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Annual Report 2023  
Results Presentation



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# Letter from CEO



Anthony  
Noble



FY2023 has been a year of pivotal transformation for our company.

After a management review we embarked on a program to identify and build higher yielding distribution channels and exit poor yielding channels.

This was evidenced in our agreements with CJ Patel, Roolife and the focus on building direct ecommerce sales.

2023 was a challenging year, but I am pleased to report that our strategy is showing positive results. Our Q4 sales were \$690k representing a 79% improvement on the prior quarter. Q4 cash used in operations was also significantly reduced to \$561k representing a 20% improvement on the prior quarter and net cash used in operation for the full year fell by 38% vs FY22. Our Q4 results demonstrate significant improvements in fiscal discipline and management. Our sales mix has shifted meaningfully towards higher margin sales in the second half of FY2023, and we are showing an operating profit margin of 46% in that period net of audit adjustments.

Our turnaround strategy remains a work in progress, but we have in place the foundation of a solid business that can operate profitably in the future. Our endeavours continue. All our distribution agreements are based on solid principles of good yield management combined with our longer-term vision to expand internationally.

Regards,  
Anthony Noble

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# Corporate Snapshot



## FY2023 RESULTS HIGHLIGHTS

**\$1.78m**

Revenue FY23

**(\$4.2m)**

Operating EBITDA (before provisions and adjustments)  
Represents a 23% improvement from FY22

## ASX OVERVIEW

**CCO.ASX**

ASX Ticker Code

**.005**

Share Price 31Aug23

**871,119,281**

Shares on Issue Aug23

**\$4.4m**

Market Capitalisation

## TRADING HIGHLIGHTS

**>\$3,000/day**

Daily e-commerce sales in USA

**\$2.76m**

Annualised sales based on Q4 sales revenue \$690k

**45%**

Operating Gross Profit Margin HY Jun 23.  
Represents a 17% improvement on HY Dec22.

**38%**

Reduction in Net Cash Used by Operating Activities YoY in FY23 vs FY22

**FijiKava®**

**Tāki Mai**

**DANODAN**  
HEMPWORKS™

# Operating Highlights



## \$2.76m annualised sales based on Q4

Sales continue to improve driven by ecommerce sales in the USA.

## US ecommerce growth

Fiji Kava is now the number 1 instant kava brand selling on Amazon.com and August 2023 sales exceed \$3,000/day.

## CJ Patel distribution deal

Targeting AUD11m over initial 3-year term with one of the Pacific region's most recognised distribution partners across 17 countries. First sales orders valued at FJD \$300k (AUD \$210k) received and shipped in Q4.

## Roolife ecommerce

Targeting \$15m over a 5-year term. Roolife has a track record of success in China. First sales orders of \$150k received and shipped in Q4.

## Leilo global partnership

The Calmer Co. signed a deal to distribute Leilo ready to drink beverages in a number of global markets. Distribution will start with tourist and resorts channels in Fiji in Q2.

## Coles Australia

Sales of 50g pouches of powdered drinking kava grew strongly in 2023.



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# Q4 Sales Growth

Quarterly Revenues & Net Cash Outflows Used in Operations



**79% increase in sales revenue in Q4** (vs Q3, 2023) largely due to strong sales growth in ecommerce sales in the USA and new distribution partners.

FijiKava® is now the **number 1 instant kava brand sold on Amazon.com USA**. Daily sale \$2,500 by year end 2023.

**Daily sales exceeded \$3,000/day** on ecommerce channels in USA (inc. Amazon.com) at 31 August.

Initial orders from CJ Patel (\$210k) and Roolife (\$150k) have been received and shipped in Q4.

Cost optimisation program saw **net cash outflows used in operations fall to a low of \$561k** in Q4, which was a 20% reduction on the previous quarter.

The new processing facility in Navua can continue to **scale manufacturing volumes up to 5X** with little further capital expenditure.

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# Brand Analysis

The Calmer Co is a house of brands, growing and refining natural products in the low-cost region of Fiji and exporting these products to a global market.

# FijiKava

**Fiji Kava**<sup>®</sup>, continues to exhibit strong performance, particularly within the dynamic landscape of US ecommerce channels, where sales have surged by 79% in Q4 compared to the previous quarter.

