

28 February 2022



FIJIKAVA – FY22 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 2021 (H1FY22).

KEY HIGHLIGHTS

- Record half year revenue result with \$926,876 achieved in H1FY22, an increase of 87% versus the prior corresponding period (H1FY21: \$496k)
- Statutory Net Loss of \$2,623k increased by 62% from the prior corresponding period (H1FY21: \$1618k)
- Significant activities to drive revenue growth have been undertaken including marketing investments of more than \$905k, inventory build up to \$936k and facility upgrade investments of over 200k FJD.
- Commenced importation of Drinking Kava products under the new Australian Pilot Program
- First orders shipped to two new customer channels, Cross Border eCommerce in China and Speciality Health Food Retail in Australia.
- Commenced The Calmer Co USA operations in November, including the appointment of our USA Managing Director, Brian Casutto, and the USA Board of Directors.
- Appointment of IMCD Network Nutrition as exclusive ingredient marketing partner in the USA

Fiji Kava CEO, Dr Anthony Noble said: "FijiKava began the financial year with a focus on enhancing production efficiency and strengthening our supply chain for Noble Kava Extract production in Fiji. We continue to build inventory of Noble Kava Extract to support the production of our complementary medicine products. Having established a strong relationship with IMCD Network Nutrition and network of CMO clients around the world, we have built a solid base of ingredient sales."

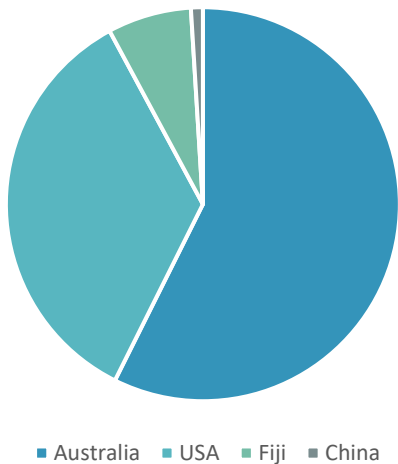
"We have continued to see month to month growth in the sales of our branded FijiKava products in Australia through both Coles and Chemist Warehouse and have added Unique Health Products as a distributor to the speciality health food retail channel, supported through our trade promotion and point of sale activities with our retailer partners and our national brand campaign. Momentum in the ingredient and retailer sales channels continues into 2022 and has provided a solid base from which company can continue to accelerate growth."

"The FijiKava team optimised a number of key functions around eCommerce early in the financial year. We rebuilt our Australian website, reformed our Amazon online strategy and are nearing completion on the build of our US website. The strongest growing segment of our sales is now these eCommerce (direct to consumer / "DTC") channels, particularly in the USA. More recently Australian DTC is showing strong growth since Drinking Kava products have become available. DTC are our highest margin channels globally."

"Our blended margins on product sales across the three sales channels (ingredients, retailers and direct to consumers) have reduced in the current half year, due to some one-off inventory write off and adverse impact of foreign exchange changes over the period. Freight costs have also been very high in this period. Our focus moving forward will be on achieving improvements in cost of goods, through factory upgrades and increased utilisation in Fiji as well as larger batch production sizes. It is expected that we will see a shift to a higher proportion of DTC sales and improving margins in future quarters as we fully utilise the digital assets and retailer relationships that we have built over 2021"

