28st July 2023 **ASX RELEASE**

Appendix 4C Cashflow Statement and Quarterly Activities Report

28 July 2023, 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 30 June 2023.

highlights

- Revenue for the quarter were $690k, an 79% increase on prior quarter ($386k, Q3)
- Cash receipts from customers also rose to $630k, a 66% improvement vs prior quarter (379k, Q3).
- Continued focus on cost reductions saw net cashflow used in operations continue to fall, this quarter by 20% to $561k (vs. 698k, Q3).
- The company entered an Australian and China eCommerce partnership with RooLife Group, with sales targets to achieve performance rights of up to $15m over 5 years and took delivery of first orders valued at $150k.
- CJ Patel Group launched the Taki Mai range in Fiji, the Pacific and New Zealand and took orders valued at ,over FJD300k for the Fiji and New Zealand markets.
- Following the continued strengthening of amazon.com sales in the USA, The Calmer Co. USA launched its own eCommerce platform via www.fijikava.com in the USA.

CEO Anthony Noble, said, "We have seen a solid sales performance this quarter in each of our three key regions of the USA, the Pacific Islands and Australia. Coupled with continued focus on cost control and profitable sales channels, we have seen our lowest level of cash utilised in operation since listing on the ASX."

"eCommerce continues to perform strongly, and we are now able to serve our FijiKava® and Danondan® customers in the USA directly from our websites with order fulfilment via the team in Portland. We will also launch a TakiMai® USA Shopify store in due course. In Australia, from 1st May, Choose Digital, the Australia arm of RooLife Group, has been managing our eCommerce and we have seen solid month on month growth with them."

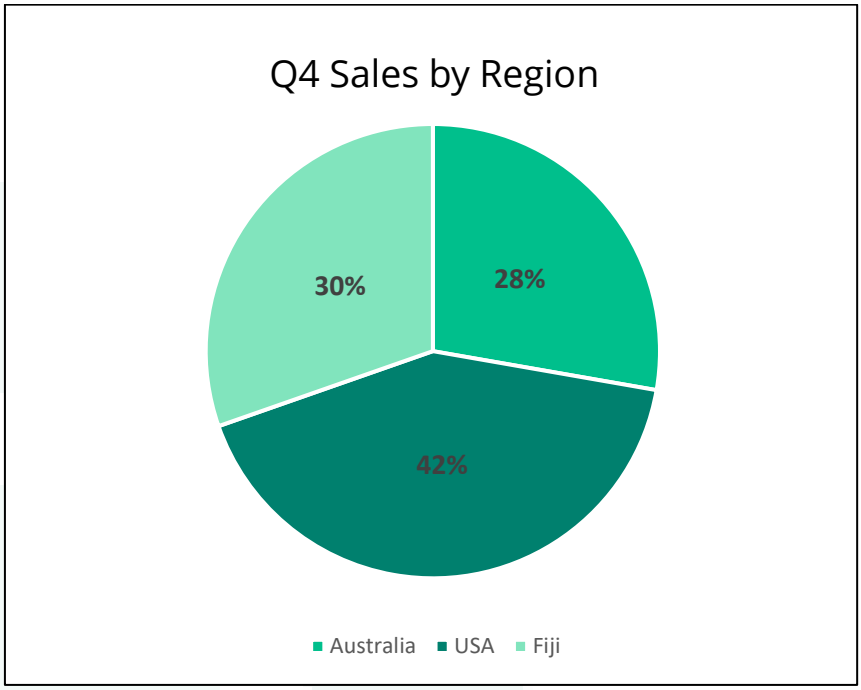
"I was pleased to host our Chairman, James Dack OAM, in Fiji recently and for him to meet with our team, local board members, kava farmers and tour the Navua facility, which is now producing medicinal extracts, drinking kava and our new fresh kava juice."

Financial Overview

Revenues for the quarter were $690k. This was an increase of 79% vs prior quarter. This result was driven by continued strong sales on Amazon.com USA, new sales channels though Roolife Group in Australia and improved wholesale income to existing tourist channel partners in Fiji and initial orders shipping to new customer, CJ Patel.

Expenditure used in operating activities in the quarter ending 30th June 2023 was $1,087k. This was a decrease of 13% vs Q3FY23 ($1,244k). Despite the overall reduction in cash used in operations, the company ramped-up production in Fiji, with product manufacturing and operating costs of $597k (+67% vs. Q3FY23), and completed the manufacture of Noble Focus®, which was launched in July. The company also increased investments in advertising and marketing to $115k (72% up vs. Q3FY23), including digital advertising in Australia, commencement of social media work in China and promotions on Amazon.com USA. The overall cost savings were attributable to reduction of staff costs of $269k (-14% vs. Q3FY23) and admin and corporate costs of $151k (-51% vs. Q3FY23), not growth driving activities.

Receipts from customers in the quarter were $629k (+66% up vs Q3FY23; 379k), with initial orders delivered to both CJ Patel in Fiji and RooLife Group in Australia and continued strong sales through Amazon.com in the USA.



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 four key areas: Supply Chain Excellence; Innovation and Product Development, eCommerce and Profitable Retail and Distribution with an ongoing focus on cost control.

