



31 January 2024

ASX RELEASE

## Appendix 4C Cashflow Statement and Quarterly Activities Report

**31 January 2024, Brisbane, Australia:** The Calmer Co. International Limited (ASX:CCO), a health and wellness company with operations in Australia, Fiji, and the USA, which produces natural products to reduce anxiety, promote relaxation, improve sleep, and support sports recovery and performance, submits the following Activities Report and Appendix 4C Cash Flow Statement for the three-month period ended 31 December 2023.

### highlights

- Continued strong sales performance with revenues of \$918k in the quarter (+106% vs PCP and +59% vs Q1FY24).
- Ecommerce Sales grew by 83% Quarter on Quarter to a record \$658k (vs. \$359k in Q4Y23) driven by strong growth in the Australian market.
- Cash receipts grew by 45% to \$695k (vs \$479 in Q1FY24; +81% vs PCP).
- Net cash used in operating activities rose by 11% overall driven by a 36% increase in manufacturing costs and a 6% increase in marketing spend to hold more inventory and support the rapid growth in online sales and sales in Coles.
- The company re-entered the China market via the launch of the Alibaba Tmall Flagship store and will transition to in house management of this channel.
- Metagenics USA become the first high profile practitioner brand to utilise the Kavaton® Extract in their products in the USA.
- Fiji Kava renewed its partnership with Fiji Rugby Union for three years, and announced the launch of Fiji Rugby branded kava products in Fiji.
- The global distribution partnership with Leilo has commenced with the launch of the Leilo drinks through an exclusive partnership with Jack's of Fiji.



**CEO Anthony Noble**, said, “We have now established a stable base for growth across our four sales growth pillars. Excellence in ecommerce sales in Australia have been the focus this quarter and we are only limited by our ability to import material into Australia under the current kava inspection regime. We have expanded inventory and put more products into the supply chain to ensure this future growth is well supported considering the increased time at the border.

“We also believe the listing of our 150g instant kava and Taki Mai kava shot in Coles will be supported by the investments we are making into digital marketing and communications activities in Australia, and this channel will be the focus of our second growth pillar of profitable retail and distribution. We have commenced ramping up our digital marketing initiatives in the USA market and have seen our first customers come online in the kava bar channel in January, which is our third growth pillar.

“The China partnership with RooLife group has ended in January and we will take back in house management of our China ecommerce channel in the coming month to support penetration into the Asian market which is our fourth growth pillar.

“Taken together we can expect our focus on costs and a continued focus on investing in the higher returning key channels to show accretive growth that will complement the growing base of ecommerce and Australian retail sales.

“New product development is underway to add value, new benefits, and new flavours to our range of drinking kava products. This will be complementary to the existing ecommerce sales which are growing fast and we expect this to increase user acceptance of kava drinks and increase lifetime customer value and basket size.”



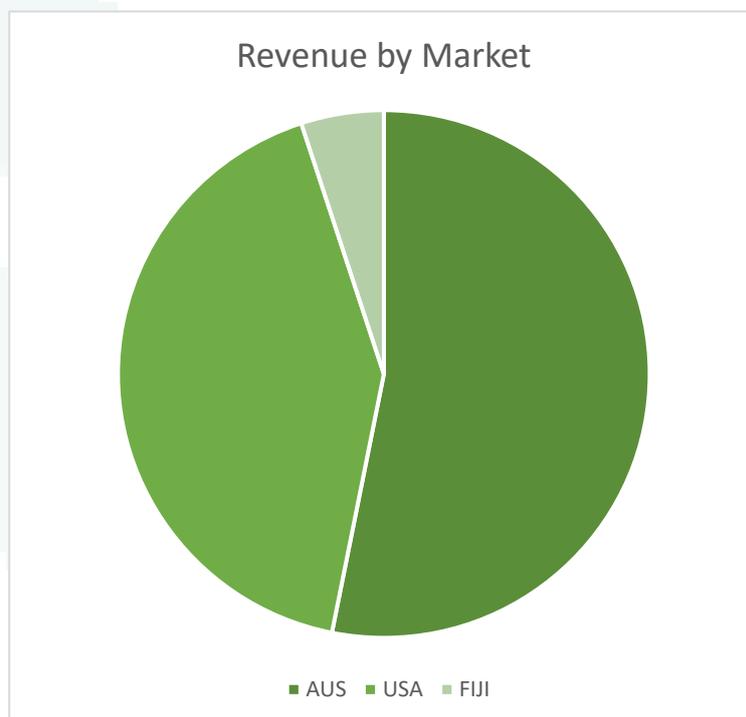
## Financial Overview

Revenues for the quarter were \$918k, with more than 53% being generated in the AUS. This was an Increase of 54% vs prior quarter and increase of 106% vs prior corresponding period. Receipts from customers were up by 45% in the quarter at \$695k (vs Q1FY24; \$479k). This result was driven by growth in our ecommerce channels in Australia and strong growth in Coles retail channel.