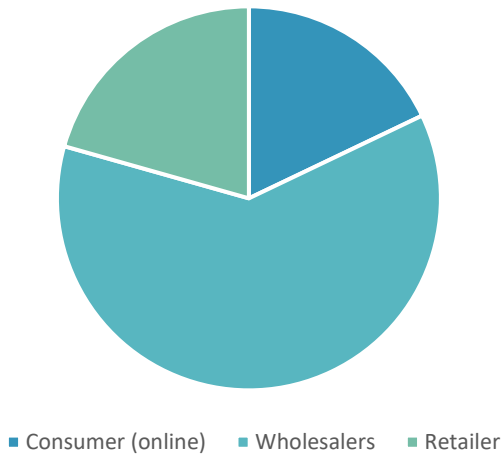
SALES OVERVIEW AND OUTLOOK

SALES BY COUNTRY



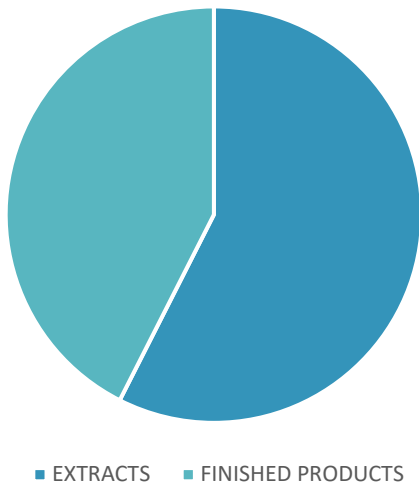
Sales in Australia have dominated our mix in H1 and will shift strongly to the USA in H2 following the establishment of our own organisation in The Calmer Co. USA and the acquisition of Danodan.

SALES BY CHANNEL



Sales of ingredients represented more than half of our revenues in H1. Moving forward sales to retailer partners and especially Direct to Consumer will grow more strongly as eCommerce and retailer relationships evolve.

SALES BY FORMAT



Sales of Extracts outstripped sales of finished products and will shift toward finished products as drinking kava in Australia and USA sales for Danodan and Fiji Kava increase in H2.

STRATEGIC HIGHLIGHTS

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

- Appointment of IMCD Network Nutrition as exclusive marketing partner in the USA for branded ingredients in deal including \$3m in minimum sales over 3 years
- Two new distribution channels taking first orders, being the cross-border eCommerce market in China and speciality retail distribution in Australia

2. Noble Kava Supply Chain Excellence

- FijiKava continues to build its finished goods inventory and work in progress to support demand growth and manage increasing global supply and logistics risks
- FijiKava has invested \$130k in new equipment for the Levuka Processing Facility that will improve capacity by approximately 50%, with the upgrade to be completed by April 2022.

3. Innovation & Product Development

- Development has been completed for three new Kava Teas which have now shipped to the USA Market to be launched via Amazon - Noble Kava® Calm Tea, Noble Kava® Sleep Tea and Noble Kava® Wellness tea.
- Development has been completed for Noble Focus™ - a synergistic combination formulated to support calm concentration and academic performance in adults experiencing symptoms including inattention and hyperactivity and TGA listing is completed.

4. Promoting the Medical Benefits of Noble Kava

- Targeted digital out of home advertising across delivered to 911 screens across 69 retail locations, all with Coles and Chemist Warehouse proximity, has delivered a Unique Reach of 2.19m viewers since October
- Digital advertising footprint of the "Calm your Karen" campaign has yielded 12.5m impressions and organic social media engagement has dramatically increased with monthly impressions over 4 million on Facebook and Instagram
- Online eCommerce traffic to Fijikava.com is now in the top 2% of comparable online stores with 24,203 website visitors since launching the new site on 26 October 2022

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

We provide solutions to reduce anxiety, improve sleep, promote relaxation and sports recovery

This release has been approved by the Board of Directors

ENDS

For Further Information

For Investors

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For Media

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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 natural 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, certified organic supply chain of 'noble kava' including an 111-acre nucleus farm in Levuka, on the island of Ovalau, 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.

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.



Fiji Kava Limited
and its controlled entities

APPENDIX 4D
INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2021

FINANCIAL REPORT

for the six months ended 31 December 2021

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the six months ended 31 December 2021

1

REPORTING PERIOD (item 1)

■

Report for the period ended:

31 December 2021

■

Previous corresponding period is half-year ended:

31 December 2020

2

RESULTS FOR ANNOUNCEMENT TO THE MARKET

■

Revenues from ordinary activities (item 2.1)

↑

87%

to

\$926,876

■

Loss from ordinary activities after tax attributable to members (item 2.2)

↑

62%

to

\$2,623,584

■

Loss for the period attributable to members (item 2.3)

↑

70%

to

\$2,630,267

a.

Dividends (items 2.4 and 5)

■

Interim dividend

nil

n/a

■

Final dividend

nil

n/a

■

Record date for determining entitlements to the dividend (item 2.5)

n/a

b.

Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

Refer to the following Directors' Report, Financial Review section

3

DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS

Nil.

a.

