THE CALMER CO.

Natural solutions to calm nerves, support mind & muscle relaxation and induce sleep



Annual Results and Investor Update Presentation

8th September 2023

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Corporate Snapshot

THE CALMER CO.

FY2023 RESULTS HIGHLIGHTS

$1.78m
Revenue FY23

($4.2m)
Operating EBITDA (before provisions and adjustments)
Represents a 23% improvement from FY22

ASX OVERVIEW

CCO.ASX
ASX Ticker Code

.006
Share Price 8Sept23

871,119,281
Shares on Issue Aug23

~$5m
Market Capitalisation

TRADING HIGHLIGHTS

>$4,000/day
Daily e-commerce sales globally

>$3,000/day
Daily e-commerce sales in USA

$2.76m
Annualised sales based on Q4 sales revenue $690k

45%
Operating Gross Profit Margin HY Jun 23.
Represents a 17% improvement on HY Dec22.

38%
Reduction in Net Cash Used by Operating Activities YoY in FY23 vs FY22

FijiKava® Tāki Mai DANODAN HEMPWORKS™

Operating Highlights

THE CALMER CO.

$2.76m annualised sales based on Q4
Sales continue to improve driven by ecommerce sales in the USA.

US ecommerce growth
Fiji Kava is now the number 1 instant kava brand selling on Amazon.com and August 2023 sales exceed $3,000/day.

CJ Patel distribution deal
Targeting AUD11m over initial 3-year term with one of the Pacific region's most recognised distribution partners across 17 countries. First sales orders valued at FJD $300k (AUD $210k) received and shipped in Q4.

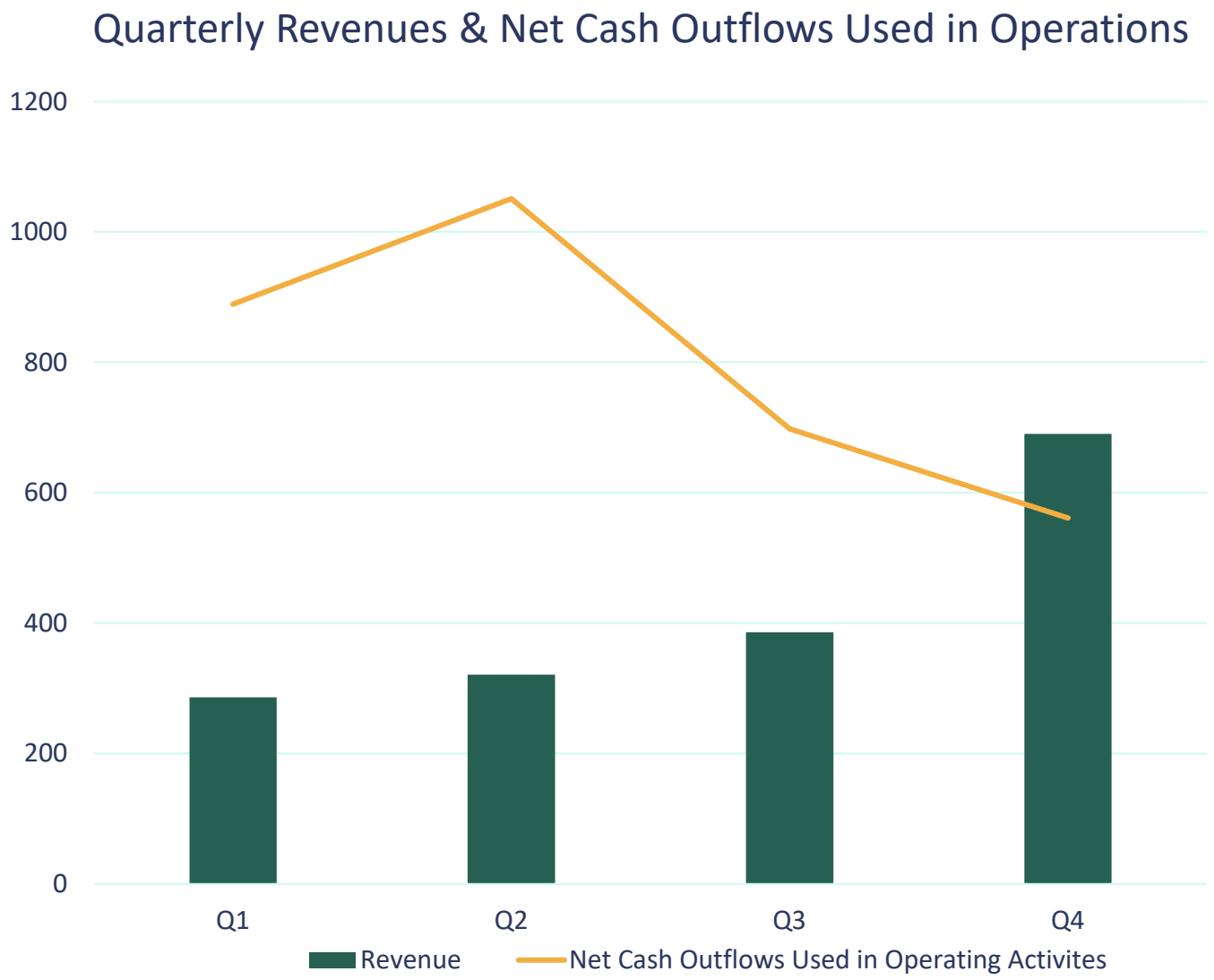
Roolife ecommerce
Targeting $15m over a 5-year term. Roolife has a track record of success in China. First sales orders of $150k received and shipped in Q4.

