28th April 2023 **ASX RELEASE**

Appendix 4C Cashflow Statement and Quarterly Activities Report

28 April 2023, Brisbane, Australia: The Calmer Co. International Limited (ASX:CCO), provides natural solutions to calm nerves, support mind & muscle relaxation and induce sleep. We submit the following Activities Report and Appendix 4C Cash Flow Statement for the three-month period ended 31 March 2023.

Highlights

- Revenue for the quarter was $394k, a 23% increase vs prior quarter.
- Net operating cash outflows were $698k, a 34% decrease vs prior quarter, demonstrating the company's ability to leverage operating scale and increase revenue while decreasing costs.
- The company entered a major international distribution agreement with CJ Patel across 17 countries, with sales targets to maintain exclusivity of $11m over 3 years.
- The company entered an Australian and China partnership with RooLife Group, with sales targets to achieve performance rights of up to $15m over 5 years.
- Cash receipts from customers were $379k, a reduction of 24% vs prior quarter. This is expected to increase in Q4 as we continue to receive orders from CJ Patel.
- Focus on reducing cash burn has continued with meaningful cost savings initiatives relating to staff and consultants to be realised from April and across Q4.

CEO Anthony Noble, said, "The company has signed powerful distribution agreements over the past quarter while reducing and eliminating sales channels that do not deliver profit. We have also announced circa AUD1m in annualised savings across the group, that have taken effect from 1st March."

"eCommerce has shown increasing strength as we strive for high margin, low-cost routes to market. Amazon USA has continued to perform more strongly than any other sales channel. We will soon launch our Fijikava.com online store in the USA, which will be an even higher

margin eCommerce channel in our largest sales market and will complement Danodan.com. From 1st May the management of our FijiKava.com in Australia will be transitioned to RooLife Group, in line with building a coordinated eCommerce strategy across Australia and China."

"We have entered a major distribution partnership with CJ Patel Group which represents the first fully professionalised play in the kava market in the Pacific. The Taki Mai branded products will now benefit from the coordinated marketing and distribution capacity of the CJ Patel Group in the Pacific and in four key western markets, USA, New Zealand, Australia, and Canada. While extremely fragmented, the size of the kava market in Fiji is around FJD300m[1] (AUD200m) and this partnership has the capacity to establish a dominant position for Taki Mai® in that market and among the Pacific Island diaspora living overseas."

"More recently, the company has completed a corporate rebranding to The Calmer Co. The parent company, which owns 100% of all subsidiaries is The Calmer Co. International Limited. Our subsidiary company in the USA, has been doing business as The Calmer Co USA since January 2022. Our Australian subsidiary trading company, Fiji Kava Australia Trading Pty Ltd will become The Calmer Co. Australia and our Fijian subsidiary, South Pacific Elixirs Pte Ltd will become The Calmer Co. Fiji. There will be no changes to any of our products, our brand names or the look and feel of the Fiji Kava, Taki Mai and Danodan ranges. We anticipate that additional brands will join The Calmer Co. family over time."

Financial Overview

Revenue for the quarter was $394k, up by 23% vs prior quarter. Over of 50% of sales are driven by the high margin e-commerce channel in the USA. Receipts from customers in the quarter were steady at $379k.

Expenditure used in operating activities in the quarter was $698k. This was a saving of 40% vs Q2FY23 ($1,164k). This reduction in operating expenditure included the measures outlined in the Cost Savings announcement made to ASX on 28th February 2023. This has reinforced the company's commitment to cost control in the corporate office and across the APAC business, while prioritising new opportunities through key contracts including CJ Patel, RooLife Group, and eCommerce in the USA.

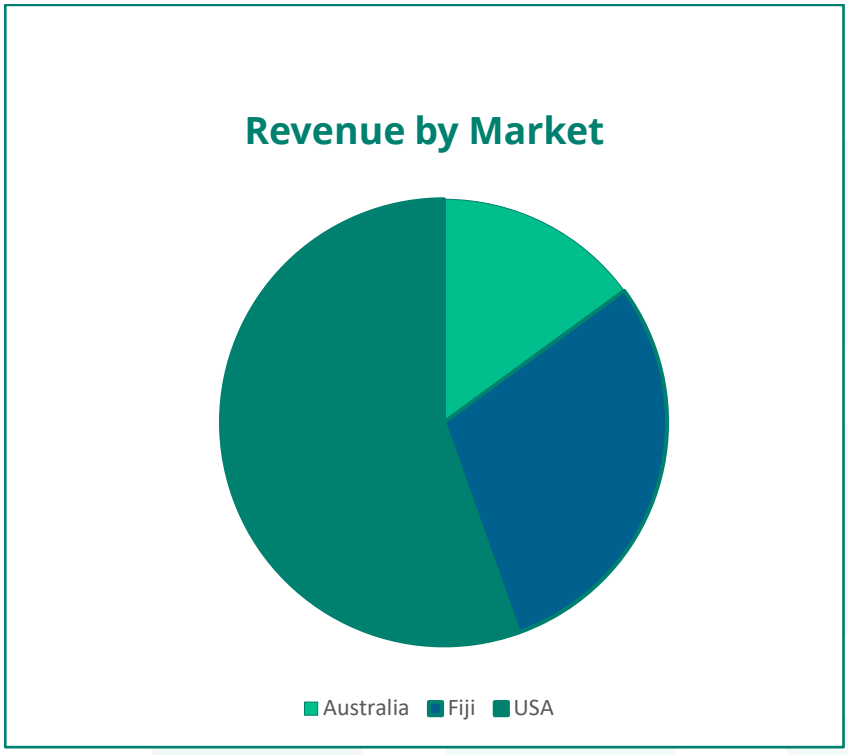
1. https://phamaplus.com.au/wp-content/uploads/2018/06/Fiji-Kava-Value-Chain-Analysis-Report-FINAL.pdf