Details of dividend or distribution reinvestment plans in operation are described below (item 6):

Not applicable

4

RATIOS

a.

Financial Information relating to 4b:

Loss for the period attributable to owners of the parent

\$

2,630,267

\$

1,547,312

Net assets

5,243,240

4,712,930

Less: Intangible assets

(292,554)

(228,459)

Net tangible (liabilities)/assets

4,950,686

4,484,471

Fully paid ordinary shares

No.

187,123,335

No.

128,843,044

Net tangible (liability)/assets backing per share (cents) (item 3):

¢

2.65

¢

3.48

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the six months ended 31 December 2021

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)

a. Control gained over entities

- | | |
|---|-----|
| ■ Name of entities (item 4.1) | n/a |
| ■ Date(s) of gain of control (item 4.2) | n/a |

b. Loss of control of entities

- | | |
|---|-----|
| ■ Name of entities (item 4.1) | Nil |
| ■ Date(s) of gain of control (item 4.2) | n/a |

c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3).

n/a

d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

n/a

6 DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)

- | | |
|---|-----|
| ■ Name of entities (item 7) | Nil |
| ■ Percentage holding in each of these entities (item 7) | N/A |

- | | | |
|--|--|--|
| ■ Aggregate share of profits (losses) of these entities (item 7) | | |
|--|--|--|

Current Period	Previous Corresponding Period
-------------------	-------------------------------------

N/A

N/A

7 The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.

8 The report is based on accounts which have been reviewed by the Company's independent auditor (item 9) and an unqualified review conclusion is issued.

CORPORATE DIRECTORY

DIRECTORS

Andrew Kelly (Non-Executive Chairman)
Appointed 20 December 2018

Zane Yoshida (Non-Executive Director)
Appointed 20 December 2018

Nicholas Simms (Non-Executive Director)
Appointed 10 September 2019

Jack Lowenstein (Non-Executive Director)
Appointed 11 August 2020

Anthony Noble (Managing Director)
Appointed 20 December 2021

COMPANY SECRETARY

Jay Stephenson
Appointed 1 July 2018

REGISTERED OFFICE

96 Victoria Street, West End
QLD 4101

CONTACT INFORMATION

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AUDITORS

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Brisbane Qld 4000

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Level 2, 267 St Georges Terrace
Perth WA 6000

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+61 2 9698 5414 (International)

BANKER

National Australia Bank
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West Perth WA 6005

PRINCIPAL PLACE OF BUSINESS

96 Victoria Street, West End
QLD 4101

POSTAL ADDRESS

PO Box 5864
Russell Street
West End QLD 4101

DIRECTORS' REPORT

The Directors of Fiji Kava Limited (the **Company** or **Fiji Kava**) and its controlled entities (collectively the Group) present their report together with the consolidated financial statements for the six months ended 31 December 2021 and the review report thereon.

Directors

The Directors of the Company at any time during or since the end of the interim period are:

Director	Position	Date Appointed	Date Resigned
Dr Andrew Kelly	Non-Executive Chairman	20 December 2018	-
Mr Zane Yoshida	Non-Executive Director	20 December 2018	-
Mr Nicholas Simms	Non-Executive Director	10 September 2019	-
Mr Jack Lowenstein	Non-Executive Director	11 August 2020	-
Dr Anthony Noble	Managing Director	20 December 2021	-

Company Secretary	Position	Date Appointed	Date Resigned
Mr Jay Stephenson	Company Secretary	1 July 2018	-

Operating Review

The company continues to focus on building scale through activities targeted to deliver strong growth in revenues and to expand into new sales channels and markets. Building on a retail and online presence in Australia and Fiji and growing online sales in the USA, the activities undertaken during the six months ended 31 December 2021 include:

Australian Market

- FijiKava achieved national ranging of the Noble Kava®, Noble Sleep®, Noble Calm® and Noble Body® capsule ranges in Chemist Warehouse adding to the ranging of these products in Coles during the previous period. This enabled the company to commence a national marketing and advertising campaigns coordinated with promotional and advertising activities through our retail partners. As a new market entrant, a focus on brand awareness and 'cut-through' and discounting and price promotion was employed during this initial period, designed to drive product trial by new customers.
- The marketing and promotional programs employed drove continued sales growth in Chemist Warehouse and in Coles Supermarkets. Retail sales volumes in Australia grew month to month through Chemist Warehouse and were up by 111% in Q2 vs Q1. Record sales volumes were achieved in October and again in November. Similarly strong sales growth has been seen in Coles nationally.
- New sales channels in Australia were also opened, including first orders shipped to two new customer channels: UniSense (Cross Border eCommerce, China) and Unique Health Products (Speciality Health Food Retail, Australia).

