



19 May 2023

Ben Dawson
Adviser, Listings Compliance
ASX
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
By email: ListingsCompliancePerth@asx.com.au

Dear Mr Dawson,

THE CALMER CO. INTERNATIONAL LIMITED (CCO) – RESPONSE TO ASX’s GENERAL – AWARE QUERY LETTER

The Calmer Co. International Limited (**CCO** or the **Company**) refers to ASX’s General – Aware Query Letter dated 09 May 2023 and responds accordingly below.

Capitalised terms which are defined in ASX’s General – Aware Query Letter have the same meaning where used in this letter unless the context requires otherwise.

1. *Does CCO consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes, CCO consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

Not applicable.

3. *When did CCO first become aware of the Information? Please comment specifically on when CCO decided not to proceed with launching the kava extract-based Taki Mai Dietary Shots through the Vitamin Shoppe in 2023.*

The decision not to proceed with Vitamin Shoppe was a management decision, not based on external information. The company assessed the cost of free-fill requirements, and contributions to store based programmes required in The Vitamin Shoppe and decided that compared to launching the products via amazon.com and owned eCommerce in the USA this retail channel was the least profitable, and thus not the best use of capital in the USA market. This assessment was finalised on the day the information was released to the market. The Board resolved to not to proceed with the opportunity to launch dietary shots through the Vitamin Shoppe USA on the day that the information was released as part of the Quarterly Activities and Cashflow Report.

4. *If the answer to question 1 is “yes” and CCO first became aware of the Information before the relevant date, did CCO make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe CCO was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps CCO took to ensure that the Information was released promptly and without delay.*

Not applicable.

5. *Given CCO is no longer proceeding with launching the Taki Mai Dietary Shots through the Vitamin Shoppe in 2023, what is the intended use of funds from the capital raising of \$500,000 AUD to fund the production of Taki Mai Dietary Shots inventory for launch in the Vitamin Shoppe referred to in paragraphs B and C above? If the funds (or part thereof) have already been spent, please provide details of the use of funds.*

Of the \$500,000 that was raised in the December 2022 capital raise, the Company advises the following:

- \$80,000 USD was used as a loan to Leilo, which has since been fully repaid to Fiji Kava Inc USA. This repayment was used for working capital in the US operations. The balance of the December 2023 capital raise, which has not yet been fully spent, has been used for inventory to fulfill orders for CJ Patel, Coles Australia and other retail partners, marketing in Australia including through the Roolife contract, and for working capital;
- The Appendix 3B dated 23 December 2022 referred to the incorrect date for the meeting of security holders and should have referred to the meeting of security holders held on 4 October 2022; and
- The issue of securities pursuant to:
 - the Appendix 2A lodged by CCO on 6 January 2023 issuing 2,816,667 shares on 5 January 2023 equivalent to \$42,250 related to the Appendix 3B dated 23 December 2022, however the shareholder approval obtained on 4 October 2022 had expired by this date. These shares were therefore issued using CCO's Listing Rule 7.1 placement capacity;
 - the Appendix 2A lodged by CCO on 18 January 2023 issuing 1,333,334 shares on 17 January 2023 equivalent to \$20,000 related to the Appendix 3B dated 23 December 2022, however the shareholder approval obtained on 4 October 2022 had expired by this date. These shares were therefore issued using CCO's Listing Rule 7.1 placement capacity; and
 - the 3,333,333 shares issued pursuant to the Appendix 2A lodged by CCO on 17 February 2023 were issued in addition to the December Capital Raising and were issued as a result of the Company accepting an oversubscription from its broker, Novus Capital. The funds raised from this issue was \$50,000 bringing the total amount raised to \$550,000. These shares were therefore issued using CCO's Listing Rule 7.1 placement capacity. These funds were used to provide working capital to the Company.

6. *In relation to the use of funds table set out in CCO's Notice of Meeting referred to above at paragraph F, does the \$500,000 for "Marketing costs for Taki Mai and new brand" refer to costs to be incurred by CCO in relation to launching the Taki Mai dietary shots through the Vitamin Shoppe in 2023?*

No, the \$500,000 for "Marketing costs for Taki Mai and new brand" in the use of funds table set out in CCO's Notice of Meeting released on 13 March 2023 does not refer to costs to be incurred by CCO specifically in relation to launching the Taki Mai dietary shots through the Vitamin Shoppe in 2023.

7. *If the answer to question 6 is "yes", given CCO is no longer proceeding with launching the Taki Mai Dietary Shots through the Vitamin Shoppe in 2023, what is the intended use of funds for the \$500,000 for "Marketing costs for Taki Mai and new brand". If the funds (or part thereof) have already been spent, please provide details of the use of funds.*

Not applicable

8. *If the answer to question 6 is "no", please provide further details regarding the intended use of the \$500,000 for "Marketing costs for Taki Mai and new brand".*

No funds have yet been raised under the Resolution 1 approval from the General Meeting held on 12 April 2023 (the subject of CCO's Notice of Meeting released on 13 March 2023). The Company still expects to spend this proportion of funds, if raised within the three-month frame under Listing Rule 7.3.4, on marketing costs for the Taki Mai range of products, sold by CJ Patel and new shots products.

9. *Please confirm that CCO is complying with the Listing Rules and, in particular, Listing Rule 3.1.*



The Company confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

10. *Please confirm that CCO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CCO with delegated authority from the board to respond to ASX on disclosure matters.*

This letter and the responses within have been authorised and approved by the Chair of the Board.

Thank you.

