



31th October 2023

ASX RELEASE

Appendix 4C Cashflow Statement and Quarterly Activities Report

31 October 2023, Brisbane, Australia: The Calmer Co. International Limited (ASX:CCO), a health and wellness company focussing on natural products that promote calmness, support mind and muscle relaxation and improve sleep, submits the following Activities Report and Appendix 4C Cash Flow Statement for the three-month period ended 30 September 2023.

Q1 Highlights

- Group sales increased 96% vs Prior Corresponding Period (pcp) to \$597k
- Ecommerce sales increased 77% vs pcp to a \$359k. (up 26% qtr v qtr). Online sales averaged \$4k/day and continue to climb strongly.
- Cash receipts increased 125% vs pcp to \$479k. Receipts continue to track sales with reliable partners and fast payment terms.
- Net cash used in operations improved 56% vs pcp to \$586k. This included all marketing spend to drive significant e-commerce growth and launch into China.
- Fiji Kava was launched in China on the Alibaba Tmall platform in collaboration with Roolife Group. Chinese consumers can now order directly from our flagship store in Chinese language for product delivery in China.
- The company saw exceptional sales growth through Coles Australia in September due to high organic social media engagement and growing synergy with ecommerce.
- Fiji Kava Noble Focus was launched in the Australian market in July, the company's first Nootropic product.
- The company entered a global distribution partnership with Leilo and shipped first orders to the Fiji market for launch in the resorts and tourism channel in Q2.
- The company entered a distribution partnership with Naturally Elevated in Australia to sell the Fiji Kava range of products through medicinal marijuana telehealth, boutique pharmacy and online sales channels.

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CEO Anthony Noble, said, "These results demonstrate that our turnaround strategy is succeeding. We have rebased the company in terms of costs and operational efficiency, while continuing to solidify and expand our supply chain and operations in Fiji. Our new processing facility is ramping up production volumes to meet the growing demands of our customers in the USA and Australia for drinking kava and instant kava. New product development has progressed, and we have a range of great new products to hit the market in 2024 to drive our next horizon of growth."

"We have a robust supply chain, and we are now focussed on our four sales growth pillars. Ecommerce is booming and it now delivers more than half of our revenues. We are also on the starting blocks to enter the kava bar market in the USA in Q2. In high performing retail, Coles Australia saw a huge uptick in sales in September following some social media headwinds. We also took our first steps back into the China market, in partnership with RooLife Group, and we were happy to announce the launch of the Fiji Kava Tmall Flagship store for Chinese consumers."

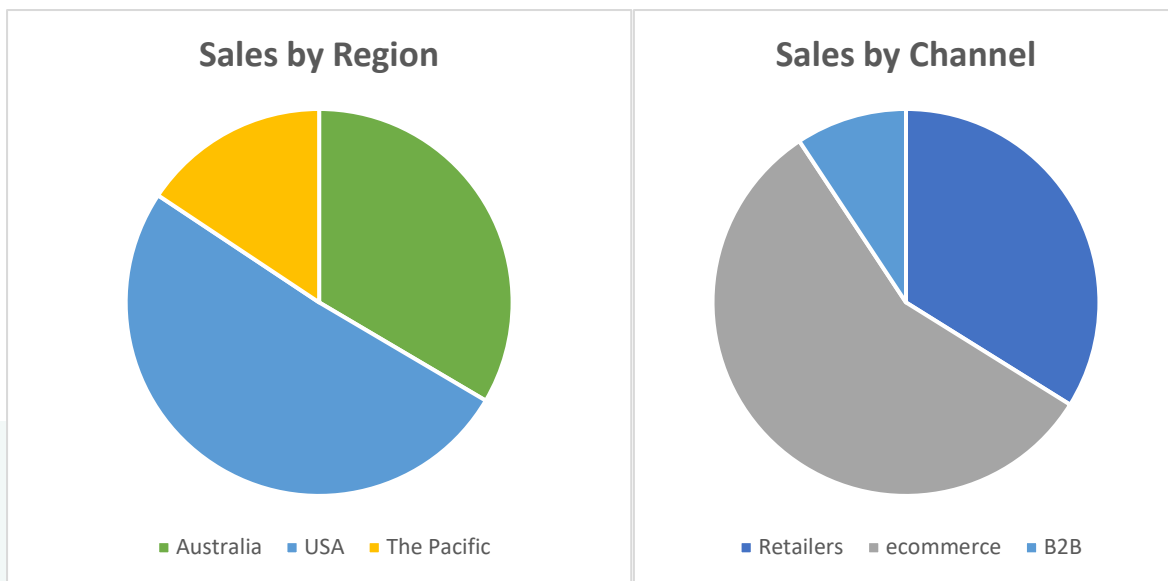
"We have re-engaged with Leilo in the form of a global distribution partnership, which is complementary with our own new product development in the ready to drink category. We expect to see some new products commercialised in established sales channels in Australia, USA, China and the Pacific over the next year."