Cash used in operating activities including product manufacturing was $358k, an increase of 44% vs Q3FY22. Operational cash outflows were impacted by increased manufacturing activity to support CJ Patel contract orders.

Other costs were:

- Advertising and marketing costs of $66k (-82% vs. Q2FY23) reflecting a reduction in commitments to retailer activities to be replaced by wholesale distribution partnerships and eCommerce.
- staff costs of $311k (-20% vs. Q2FY23) including termination payments to staff
- administration and corporate costs of $311k (-48% vs. Q2FY23), reflecting the commitment to reduce cash burn and head office costs

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.



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Strategic Progress

The company is focussed on finding the most cost-effective sales channels to deliver measured and profitable growth.

Our strategy is built on 5 foundations: supply chain excellence; innovation and product development; e-commerce in USA, China, and Australia; blue chip distribution partnerships and an ongoing cost control.

Supply Chain Excellence

- Relocation to Navua site is complete and production has recommenced. Taki Mai production has scaled up and the first orders of Taki Mai Low Key have been delivered.
- Transition of Levuka operations from production site to collection and processing hub is nearing completion.
- New farmer relationships have been established with two new commercial farms in Koro as well as one in Serua, further expanding our geographical footprint across The Fiji Islands.
- Digital traceability and supply chain transparency project has been initiated with Traceable Solutions Fiji, allowing consumers to identify farm origin of kava on packages.

Innovation and Product Development

- Development of prototype Kava Juice shots is nearing completion. This product formulation is unique to The Calmer Co, and utilises fresh green kava, as used in production of existing kava extract products as an input material.
- Kava juice shots including second ingredients such as ginger, turmeric and natural flavours will be launched in Fiji, the USA and other international markets (in line with local food safety standards and importation requirements).
- After assessing the initial costs, including requirements for free-fill and cash contributions to marketing programs, the company has decided not to proceed with the kava extract-based Taki Mai Dietary Shots launch through the Vitamin Shoppe in 2023.

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- Dietary shots will be launched in the USA utilizing either the juice-based formulas or flavoured extract formulas through online channels, including Amazon.com in FY24.

Blue Chip Distribution Partnerships

- Exclusive distribution agreement with CJ Patel (Pacific) Pte Ltd for Taki Mai products covering seventeen countries.
- CJ Patel is the largest distribution company in the South Pacific and represents some of the world's best known FMCG companies and brands.
- The agreement targets minimum sales of AUD11 million (FJD17m) to retain exclusivity over an initial three-year term.
- The agreement is specifically for the Taki Mai brand, which has growing sales and strong brand recognition in Fiji and with Pacific Island communities internationally.
- The distribution agreement targets minimum sales of FJD3m, FJD6m and FJD8m over the initial three-year term to retain the exclusive distribution rights for Taki Mai in Fiji, New Zealand, Australia, PNG, Samoa, American Samoa, Tonga, East Timor, Canada, USA (retail), Nauru, Marshall Islands, Kiribati, Cook Islands, Solomon Islands, Wallis and Futuna and Vanuatu.
- IMCD-Network Nutrition continues to develop international customer relationships with more than 30 business development projects underway.