United States Market

- Establishment of an 'on the ground' USA operational business, including the appointment of Brian Cassuto as Managing Director for Fiji Kava Inc. USA who led and completed the acquisition of the Danodan Hempworks LLC business and intellectual property on 17th January 2022.
- Significant improvement in the USA Amazon Business with sales of USD 97,103 in the half year up by 107% vs prior corresponding period (31 December 2020: USD 46,845)

Financial Review

The Company's financial performance for the period ending 31st December 2021 includes:

- Positive revenue momentum with \$926,876 achieved for the six months ended 31 December 2021, an increase of 87% when compared to the prior corresponding period (31 December 2020: \$496,379). This sales performance was supported by a growing mix of sales to wholesalers, retailers and directly to customers via the FijiKava.com website and through Amazon.com and other reseller websites.
- Fiji Kava recorded a statutory net loss from continuing operations for the six months ended 31 December 2021 of \$2,623,584 which is 62% increase from the six-month period ended 31 December 2020. (\$1,618,486). This increased net loss was attributable to:
 - Initiation of major national advertising campaigns and trade promotional programs in Coles and Chemist Warehouse totalling \$904,596, which was up by \$627,777 (227%) on previous period
 - Write-off of expiring stock in the New Zealand market of \$82,687, which reduced overall margins in the period by 9%
 - Significant freight costs in the period of \$49,893, with high volumes of stock airfreighted to USA to meet delivery timelines for the IMCD distribution partners
- Cash receipts from customers were \$320,534 up by 125% vs. prior corresponding period while Net cash flow used in operating activities for the six months ended 31 December 2021 was \$3,972,657 which was up by 75% compared to the six months ended 31 December 2020 (\$2,276,512). This increased cash used in operating activities was attributable to:
 - Pre-payments of \$840,018 related to purchases for equipment for the factory upgrade in Levuka which were in transit on 31 December 2021 under Delivered Duty Paid (DDP) terms and pre-payments for large production campaigns for finished products for Australia (both Drinking Kava and complementary medicine products)
 - Payments of platinum partner listing fees and marketing costs associated with the Chemist Warehouse strategic partnership that are not recurrent
- As at 31 December 2020, the company had \$2,859,034 in cash.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2021.

Signed in accordance with a resolution of the directors:



Dr Andrew Kelly

CHAIRMAN DATED THIS 28TH DAY OF FEBRUARY 2022.

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the Directors of Fiji Kava Limited**

As lead auditor for the review of the financial statements of Fiji Kava Limited for the financial half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fiji Kava Limited and the entities it controlled during the financial period.



Clive Massingham
Hall Chadwick QLD
Chartered Accountants

Signed this 28th day of February 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2021

		For the six months ended	
		31 December 2021	31 December 2020
	Note	\$	\$
Continuing operations			
Revenue	3	926,876	496,379
Cost of Sales		(826,920)	(281,232)
Gross Profit / (Loss)		99,956	215,147
Other Income		37,984	96,887
Administrative expenses		(711,632)	(569,865)
Depreciation		(78,980)	(78,765)
Employment expenses		(621,720)	(677,613)
Research and development expenses		(20,512)	(58,487)
Marketing Expense		(904,596)	(276,820)
Other expenses		(387,749)	(179,908)
Operating loss		(2,587,249)	(1,529,424)
Finance income / (costs)		(36,335)	(89,062)
Net finance income / (costs)		(36,335)	(89,062)
Loss before tax		(2,623,584)	(1,618,486)
Income tax benefit		-	-
Loss from continuing operations		(2,623,584)	(1,618,486)
Loss for the period		(2,623,584)	(1,618,486)
Other comprehensive income/(expense)			
Foreign exchange translation differences		(6,683)	71,174
Total comprehensive loss for the period		(2,630,267)	(1,547,312)
Earnings per share			
Basic and diluted loss per share (cents per share)	5	(1.74)	(1.37)