Leilo global partnership
The Calmer Co. signed a deal to distribute Leilo ready to drink beverages in a number of global markets. Distribution will start with tourist and resorts channels in Fiji in Q2.

Coles Australia
Sales of 50g pouches of powdered drinking kava grew strongly in 2023.



Q4 Sales Growth



79% increase in sales revenue in Q4 (vs Q3, 2023) largely due to strong sales growth in ecommerce sales in the USA and new distribution partners.

FijiKava® is now the **number 1 instant kava brand sold on Amazon.com USA**. Daily sale $2,500 by year end 2023.

Daily sales exceeded $3,000/day on ecommerce channels in USA (inc. Amazon.com) at 31 August.

Initial orders from CJ Patel ($210k) and Roolife ($150k) have been received and shipped in Q4.

Cost optimisation program saw **net cash outflows used in operations fall to a low of $561k** in Q4, which was a 20% reduction on the previous quarter.

The new processing facility in Navua can continue to **scale manufacturing volumes up to 5X** with little further capital expenditure.

Group Financial Results FY2023

2023 has been a year of pivotal change.

Group Profit & Loss FY23

Summary Consolidated P&L FY2023	FY23
	$'000
Revenue	
Revenue from all divisions	1,786
Total revenue	**1,786**
Total cost of sales	(1,226)
Gross profit	**561**
*Gross margin (%)**	*31%*
Expenses	
Total Operating Expenses	(5,872)
Loss after tax from continuing	**(5,232)**

Commentary

THE CALMER CO.

A challenging year as we embarked on our turnaround strategy

Three major adjustments and provisions influenced the annual results that have established a baseline for FY24 results

1) Goodwill adjustment for Danodan
2) Inventory Adjustment in Fiji
3) Slow moving stock provision

Operating Results

Year on Year Analysis	FY23	FY22	%YoY
Total Trading Income	$ 1,786,812	$ 2,050,738	-12%
Total Cost of Sales	$ 1,091,449	$ 1,427,261	-24%
Gross Profit	**$ 695,363**	**$ 623,477**	**+12%**
Gross Profit Margin %	39%	30%	+9%
Total Operating Expenses	$ 5,008,852	$ 6,131,081	-18%
Operating EBIT	**-$ 4,233,770**	**-$ 5,491,562**	**-23%**

H1 vs H2 Analysis	2nd Half	1st Half	% HoH
Total Trading Income	$ 1,020,717	$ 766,095	33%
Total Cost of Sales	$ 562,128	$ 529,321	6%
Gross Profit	**$ 458,589**	**$ 236,774**	**94%**
Gross Profit Margin %	45%	31%	+14%
Total Operating Expenses	$ 2,311,924	$ 2,696,929	-14%
Operating EBIT	**-$ 1,809,720**	**-$ 2,424,050**	**-25%**