Supply Chain Excellence

- Formally contracted commercial farmer relationships have now expanded to 11. Commercial farmers are required to have a minimum 10,000 plants in the ground. Our largest individual commercial farmer (on Koro) has more than 100,000 Noble kava plants. This does not include more than 400 subsistence and semi-commercial farmers that continue to supply the company regularly.
- The company now has commercial relationships that spread across all major kava growing areas in Fiji. They include, Lomaiviti, Cakaudrove, Bua, Kadavu, Naitasiri, Serua, Namosi and Ra provinces. This means our supply chain is robust to any single a weather event effecting a kava growing region in the Fiji Islands.
- Interest in commercial farmer relationships continue to expand with the assistance of the team at iTaukei Trust Fund Board (TTFB).
- TTFB has also facilitated a tripartite MOU, with critical strategic partner, Tutu Rural Training Centre who have more then 3000 alumni and 57 new students annually. The Centre focusses on training kava farmers and students are required to plant 2,600 kava plants over three years. One ton of green kava recently received from Tutu was produced from a total of 30 mature kava plants.
- The company will further strengthen its supply chain with the establishment of collection centres on Koro Island in the Lomaiviti group and Nabouwalu in Bua with the assistance of the United Nations Capital Development Fund (UNCDF).
- ABC Landline recently visited Tutu and our factory in Navua covering a story on the kava industry and our contribution to date. The story is scheduled to be aired on the 6th of August.
- Digital traceability and supply chain transparency remains a key focus and point of differentiation for the company, and development of digital traceability for our products via Traceable Solutions is underway.

Innovation and Product Development

- 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.
- Prototype production for kava juice shots was completed in Fiji with our strategic partner, Kaiming Agricultural Processing Pte. Ltd.
- Local production and bottling partners appointed in Fiji and initial production runs due in Q2 FY23, with products expected to be in the market in January 2023.

eCommerce USA, Australia and China

- Sales through Amazon.com continue to grow month on month and have now surpassed $2600/day in July.
- Fijikava.com was launched in the USA as a dedicated FijiKava® e-commerce store, powered by the Shopify platform, which will allow for direct sales without Amazon merchant fees.
- Fulfilment will be handled by Calmer Co.'s Danodan team based in Portland. The new e-commerce channel with have significant margin improvements, while maintaining the same retail prices for customers online
- RooLife Group's wholly owned subsidiary Choose Digital has now taken over management of the Fiji Kava product range online via www.fijikava.com in Australia.
- Sales via the Australia Shopify site have grown by 67% in May and 33% in June with continued strong sales growth in July evident.
- Alibaba China has approved The Calmer Co for the establishment of a Tmall Flagship store that will be managed via RooLife Group.
- The Tmall flagship store is expected to be online by Q2 of FY24 and will commence seling FijiKava® branded products, and other branded products can follow from TakiMai® and Leilo® as the flagship store allows for multiple brands from CCO.
- Premarketing via Little Red Book and other Chinese social media channels is underway.

Profitable Retail and Distribution

- CJ Patel has been investing in advertising and promotions in Fiji including branded trucks, billboards and radio advertising with a catchy new Taki Mai jingle premiering

- CJ Patel has secured new retail listings into Mobil service stations, New World Supermarket, RB Patel, Hansons and Morris Hedstrom Supermarkets
- CJ Patel has launched Taki Mai drinking kava recently at Fine Foods New Zealand
- Sales of 50g instant drinking kava are growing through Coles Australia and the company is actively engaging on new product launch planning with Coles for FY24
- Fiji Kava® functional capsules have been on clearance in Chemist Warehouse since May 2023 and will off shelf in July, as part of our strategy re-establish price integrity for these products globally, in anticipation of launching into China later in the year. The company is actively engaging on new product launch offerings for Chemist Warehouse for FY24 that will support our global strategy of profitable retail
- The Calmer Co will manufacture, distribute and market Leilo beverages in China and India and distribute Leilo beverages in the Fiji Islands, with future rights in Australia and New Zealand when regulatory approval for Kava based ready to drink (RTD) products is granted in these markets.
- The Calmer Co will distribute Leilo's range of halal certified RTD beverages in the Gulf States, as a truly functional halal alcohol alternative.

This release has been approved by the Board of Directors

ends

vision

Our vision is a happier world where people take better care of themselves

purpose

We exist to provide powerful natural solutions to reduce stress and anxiety and support sleep and recovery

mission

To lead the market for natural products that bridge the therapeutic and recreational space to become globally synonymous with calm

THE CALMER CO.

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	**Quarter ended ("current quarter")**
40 169 441 874	30 June 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	630	1,638
1.2	Payments for		
	(a) research and development	-	(11)
	(b) product manufacturing and operating costs	(597)	(1,263)
	(c) advertising and marketing	(115)	(741)
	(d) leased assets	-	-
	(e) staff costs	(269)	(1,424)
	(f) administration and corporate costs	(151)	(1,406)
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	(43)	(87)
1.7	Government grants and tax incentives	-	-
1.8	Other (B.A.S. Refunds)	(4)	(19)
1.9	**Net cash from / (used in) operating activities**	**(561)**	**(3,313)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(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)	433	2,159
3.2	Proceeds from issue of convertible debt securities	-	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	-	583
3.6	Repayment of borrowings	(169)	(329)
3.7	Transaction costs related to loans and borrowings	(39)	(58)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	224	2,823

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	503	789
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(561)	(3,313)
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)	224	2,823
4.5	Effect of movement in exchange rates on cash held	(1)	(7)
4.6	**Cash and cash equivalents at end of period**	168	168

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	194	194
5.2	Call deposits	-	-
5.3	Bank overdrafts	(26)	(26)
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**168**	**168**

6.	**2.3 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	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

There were no payments to related parties.

7.	**Financing facilities** ***Note: the term "facility' includes all forms of***	**Total facility amount at quarter**	**Amount drawn at quarter end $A'000**

	financing arrangements available to the entity. .	**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.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(561)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	168
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	168
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	0.30

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 from an expense perspective and cash receipts expected to increase

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 will complete a Rights Issue to raise $534,125 on 3rd August with firm commitments to place shortfall and underwriting is in place for the full amount.

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: 28 July 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.