Financial Overview

Revenues for the quarter were \$597k. This represents an increase of 98% vs prior corresponding period, the improved result was driven by growth in our ecommerce channels in USA and Australia. More than half of our total sales are now generated in the USA.

Sales into the USA market and e-Commerce are the stars of our sales mix. They also represent our most scalable and profitable market segments. In Australia Coles has shown solid growth and our flagship store at www.fijkava.com.au has also contributed meaningful profitable sales this quarter.



Expenditure used in operating activities in the quarter was \$1,099k, a saving of 9% vs Q4FY23 and an improvement of 6% vs pcp (\$1,172k Q1FY22). Expenses have now largely stabilised following our cost optimisation program in FY23. Further reductions in expenditure are forecast for sales initiatives with lower ROI. This will be balanced with higher expenditure in sales activities that require inventory build up to support our ecommerce growth trajectory and new product launches.

Receipts from customers in the quarter were \$479k (-24% vs Q4FY23; \$629k) and cash receipts are expected to track to sales more closely with the increasing percentage of ecommerce in sales over the coming quarters.



Product manufacturing and operating costs were \$454k (-24% vs. Q4FY23 and +125% vs pcj). The company will now need to ramp up production in Q2 to hold a higher level of inventory for drinking kava products and for expected product launches in Q3. In particular, more inventory will be held for the Australia and USA markets where demand through online channels is growing strongly.

Advertising and marketing costs of \$285k (+148% vs. Q4FY23 and +54% vs pcj) were driven largely by investment in the ecommerce Shopify platform in Australia and in pre-marketing activities for the China market launch through Tmall. This level of marketing investment as a percentage of sales should be expected to continue with a focus on optimising ROAS in ecommerce driving the mix of spending. Modest investment in the China marketing activities will continue into Q2 and Q3.

Staff costs of \$220k (-18% vs. Q4FY23 and -51% vs pcj) and administration and corporate costs of \$154k (-2% vs. Q4FY23 and -56% vs pcj) both continue to demonstrate discipline in cost control.

Pursuant to ASX LR4.7C.3, the Company advises that it made no cash payments to related parties, with all Directors now fully remunerated via shares.



Strategic Progress

The company is focussed on finding the most cost-effective sales channels to minimise cash burn while delivering measured and profitable growth. To deliver against this strategy we focus on building supply chain excellence; delivering Innovation and product development and execution across our sales growth pillars including e-commerce and profitable retail.

Ecommerce China, USA and Australia

- In partnership with RooLife Group (ASX:RLG), FijiKava has launched its flagship store for Chinese consumers on Alibaba's Tmall Global Platform.
 - Tmall Flagship store enables chinese consumers to order Fiji Kava products in chinese language for delivery in China.
 - The Calmer Co's Tmall Flagship store can be found at: <https://fijkava.tmall.hk>
 - The initial products offered on the Tmall Flagship store are Fiji Kava's Noble Sleep® and Noble Kava® Capsules in 30 and 60 count formats
 - The flagship store model allows other Calmer Co. brands and other new products to launch in China
- Marketing efforts to support the launch into China through Cross border Ecommerce will include participation in an upcoming Trade Delegation to China and the CIIE Expo in Shanghai which will take place from 5th – 10th November with visits from The Chinese Premier, Australia Prime Minister and Queensland State Premier all slated for the pavilion.



Fiji Kava Tmall Flagship is now live on Alibaba's Tmall ecommerce site in China at <https://fijkava.tmall.hk>



- FijiKava 150g Instant Kava continues to be the top selling product in its category in Amazon.com USA.
- Sales via amazon.com for the quarter exceeded USD160k and continue to grow strongly.
- Australian ecommerce for Fiji Kava products were transitioned to the local www.fjijkava.com.au domain and the www.fjijkava.com domain was transitioned to the USA Shopify site exclusively.
- Through the partnership with RooLife group, sales for the Australia market grew to a record AUD81k in the quarter, which was more than double the Q4 sales.
- The Calmer Co team has now taken back management of the www.fjijkava.com.au Shopify store as the relationship with RooLife has transitioned to the China phase.