Commentary

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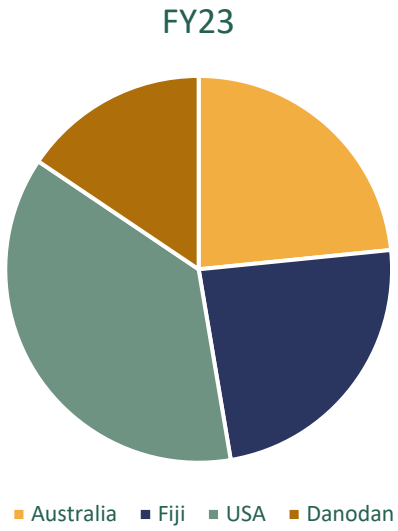
Improved results started to show in H2 and particularly in Q4

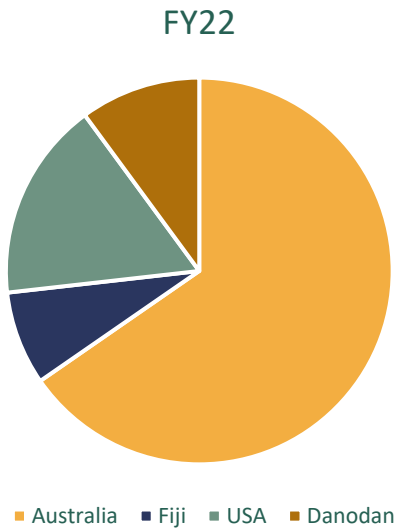
H2 Operating Profit Margins rose to 45%

Q4 revenue grew strongly to $690k

Q4 net cash outflows from operating activities were reduced to ($561k)

Segment Analysis





Segmented Sales ('000 AUD)			
Segment	FY23	FY22	change
Australia	436	1342	-68%
Fiji	446	161	+177%
USA	691	343	+101%
Danodan	290	207	+40%

Commentary

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Australian sales through Chemist Warehouse and B2B ingredients fell significantly vs. FY22

High-cost Australia retail sales channels will not continue with a similar cost base

We are working actively on NPD for the B2B ingredients channel to improve performance in FY24

All other regions grew sales in more profitable channels, with falling costs across all business units

FY24 Growth Pillars

Progress update

e-COMMERCE FOCUS

Global daily ecommerce sales were >$4000 in August

USA
Fiji Kava Instant Kava remains the #1 on Amazon USA

Ecommerce sales in the USA now exceed $3,000 per day

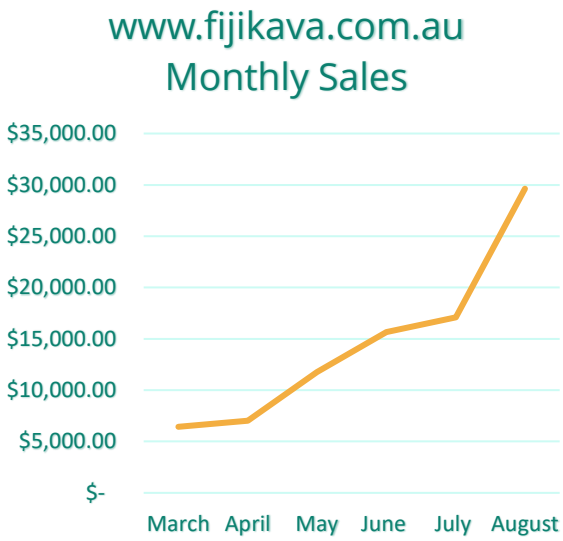
Shopify USA established in June and will deliver more than 30% greater profitability vs. Amazon USA

Australia
Meaningful investments in SEO, Organic Search and Meta has shown good results though the RooLife partnership since April

Price architecture has been restored aligning to capsule range being removed from Chemist Warehouse