Expenditure used in operating activities in the quarter ending 31<sup>st</sup> December 2023 was \$1.32m. This was 19% higher than Q1FY24 (\$1.12m) and decrease of 10% vs prior corresponding quarter (\$1.46m Q2FY23). This increase was proportionally less than the increase in sales and cash receipts and was largely driven by a 36% increase in manufacturing costs (from \$453k to \$618k) which reflected increased production and inventory holding.

Expenses have now stabilised, with advertising and marketing costs of \$304k (+6% vs. Q1FY24 in line with high ROAS online add spending), staff costs of \$245k (+11% vs. Q1FY24 but -37% vs Q2FY23, the prior corresponding period) and administration and corporate costs were also stable at \$153k (-1% vs. Q1FY24 and -74% vs Q2FY23, the prior corresponding period).

Pursuant to ASX LR4.7C.3, the Company advises that there were no cash payments to related parties. With all director's remuneration now being paid as shares.

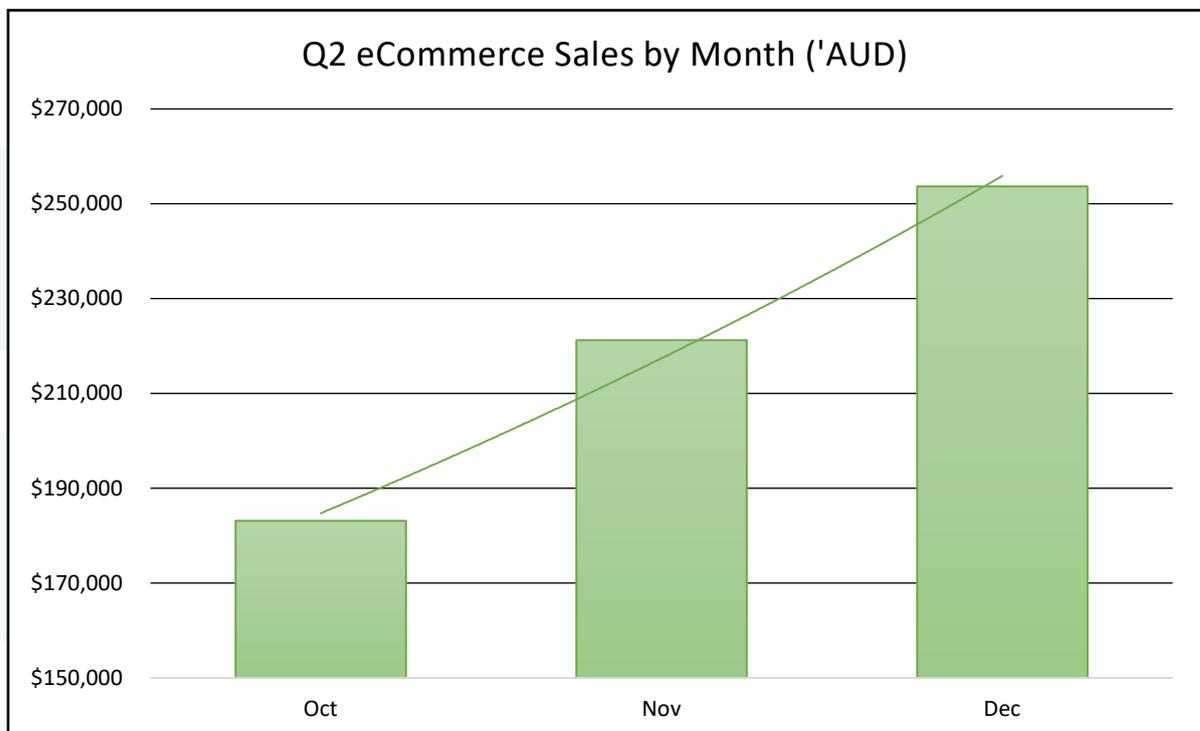




## Strategic Progress

### Excellence in ecommerce

- Ecommerce Sales over the quarter grew very strongly led by Australia, with 42% growth in October, Month on month growth of ecommerce sales in Australia for November of 70% vs October and a 38% month on month growth rate in December.
- Black Friday and Cyber Monday promotions in Australia contributed to the exceptional result, but saw activity paused in the USA Shopify for the quarter.
- Average order value for the channel continues to rise, with the 50g SKU now discontinued on all ecommerce platforms and reserved exclusively for retail. The effect of which was increase basket size and customer profitability. Similarly, the single serve TakiMai® kava-shot will be a retail exclusive and be made available online for ordering in multi-packs in Q3.
- Shipping to New Zealand from the Australia Shopify store [www.fijikava.com.au](http://www.fijikava.com.au) commenced on 25<sup>th</sup> November, and we are seeing promising initial indications on demand from NZ.
- Daily ecommerce sales surpassed \$8,000 per day in December with total global ecommerce sales of more than \$250,000 for the month.