The notes on pages 12 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

		31 December 2021 \$	30 June 2021 \$
	Note		
Current assets			
Cash and cash equivalents	7	2,859,034	1,184,132
Trade and other receivables	8	1,160,584	566,429
Inventories	9	936,581	868,273
Prepayments		840,018	24,082
Total current assets		5,796,217	2,642,916
Non-current assets			
Property, plant and equipment	10	624,448	640,884
Intangible assets		231,883	104,785
Right of use assets		60,670	215,714
Total non-current assets		917,001	961,383
Total assets		6,713,218	3,604,299
Current liabilities			
Trade and other payables	11	1,185,276	360,923
Deferred revenue		20,578	32,765
Loans and Borrowings	13	125,000	125,000
Lease liabilities		17,945	91,985
Provisions	12	54,659	33,971
Total current liabilities		1,403,458	644,644
Non-current liabilities			
Loans and Borrowings		-	-
Lease liabilities		66,520	50,133
Total non-current liabilities		66,520	50,133
Total liabilities		1,469,978	694,777
Net assets		5,243,240	2,909,522
Equity			
Share capital	4	22,030,340	17,066,355
Reserves		234,011	240,694
Accumulated losses		(17,021,111)	(14,397,527)
Total equity		5,243,240	2,909,522

The notes on pages 12 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2021

	Attributable to owners of the Company					Total Equity
	Share capital	Accumulated Loss	Foreign Exchange Reserve	Option Reserve	Business Combination Reserve	
Balance at 30 June 2021	17,066,355	(14,397,527)	10,568	165,947	64,179	2,909,522
Total comprehensive income / (loss) for the period:						
Loss for the period	-	(2,623,584)	-	-	-	(2,623,584)
Other comprehensive income / (loss)	-	-	(6,683)	-	-	(6,683)
Total comprehensive income / (loss) for the period	-	(2,623,584)	(6,683)	-	-	(2,630,267)
Transactions with owners of the Company:						
Issue of ordinary shares	4,963,985	-	-	-	-	4,963,985
Equity-settled share-based payments	-	-	-	-	-	-
Total transactions with owners of the Company	4,963,985	-	-	-	-	4,963,985
Balance as at 31 December 2021	22,030,340	(17,021,111)	3,885	165,947	64,179	5,243,240
Balance at 30 June 2020	12,196,188	(11,007,006)	93,423	35,689	64,179	1,382,474
Total comprehensive income / (loss) for the period:						
Loss for the period	-	(1,618,486)	-	-	-	(1,618,486)
Other comprehensive income / (loss)	-	-	71,174	-	-	71,174
Total comprehensive income / (loss) for the period	-	(1,618,486)	71,174	-	-	(1,547,312)
Transactions with owners of the Company:						
Issue of ordinary shares	4,747,511	-	-	-	-	4,747,511
Equity-settled share-based payments	-	-	-	130,258	-	130,257
Total transactions with owners of the Company	4,747,511	-	-	165,947	-	4,877,768
Balance as at 31 December 2020	16,943,699	(12,625,492)	164,597	165,947	64,179	4,712,930

The notes on pages 12 to 18 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2021

		For the six months ended	
		31 December 2021	31 December 2020
	Note	\$	\$
Cash flows from operating activities			
Cash receipts from customers		320,534	142,581
Cash paid to suppliers and employees		(3,517,790)	(2,276,512)
Net cash used by operations		(3,197,256)	(2,133,931)
Interest received		70	203
Net cash used in operating activities		(3,197,186)	(2,133,728)
Cash flows from investing activities			
Payments for property, plant and equipment		(14,807)	(24,060)
Acquisition of intangible assets		(19,436)	(95,445)
Net cash used in investing activities		(34,243)	(119,505)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		4,963,985	4,235,145
Repayment of borrowings		(57,653)	-
Net cash from by financing activities		4,906,332	4,235,145
Net (decrease)/increase in cash and cash equivalents		1,674,902	1,981,912
Cash and cash equivalents at 1 July		1,184,132	1,430,224
Cash and cash equivalents at 31 December	7	2,859,034	3,412,136