Fiji Kava is now the number 1 instant kava brand sold on Amazon.com and turns over \$3,000 daily at the end of August.

## Brand Snapshot

PRODUCTS: Drinking kava, teas, capsules

USP: High quality kava brand with blue chip retail partners

Markets: USA, Australia, NZ, Fiji

URL: [fijikava.com](http://fijikava.com)



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# DANODAN

HEMPWORKS™

**Danodan®** has begun to rebuild from a slow 2022 and is tapping into new retail channels in Washington state, Hawaii, and their home market of Oregon.

The introduction of a range of innovative topical products further underscores its strategic evolution.

The liberalisation of CBD in Fiji is a big opportunity for this division.

## Brand Snapshot

PRODUCTS: Hemp & CBD oils

USP: Best organic full spectrum organic CBD and water-soluble organic hemp flower infusions

Markets: USA

URL: [danodan.com](http://danodan.com)



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# Tāki Mai®

**Taki Mai®**, is a heritage brand and the expression is synonymous with kava in Fiji. The brand in the capable hands of the **CJ Patel Group**, has found a natural and prosperous niche in the Fiji Islands, the broader Pacific region, and most recently, in New Zealand.

Our latest product release Taki Mai Low Key®, a drinking kava is now on shelves. With the expansive distribution of CJ Patel, Taki Mai will be our flagship brand in the Pacific region and will be our first to market brand for ready to drink kava shots globally.

## Brand Snapshot

PRODUCTS: Drinking kava & flavoured shots

USP: Traditional Fijian heritage brand from high quality kava cultivars with leading Fijian chains

Markets: Fiji, Pacific Islands

URL: [takimai.com](http://takimai.com)



# leilo

calm in a can™

We have signed a terms sheet to become a global distribution partner with Leilo.

Sales into resorts and higher margin tourism channels in Fiji have already commenced. It is our intention to replicate this distribution model in multiple new markets.

## Brand Snapshot

PRODUCTS: Ready to drink kava beverages

USP: Great flavours, brand recognition, and strong youth market and luxury tourist market adoption

Markets: Fiji, Pacific Islands

URL: [leilo.com](https://leilo.com)





# Group Financial Results FY2023

2023 has been a year of pivotal change.

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# Group Profit & Loss FY23



Summary Consolidated P&L FY2023	FY23
	\$'000
<u>Revenue</u>	
Revenue from all divisions	1,786
<b>Total revenue</b>	<b>1,786</b>
Total cost of sales	(1,226)
<b>Gross profit</b>	<b>561</b>
<i>Gross margin (%)*</i>	31%
<u>Expenses</u>	
Total Operating Expenses	(5,872)
<b>Loss after tax from continuing operations</b>	<b>(5,232)</b>

## Commentary

A challenging year as we embarked on our turnaround strategy

This strategy took time to implement and improved results started to show in H2 and particularly in Q4

H2 Operating Profit Margins rose to 46%

Q4 revenue grew strongly to \$690k

Q4 gross operating profit margin improved to 46%

Q4 net cash outflows from operating activities were reduced to (\$561k)

# Group Balance Sheet

## End June 2023



### Commentary

Net Asset position was significantly impacted by a full write-off of Goodwill intangible in Danodan, Inventory Impairment for slow moving stock and Inventory Adjustment for Fijian kava inventory (now held at a lower COGs reflecting our improved cost base).

Long term liabilities include \$1.3m in Convertible Notes through BSP-Life Fiji [5% coupon rate, converting in 5-years (FY27&FY28) at 15c] and \$225,000 in Convertible Notes converting at 10% discount to VWAP on or before 3-Nov-23.

The company raised \$834,125 through an oversubscribed Rights Issue and a Placement in Q1 FY24.

Group Balance Sheet	30-Jun-23
	\$'000
Cash and cash equivalents	462
Trade and other receivables	296
Prepayments	167
Inventories	884
Non Current Assets	1,427
<b>Total assets</b>	<b>3,236</b>
Trade and other payables	858
Provisions	100
Deferred revenue	8
Borrowings	220
Lease Liability	272
<b>Total liabilities</b>	<b>3,323</b>
<b>Net assets</b>	<b>-87</b>



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