Profitable Retail and Distribution

- Sales in Coles of the 50g Noble Kava Drinking Kava reached record levels, with sales in September topping 10,000 units for the quarter and 5,000 units in September which represented the highest retail sales results for the company to date and record weekly retail sales in the final week of the quarter of more than \$30,000.
- The company entered into a partnership with Naturally Elevated, a boutique distribution company targeting the medical cannabis, pharmaceutical and wellness market, opening new sales channels, including;
 - FijiKava products available via direct marketing to their network of more than 14,000 established customers through their online Telehealth portals.
 - FijiKava products available to a network of up to 2,000 pharmacies and 5,000 niche retailers around Australia.
 - The companies are collaborating to explore the required logistics for manufacture and distribution of the DANODAN® range of products in Australia and the Asia Pacific (pending regulatory approvals).
- The company completed the withdrawal of the FijiKava capsule range from Chemist Warehouse at end of Q1. Importantly, this has allowed normal price architecture for the range to be re-established, supporting the launch into China through Tmall and continued growth in sales online via www.fjijkava.com.au. Discussion with Chemist



Warehouse are ongoing in relation to new product opportunities through the partnership that are commercially feasible, and which may proceed in 2024.

Supply Chain Excellence

- The company kava supply chain continues to grow across 8 provinces in Fiji. They are Lomaiviti, Cakaudrove, Naitasiri, Namosi, Serua, Kadavu, Bua and Macuata. More recently, the team have also been focusing on empowering women in the strengthening and development of our supply chain.
- The Calmer Co also continues to work closely with iTaukei Trust Fund board and Tutu training college on innovative ways to compensate our farmers whilst also looking at strategic partnerships to assist farmers with training programmes such as financial literacy and sustainable farming.
- Traceable Solutions continues to work on the completion of the digitisation of the company's supply chain. This will ensure that we build trust and transparency with our consumers globally. This also provides a unique value proposition for the Fiji Kava and Taki Mai brands under our portfolio.

Innovation and Product Development

- The company obtained the rights to manufacture and market Leilo branded beverages in a number of international markets, including:
 - China and India manufacturing and marketing rights including for local manufacturing and marketing managed by The Calmer Co.
 - Distribution in the Pacific with product supplied directly to The Calmer Co's subsidiary company, South Pacific Elixirs for sale in tourist channels across the Fiji Islands.
 - Australia and New Zealand distribution rights to commence with regulatory approval for Kava based RTDs in those markets.
 - Distribution rights in the Gulf States with Halal certified Leilo products supplied directly to The Calmer Co for sales and marketing.



- The company launched Noble Focus™ which is a synergistic combination providing calm, focus and memory enhancement utilising our proprietary Noble Kava water extract with Brahmi (*Bacopa monnieri*) extract.
 - Noble Focus™ is targeting the USD4.6bn Nootropics market which has grown at 17% to \$4.6bn in 2023 and includes executives looking for an edge, e-Sports Athletes and students seeking to improve memory and recall when studying.
- Local production and bottling partners have been appointed in Fiji for the Taki Mai® Kava-shot and initial production runs are due to commence in Q2 FY23, with products expected to be on the market in January 2023.

This release has been approved by the Board of Directors

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For further information

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About The Calmer Co.

The Calmer Co. International Limited (ASX:CCO), provides natural solutions to calm nerves, support mind and muscle relaxation and induce sleep. The product range includes drinking powders, teas, shots, concentrates and capsules. Sold under our house of brands: Fiji Kava, Taki Mai and Danodan Hempworks in markets including USA, Australia, China New Zealand and Fiji.

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.



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

THE CALMER CO. INTERNATIONAL LIMITED (ASX:CCO)

ABN

40 169 441 874

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	479	479
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(454)	(454)
(c) advertising and marketing	(286)	(286)
(d) leased assets	-	-
(e) staff costs	(220)	(220)
(f) administration and corporate costs	(154)	(154)
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	44	44
1.7 Government grants and tax incentives	-	-
1.8 Other (B.A.S. Refunds)	4	4
1.9 Net cash from / (used in) operating activities	(586)	(586)



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) 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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	813	813
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	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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)	-	-
3.10	Net cash from / (used in) financing activities	813	813

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	168	168
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(586)	(586)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	813	813
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	Cash and cash equivalents at end of period	390	390



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	413	413
5.2	Call deposits	-	-
5.3	Bank overdrafts	(23)	(23)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	390	390

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

**Current quarter
\$A'000**

0

-

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 are \$106k.

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 (Convertible Notes – Fijian Dollar)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

1,286

1,286

1,286

1,286

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

-



- 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.

7.3 refers to the convertible note instrument form BSP-Life (Fiji) for 2million FJD with a term of 5 years and a 5% interest rate, converting to equity at 15c.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(586)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	390
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	390
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.67

If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6

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: The operating cashflows will continue to improve in Q2 with increased sales

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: The company has secured bridging finance for inventory in October and will seek shareholder approval at AGM on 20th November to raise \$2m AUD to fund 2024 operations.

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: Yes



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: 31th October 2023

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

2.3 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.