The notes on pages 12 to 18 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

1. Reporting Entity

Fiji Kava Limited (“**Fiji Kava**” or the “**Company**”) is a company domiciled in Australia. These condensed consolidated interim financial statements (“interim financial statements”) as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the ‘Group’). The Group is primarily involved in research, development and sale of kava and kava related product.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available upon request from the Company’s registered office at 96 Victoria Street, West End QLD 4101 or at https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02288358-6A998986?access_token=83ff96335c2d45a094df02a206a39ff4.

2. Basis Of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

They do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the Company’s Board of Directors on 28 February 2022.

2.1. Use Of Judgements and Estimates

In preparing these interim financial statements, Management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of the assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.2. Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the period of \$2,623,584 and a net operating cash outflow of \$3,254,484. As at 31 December 2021, the Group is in net asset position of \$5,243,240.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

3. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

	31 December 2021 \$	31 December 2020 \$
Revenue from contracts with customers	924,076	492,179
Rental of office space	2,800	4,200
	<u>926,876</u>	<u>496,379</u>

4. Issued Capital

	31 December 2021 No.	30 June 2021 No.
Fully paid ordinary shares	187,123,335	129,956,232

a. Issue of ordinary shares

The following ordinary shares were issued and fully paid during the period:

Date	Number of shares	Price per share	Details
13 August 2021	15,000,000	10.0c	Placement
18 August 2021	950,000	10.0c	Issued to Suppliers
10 September 2021	3,248,864	11.0c	Issued to Chemist Warehouse
12 October 2021	3,248,863	11.0c	Issued to Chemist Warehouse
12 October 2021	231,876	8.9c	Issued to Suppliers
01 December 2021	33,487,500	8.0c	Share Purchase Plan
02 December 2021	1,000,000	12.0c	Issued to Director of IMCD

b. Dividends

No dividends were declared or paid by the Company during the period (2020: \$Nil)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

5. Earnings Per Share

	31 December 2021 \$	31 December 2020 \$
Reconciliation of earnings to profit or loss		
Loss for the period	(2,623,584)	(1,618,486)
Loss used in the calculation of basic and diluted EPS	(2,623,584)	(1,618,486)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	151,174,748	116,116,350
Loss per share		
Basic and diluted loss per share (cents per share)	(1.74)	(1.39)

6. Financial Instruments

6.1. Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

6.2. Fair Value

At 31 December 2021, there are no financial assets or financial liabilities which are accounted for at fair value. Carrying amounts approximate the fair value of financial assets and financial liabilities presented in the consolidated Statement of Financial Position.

7. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31 December 2021 \$	30 June 2021 \$
Cash at bank	2,812,558	1,137,762
Term deposits	46,476	46,370
	2,859,034	1,184,132

8. Trade And Other Receivables

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

Current

Trade receivables

Less Impairment provision – trade receivables

Other receivables

GST receivables

31 December 2021 \$	30 June 2021 \$
710,817	445,426
(19,073)	-
34,540	53,041
434,300	67,962
1,160,584	566,429

9. Inventories

Raw material

Finished goods

31 December 2021 \$	30 June 2021 \$
171,082	511,975
765,499	356,298
936,581	868,273

10. Property, Plant and Equipment

Building

Cost

Accumulated depreciation

Carrying amounts

31 December 2021 \$	30 June 2021 \$
234,968	198,538
(35,637)	(22,765)
199,331	175,773

Green House

Cost

Accumulated depreciation

Carrying amounts

163,052	162,058
(14,099)	(12,964)
148,953	149,094

Plant and Equipment

Cost

Accumulated depreciation

Carrying amounts

234,701	257,369
(68,736)	(61,266)
165,965	196,103

Motor vehicle

Cost

Accumulated depreciation

Carrying amounts

202,496	200,046
(99,592)	(88,096)
102,904	111,950

Furniture and Fittings

Cost

Accumulated depreciation

13,199	13,199
(5,904)	(5,234)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