## Profitable Retail and Distribution

The company confirmed retail distribution through Coles Supermarkets Australia for the bestselling 150g Instant Kava in over 300 locations around Australia and for the new TakiMai® kava-shot in more than 500 locations. FijiKava® Instant Kava 50g continues to be distributed in more than 500 locations and has seen strong sales leading to out of stock in many locations over the quarter, which we are mitigating by increasing production and shipping volumes into Australia in February.

Through the partnership with IMCD-Network Nutrition, the company saw the launch of the first practitioner channel product containing our Kavaton® extract in the USA with the launch of MetaSleep® by leading brand Metagenics.

## Asia Market Penetration

Fiji Market sales via the tourist channel were strong across the quarter, while sell through via CJ Patel dipped in the quarter following a large pipeline fill mid-2023. Premarketing activities for the launch of Leilo in Fiji were undertaken in the quarter with the first shipment of Leilo arriving in January and hitting the shelves of tourist retail and resort store locations in February.

RooLife Group and The Calmer Co have concluded the Sales and Marketing agreement for the Fiji Kava range of products in China and Australia. After RooLife managed the Australian and China online stores through 1HY FY2024, the company has assumed operational control of the Australian online store and the Special Purpose Vehicle, Fiji Kava Global Pty Ltd which operates the Tmall Global Flagship Store in February 2024. Total sales to China for the period of the contract were \$25k, and total sales for the period of the contract (April – September 2023) in Australia were \$117k. There are no further commitments of fees, charges or performance rights owing to RooLife by Fiji Kava Australia or vice versa.

## Entry into USA Kava Bars

The Fiji Kava team visited close to one hundred kava bars in the quarter as part of Sales Activation activities in the USA. Our dedicated B2B portal for kava bar owners was established offering bulk 10kg drinking kava powder, which will



soon be followed by bulk cold pressed kava and wholesale TakiMai® kava-shot in USA livery. First order for the channel have been taken in January 2024.

## Supply chain Excellence

The Navua site was inspected by the US FDA in November 2023 with the audit closed out in January 2024. HACCP inspection and re-accreditation was also completed at the site in December 2023.

The digitisation project for the kava supply chain in Fiji was completed in the quarter and an app has now been developed and rolled out to sourcing and supply team with the assistance of Traseable Solutions Fiji. Consumer facing traceability functionality will be added to products over the coming months to allow users to link with suppliers of kava in their specific product.

*This announcement has been authorised for release by the Board of Directors of The Calmer Co International Limited.*

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## 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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	695	1,174
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(618)	(1,072)
(c) advertising and marketing	(304)	(590)
(d) leased assets	-	-
(e) staff costs	(245)	(465)
(f) administration and corporate costs	(157)	(311)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid	(15)	29
1.7 Government grants and tax incentives	-	-
1.8 Other	9	14
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(653)</b>	<b>(1,239)</b>



<b>2.</b>	<b>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	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	813
3.2	Proceeds from issue of convertible debt securities	656	656
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	253	253
3.6	Repayment of borrowings	(58)	(58)
3.7	Transaction costs related to loans and borrowings	(8)	(8)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	842	1,656



<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	390	168
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(652)	(1,239)
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)	843	1,656
4.5	Effect of movement in exchange rates on cash held	(13)	(17)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>567</b>	<b>567</b>
<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	577	413
5.2	Call deposits	-	-
5.3	Bank overdrafts	(11)	(23)
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>567</b>	<b>390</b>
<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>	
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	-	

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

There were no cash payments to related parties.



## 7. Financing facilities

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

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

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Notes – Fijian Dollar)	1286	1,286
7.4 <b>Total financing facilities</b>	1,286	1,286
7.5 <b>Unused financing facilities available at quarter end</b>		-
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)	(653)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	567
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	567
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	0.87

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: The operating cashflows will maintain for the time being with continued sales growth in line with trend**

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: Inventory finance applications and capital raise activities in progress to support cashflow requirements**

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: 31<sup>st</sup> January 2024

Authorised by: By the board  
(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.