Kind regards,

Jay Stephenson
Company Secretary

9 May 2023

Reference: 74020

Mr Jay Stephenson
Company Secretary
The Calmer Co. International Limited

By email: jay.stephenson@foresthouse.com.au

Dear Mr Stephenson

The Calmer Co. International Limited ('CCO'): General – Aware Query

ASX refers to the following:

- A. CCO's announcement entitled "Leilo® Dietary Shots to be sold through The Vitamin Shoppe" released on the ASX Market Announcements Platform ('MAP') on 22 November 2022 as 'price sensitive' and disclosing the following, among other things:

"...Fiji Kava Limited (ASX:FII)...has confirmed the nationwide listing of their dietary shots range across Vitamin Shoppe nationally in the USA, in April 2023".

- B. CCO's announcement entitled "Leilo Transaction Update – Inventory Build and Capital Raise" released on MAP on 23 December 2022, disclosing the following, among other things:

"The Company has completed a fully subscribed capital raising of \$500,000 AUD to fund the interim loan facility to Leilo and for the production of Dietary Shots inventory for launch in the Vitamin Shoppe in April 2023".

- C. CCO's announcement entitled "Additional Information – Use of Funds – Dec 22 Capital Raise" released on MAP on 9 February 2023, disclosing the following, among other things:

"Fiji Kava Limited (ASX:FII), advises that with relation to funds raised for the purpose of providing a USD150,00 [sic] Loan Facility to Leilo Inc.:

- A total of 80,000 USD was drawn down by Leilo Inc. which has been fully repaid.*
- The funds raised for this purpose will now be used for the development, production and marketing of Dietary Shots under Fiji Kava's own brand to be launched in the Vitamin Shoppe USA and online sales channels in the USA including amazon.com"*

- D. CCO's announcement entitled "Half Year Results Commentary" released on MAP on 28 February 2023 (but dated 28 February 2022), disclosing the following, among other things:

"The company has focussed on entering the functional beverage market in the USA and has secured distribution for our dietary shot range in Vitamin Shoppe, now expected to launch early in FY24 and in the Taki Mai® branded livery".

- E. CCO's announcement entitled "Half Year Results Presentation" released on MAP on 1 March 2023, disclosing the following, among other things:

"The Vitamin Shoppe dietary shots range to be launched early in FY24 under Taki Mai® brand".

- F. CCO's Notice of Meeting released on MAP on 13 March 2023, disclosing the following, among other things:

1.5 Use of Funds

The table below set out the Company's intended use of funds raised by the issue of the Placement Shares over a period of approximately 12 months assuming that the Company \$2,000,000.

Intended use of funds	\$	%
Inventory to support new contracts in Fiji and the USA ¹	\$600,000	30%
New brand development for US beverages brand ²	\$400,000	20%
Marketing costs for Taki Mai and new brand ³	\$500,000	25%
Working capital and administration ⁴	\$270,000	13.5%
Expenses of the Placement	\$230,000	11.5%
Total	\$2,000,000	100%

Notes:

1. Comprising Taki Mai drinking kava products to be marketing in 17 countries by CJ Patel, and new ready-to-drink products including dietary shots and kava juice based products.
 2. Comprising market research, brand development, packaging design and public relations activities with brand marketing agencies for modernisation of the Taki Mai brand, suitable for dietary shots and ready to drink formats, and development of a new ready to drink beverage brand suitable for USA consumers,
 3. Comprising trade promotions, free stock, advertising creative development and media costs.
 4. Comprising administration, accounting and audit costs, insurance and travel cost related to corporate head office and establishment of regional sales offices.
- G. CCO's Quarterly Activities and Cashflow Report for the period ended 31 March 2023 and released on MAP on 28 April 2023, disclosing the following, among other things:
- "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"*
- (the 'Information').
- H. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- I. The definition of "aware" in Chapter 19 of the Listing Rules and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information", which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"*
- J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- K. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

- L. Section 4.1 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B “What type of information has to be disclosed”, which gives a number of examples of the type of information that could be market sensitive, including:

“the entry into, variation or termination of a material agreement.”

Request for information

Having regard to the above, ASX asks CCO to respond separately to each of the following questions and requests for information:

1. Does CCO consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did CCO first become aware of the Information? Please comment specifically on when CCO decided not to proceed with launching the kava extract-based Taki Mai Dietary Shots through the Vitamin Shoppe in 2023.
4. If the answer to question 1 is “yes” and CCO first became aware of the Information before the relevant date, did CCO make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe CCO was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps CCO took to ensure that the Information was released promptly and without delay.
5. Given CCO is no longer proceeding with launching the Taki Mai Dietary Shots through the Vitamin Shoppe in 2023, what is the intended use of funds from the capital raising of \$500,000 AUD to fund the production of

Taki Mai Dietary Shots inventory for launch in the Vitamin Shoppe referred to in paragraphs B and C above?
If the funds (or part thereof) have already been spent, please provide details of the use of funds.

6. In relation to the use of funds table set out in CCO's Notice of Meeting referred to above at paragraph F, does the \$500,000 for "*Marketing costs for Taki Mai and new brand*" refer to costs to be incurred by CCO in relation to launching the Taki Mai dietary shots through the Vitamin Shoppe in 2023?
7. If the answer to question 6 is "yes", given CCO is no longer proceeding with launching the Taki Mai Dietary Shots through the Vitamin Shoppe in 2023, what is the intended use of funds for the \$500,000 for "*Marketing costs for Taki Mai and new brand*". If the funds (or part thereof) have already been spent, please provide details of the use of funds.
8. If the answer to question 6 is "no", please provide further details regarding the intended use of the \$500,000 for "*Marketing costs for Taki Mai and new brand*".
9. Please confirm that CCO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that CCO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CCO with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST Friday, 12 May 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CCO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CCO to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CCO's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CCO's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CCO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CCO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Ben Dawson
Adviser, Listings Compliance