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LANDMARK PARTNERSHIP FOR FIJI KAVA TO ENTER CHINESE MARKET

- Fiji Kava signs exclusive agreement with PuMate (Shanghai) Limited as its authorised distributor in China
- The landmark agreement targets minimum sales of \$8 million for Fiji Kava over the initial three year term of the agreement
- The agreement includes diversified distribution channels into China with both branded Fiji Kava products and raw Noble Kava extracts being sold to China's complementary medicine, personal care and pharmaceutical industry, as well as through cross-border eCommerce marketplaces
- PuMate has a proven track record in distributing international food ingredients, sports nutrition and infant nutritional products in China, including with other leading Australian brands
- China's Vitamin and Supplement market is estimated to be valued at RMB 149bn (AUD 30bn)

19 August 2020 – Brisbane, Australia – Fiji Kava Ltd (ASX: FIJ), an Australian-Fijian medicinal kava health and wellness company which produces natural 'noble kava' products, today announces a landmark agreement with PuMate (Shanghai) Limited ('PuMate') to be Fiji Kava's exclusive and authorised distributor in China.

The partnership agreement is one of Fiji Kava's most significant commercial milestones to date with the agreement targeting minimum revenue for the company of \$8 million from the partnership over the initial three year term of the agreement.

Specific terms of the agreement include:

1. PuMate will distribute Fiji Kava noble kava extract and Fiji Kava's 'Sleep', 'Mind' and 'Body' product ranges to its established network across China's leading cross-border eCommerce marketplaces and complementary medicine, personal care and pharmaceutical industry
2. The agreement is for an initial term of three years with extension terms for periods of 12 months
3. Minimum sales requirement of AUD \$8 million for the initial three-year term of the agreement
4. Incentives for PuMate to meet targets, including that Fiji Kava will issue up to 1.5m options to PuMate on the achievement of AUD \$10 million in annual gross revenue
5. Options are subject to shareholder approval and at an exercise price payable at a 15% discount vs 30 Day VWAP
6. Termination provisions provide that Fiji Kava may terminate the agreement with written notice if PuMate fails to meet KPI's or breaches the conditions of the agreement

PuMate is an affiliated company of PMM Company Limited (PMM), whose leadership has a proven track record in distributing international food ingredients, sports nutrition and infant nutritional products in China. This agreement follows an MoU signed with PMM, and announced to the market, earlier this year.

Fiji Kava Chairman, Dr Andrew Kelly said: "This agreement is one of the most material commercial deals in Fiji Kava's history which creates a major new opportunity for the company to enter China's vitamin and supplements market, the second largest in the world and estimated at RMB 149bn (AUD \$30bn).

"We are delighted to partner with PuMate, an established and reputable company with proven experience in our sector and in successfully distributing products of other leading Australian brands to China, including Bubs Australia"

Fiji Kava Non-Executive Director Nicholas Simms said: "This agreement opens a door for Fiji Kava to the Chinese market in a major milestone that provides the company with the distribution capability to reach Chinese consumers.

"The agreement has been structured in a way that diversifies our revenue streams in China via co-development possibilities with manufacturers of vitamins and supplements in China, and sales of Fiji Kava's existing product ranges through cross-border eCommerce marketplaces and retail partners.

"There is a growing Chinese investment in the Pacific, with the two regions sharing strong ties and Fiji a signatory to China's Belt and Road initiative. This unique partnership enables us to capture the growing demand for kava in China, as part of our offering as a vertically integrated primary producer and processor of Fijian noble kava.

"The agreement also recognises the expanding global demand for Fiji Kava's sustainable, unadulterated and 100% traceable supply chain of 'noble kava'. This is a key differentiator and opportunity for the company as demand for high-quality, disease free kava continues to increase around the world."

PuMate Founder Chi Li, said: "It is a great honour to work with the Fiji Kava company and I am very excited to bring such a wonderful natural product to the Chinese vitamin and supplement market. I look forward to working closely with Fiji Kava's team, together serving the consumers and business partners in China, as we build a sustainable business"

The agreement with PuMate continues a period of strong and sustained progress being made by the company on its commercial strategy to grow the availability of its Fijian noble kava. The company now has cornerstone agreements in place with Blackmores-owned BioCeuticals, Coles Supermarkets in Australia and Green Cross Pharmacy in New Zealand; and has expanded its e-commerce presence on Amazon in the United States.

As the agreement includes exclusivity for PuMate to be the authorised distributor in China, Fiji Kava wishes to advise that its previously announced MoU with Zorgen Health has come to a natural conclusion.

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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 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.

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