eCommerce in USA, Australia & China

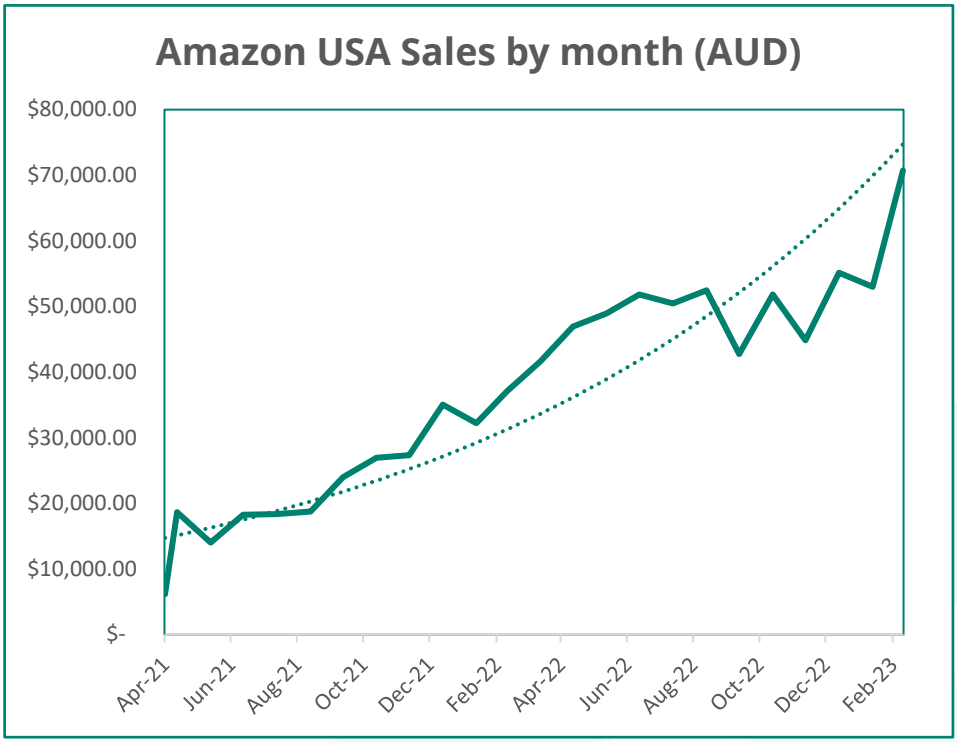
- RooLife has been appointed as the exclusive distributor of the Fiji Kava range of capsules and drinking kava products in China.
- RooLife will also have the rights to market FijiKava's dietary shots and new RTD products that are developed or in-licensed by Fiji Kava for the China market.
- RooLife Group's wholly owned subsidiary Choose Digital will take over management of the Fiji Kava product range online via www.fijikava.com in Australia.

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- Performance rights granted to RooLife vest on sales of $1m & $2m AUD by 30 June 2026, $5m & $10m AUD by 30 June 2027 and $15m AUD by 30 June 2028.

- RooLife has extensive experience in functional beverage sales and marketing in the China market, most recently achieving a retail trade launch for Australian brand Remedy Kombucha, after growing online sales since 2020.

- Amazon USA continues to show strong sales growth driven by 150g FijiKava® Instant and FijiKava® 60mg Noble Kava® capsules.



Focus on Cost Control

- Staff cost reductions effective from Q4 of more than $620k vs 2022.
- Board of directors and investor relations fully paid via shares delivering cash savings of more than $240k vs FY22 cost.
- Termination of consulting service providers supporting account management of Australian retailers delivered savings circa $100k per annum and in-housing of third-party logistics and online sales fulfilment services to the Fiji Kava West End Queensland facility from Q4 to deliver savings circa $50k per annum.

1. https://phamaplus.com.au/wp-content/uploads/2018/06/Fiji-Kava-Value-Chain-Analysis-Report-FINAL.pdf

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.

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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	**Quarter ended ("current quarter")**
40 169 441 874	31 March 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	379	1,008
1.2	Payments for		
	(a) research and development	-	(10)
	(b) product manufacturing and operating costs	(358)	(666)
	(c) advertising and marketing	(66)	(626)
	(d) leased assets	-	-
	(e) staff costs	(311)	(1,154)
	(f) administration and corporate costs	(311)	(1,255)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	(8)
1.6	Income taxes paid	10	(43)
1.7	Government grants and tax incentives	-	-
1.8	Other (B.A.S. Refunds)	(40)	(4)
1.9	**Net cash from / (used in) operating activities**	**(698)**	**(2,752)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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 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	-	(124)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**(124)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1726
3.2	Proceeds from issue of convertible debt securities	333	501
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(34)
3.5	Proceeds from borrowings	236	(583)
3.6	Repayment of borrowings	(5)	(159)
3.7	Transaction costs related to loans and borrowings	-	(18)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	593	2,598

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	605	789
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(698)	(2,752)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(124)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	593	2,598
4.5	Effect of movement in exchange rates on cash held	(2)	(8)
4.6	**Cash and cash equivalents at end of period**	503	503

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	522	605
5.2	Call deposits	-	-
5.3	Bank overdrafts	(19)	(60)
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**503**	**605**

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6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
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 payments to related parties in the quarter.

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.*	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	**Total financing facilities**	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.	2.3 Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(698)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	503
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	503
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	0.72

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8.6 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: Operating cash outflows will reduce further as more efficient allocation of capital is being conducted and nonperforming investments are being eliminated. New cashflow positive contracts are coming online from Q4.

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 completed a placement of $500k in April and has announced a planned Rights Issue of $500k to the market on 19th April.2023.

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: 28th April 2023

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.

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