Carrying amounts	7,295	7,965
Totals		
Cost	848,416	831,210
Accumulated depreciation	(223,968)	(190,327)
Carrying amounts	624,448	640,883

11. Trade And Other Payables

	31 December 2021 \$	30 June 2021 \$
Current		
Trade and other payables	926,784	216,871
Other payables	169,910	89,826
Accrued expenses	88,582	54,225
	1,185,276	360,923

12. Provisions

	31 December 2021 \$	30 June 2021 \$
Current		
Employee benefits – annual leave provisions	54,659	33,971

13. Loans And Borrowings

	31 December 2021 \$	30 June 2021 \$
Current		
Convertible notes	125,000	125,000
	125,000	125,000
Non-Current		
Convertible notes	-	-
	-	-

14. Segment Reporting

Basis for operating segments

The Group has the following two reportable segments namely South Pacific Elixirs Pty Limited and Fiji Kava Australia Trading Pty Ltd. These reportable segments operate in two different geographical areas.

The following summary describes the operations of each reportable segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

Reporting segments	Operations
Fiji Kava (Australia) Trading Pty Ltd	Marketing and Selling of products in Australia
South Pacific Elixirs Pty Limited	Sourcing and manufacturing of kava powder in Fiji
Others	Marketing and Selling of products other than Australia and Fiji and Corporate Costs

Information about reportable segments

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

31 December 2021	Sourcing and Manufacture of kava powder	Manufacture, Marketing and Sale of Products	Corporate/ Others	Total
External revenues	59,306	713,688	153,882	926,876
Inter-segment revenue	663,116			663,116
Segment profit (loss) before tax	(652,778)	(759,669)	(1,211,137)	(2,623,584)
Segment assets	1,032,729	2,461,103	3,219,386	6,713,218
Segment Liabilities	(126,810)	(741,140)	(602,028)	(1,469,978)

31 December 2020	Sourcing and Manufacture of kava powder	Manufacture, Marketing and Sale of Products	Corporate/ Others	Total
External revenues	24,885	390,586	80,908	496,379
Inter-segment revenue	203,548	3,331	-	206,879
Segment profit (loss) before tax	(458,944)	(476,684)	(682,858)	(1,618,486)
Segment assets	1,212,620	639,345	3,730,200	5,582,165
Segment Liabilities	(225,986)	(173,638)	(469,611)	(869,235)

15. Commitments And Contingent Liabilities

14.1 commitments

No commitments exist as at the date of this report.

14.2 Contingent Assets And Liabilities

14.2.1 CONTINGENT LIABILITIES

No contingent liabilities exist as at the date of this report.

14.2.2 CONTINGENT ASSETS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 31 December 2021

No contingent assets exist as at the date of this report

15 Subsequent Events

Fiji Kava Inc. USA acquired Danodan Hempworks LLC and other assets of Whole Plant Company Inc. as well as the associated Patents owned by Daniel Stoops on 17th January 2022.

16 Related Parties

- Andrew Kelly – 62,500 Shares purchased at 8c per share in the SPP in the name of Andrew Kelly
- Jack Lowenstein – 500,000 Shares purchased at 8c per share in the SPP as 125,000 in the name of Mare Lowenstein and 375,000 in the name of Kinetic Growth Fund
- Zane Yoshida – 125,000 Shares purchased at 8c per share in the SPP in the name of Zane Yoshida.

17 Significant Accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021.

DIRECTORS' DECLARATION

In the opinion of the directors of Fiji Kava Limited (the **Company**):

1. the condensed consolidated financial statements and notes set out on pages 8 to 18, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six month period ended on that date and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Dr Andrew Kelly
Chairman

Dated this 28th day of February 2022

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Review Report

To the members of Fiji Kava Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Fiji Kava Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the

Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

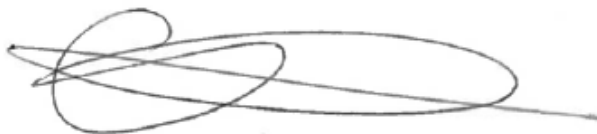
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



HALL CHADWICK QLD

Clive Massingham
Hall Chadwick QLD
Chartered Accountants

Signed this 28th day of February 2022