep™, Noble Calm™ and Noble Body™.
- Similarly, growing momentum across the natural and complimentary healthcare channel, which includes naturopaths of all specialties, herbalists, TCM practitioners, doctors, chiropractors, and other registered health professionals.
- Continued positive growth across Fiji Kava's e-commerce channels, including Amazon US marketplace revenues of \$41,378 an increase of 53% versus the prior quarter, and 289% from the prior corresponding period Q3FY20.

## 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 supply challenges and enhance ability to respond to growth and fluctuations in demand.
- We continue to experience a normalisation of our supply chain as the economy begins to recover and the continued success on COVID-19 management across Australia, New Zealand and Fiji.
- Fiji Kava has completed scheduled work to repair the minor damage sustained at its facility on the island of Levuka, as a result of Cyclone Yasa, whilst processing facility on the island continues to operate.
- Fiji Kava Founder Zane Yoshida continues to be an advocate and leader in the Kava industry. He is an Executive Member of the National Codex Committee, Australian Fiji Business Council and Fiji Kava Taskforce.

### 3. Innovation & Product Development

#### Innovation and product development to bring health & wellbeing to consumers through the natural benefits of Fijian Noble Kava

Fiji Kava's products are produced by Good Manufacturing Practices (GMP), which are TGA and FDA compliant. They are recognised as a complementary medicine in Australia, are compliant to the New Zealand Dietary Supplements Regulations (1995) and are sold as a dietary supplement in many international markets.

- Continued development of new product pipeline to provide a natural alternative to address health and social issues such as sleep, anxiety and muscle relaxation. Including undertaking detailed consumer research across the identified need-state pillars of Sleep, Calm and Body
- Fiji Kava expanded its range of Noble Kava™ vegan capsules to include a 60 capsule pack size of Noble Kava™ Extract, Noble Sleep™, Noble Calm™ and Noble Body™ for ranging in Chemist Warehouse's Australia and New Zealand network of retail stores and online.
- Continued development of the company's new product pipeline including Specialty Ingredients specifications and innovation such as dietary shots and functional teas.
- Commencement of extraction process improvements implementation and efficiency enhancement trials
- Fiji Kava's Chief Scientific Advisor, Professor Jerome Sarris, continues to work with the National Institute of Complementary Medicines (NICM) on clinical designs for innovative Kava delivery and dose formats for the treatment of anxiety, insomnia and muscle relaxation.

### 4. Promoting the Medical Benefits of Noble Kava

#### Scientific and consumer evidence to support Fiji Noble Kava's therapeutic benefits for health & wellbeing

- Fiji Kava undertook detailed consumer research to identify key 'must win audiences' to accelerate brand and category growth via future marketing efforts in the domestic market
- Fiji Kava is working with Google and social media platforms to leverage data and research in order to better understand and target its customers, ensuring promotion of the right products to the right audience.
- Fiji Kava has partnered a Digital Asset Management specialist to create a customer portal which centralises, manages and distributes Fiji Kava's digital assets and evidence packages.
- Continued investment in digital and social media strategy, to deliver increased community and consumer engagement of 'must win audiences'.
- Adoption of Codex Regional Kava Standard. The standard is for Noble Kava when mixed with water and was adopted by the Codex Alimentarius Commission following a five-year process.

This announcement is approved for release 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

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## About Fiji Kava

**Fiji Kava Ltd** (ASX: FIJ), an Australian-Fijian medicinal Kava health & wellness company, producing natural 'Noble Kava' products for the complementary and alternative 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, 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.

## 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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	182	299
1.2 Payments for		
(a) research and development	(35)	(161)
(b) product manufacturing and operating costs	(229)	(828)
(c) advertising and marketing	(94)	(357)
(d) leased assets	-	-
(e) staff costs	(394)	(1,163)
(f) administration and corporate costs	(455)	(1,146)
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 (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,025)</b>	<b>(3,356)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,314
3.2	Proceeds from issue of convertible debt securities	-	-
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	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>4,314</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,367	1,383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,025)	(3,356)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,314
4.5	Effect of movement in exchange rates on cash held	(13)	(12)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,328</b>	<b>2,328</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,328	3,366
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,328</b>	<b>3,366</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
75
-

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 include \$51,000 director fees and \$24,000 consultancy fees paid to the directors.

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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

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- 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.

**8. Estimated cash available for future operating activities**

**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,024)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,328
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,328
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2.27

- 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: 15 April 2021

Authorised by: The Board of Directors  
(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.