USA KAVA BAR MARKET

Rapidly Growing Direct & B2B Sales

<u>Execution commencing in Q2</u>

An untapped opportunity

- More than 500 kava bars now operating in the USA
- The supply of kava to these retailers is unreliable
- Demand is estimated to be more than 70MT per year

Ready to start in Q2FY23

- **<u>1.5MT</u>** of Fiji Kava bulk kava has arrived in the USA
- Sales and Marketing activation to begin in October
- Faire.com B2B Sales platform enabling repeat purchase

Additional Value adds to Kava Bar Clients

- Bulk sales for Danodan CBD tinctures products
- Taki Mai Juice Shots are an ideal long life take-away
- Merchandise and Shopfitting products



ASIA MARKET PENETRATION

China Distribution via RooLife Group (ASX:RLG)

- First orders for the China market has been received and will ship in September
- Alibaba Tmall Global Flagship Store is established
- Noble Kava and Noble Sleep products launch in October
- The Calmer Co, and product range will be showcased at CIIE Expo, the largest export tradeshow in November
- RooLife now has an agreement with Shanghai No. 1 Pharmaceutical Company, part of Bailian Group.

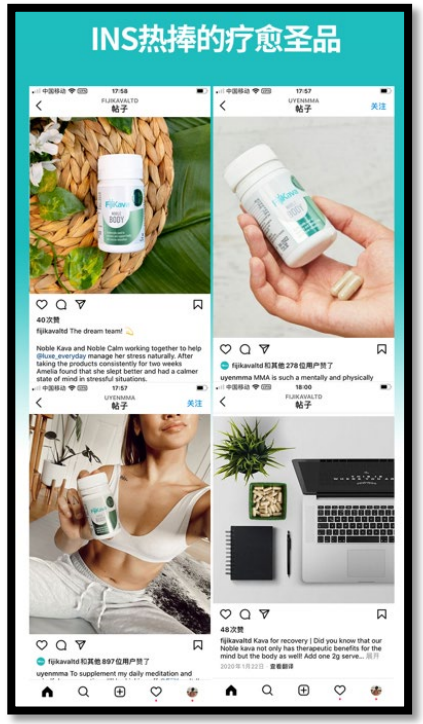
China – Leilo® co-packing partnerships / JV

We are actively seeking partnerships with local Chinese beverage manufacturers and marketing partners for RTD.

South Asia

Promising initial discussions for similar co-packing and JV beverage partnerships in India are underway

Initial meetings with potential distribution partner in Vietnam to be held next week.







PROFITABLE RETAIL

CJ Patel – Taki Mai®

- Fiji and 12 Pacific Islands Launched in May 2023
- New Zealand Launched June 2023
- CJ Patel has confirmed distribution of Taki Mai Juice shots to commence in Q3FY24

Jack's of Fiji – Leilo®

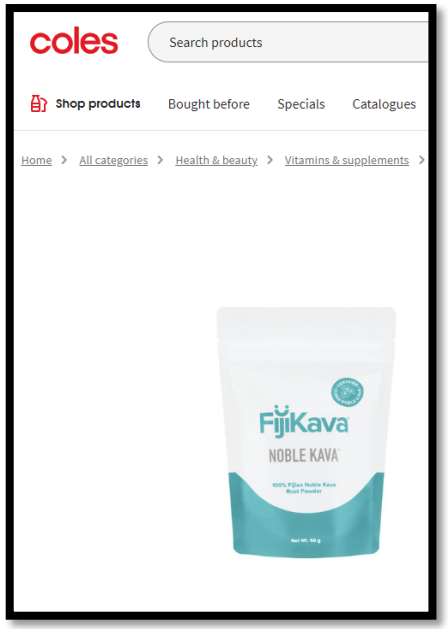
First orders of Leilo for the Fiji resorts and tourist channel has shipped from USA, arriving in Fiji end of month.

Leilo will be in stores and resorts before Christmas

Coles Australia

First major Australia retailer to launch drinking kava following the announcement of the commercial importation pilot. Sales through Coles are profitable and growing

Additional SKUs have been presented to Coles in range review which is currently underway for 2024 planogram









CJ Patel (Pacific) Pte Ltd

coles



REGULATORY UPDATE

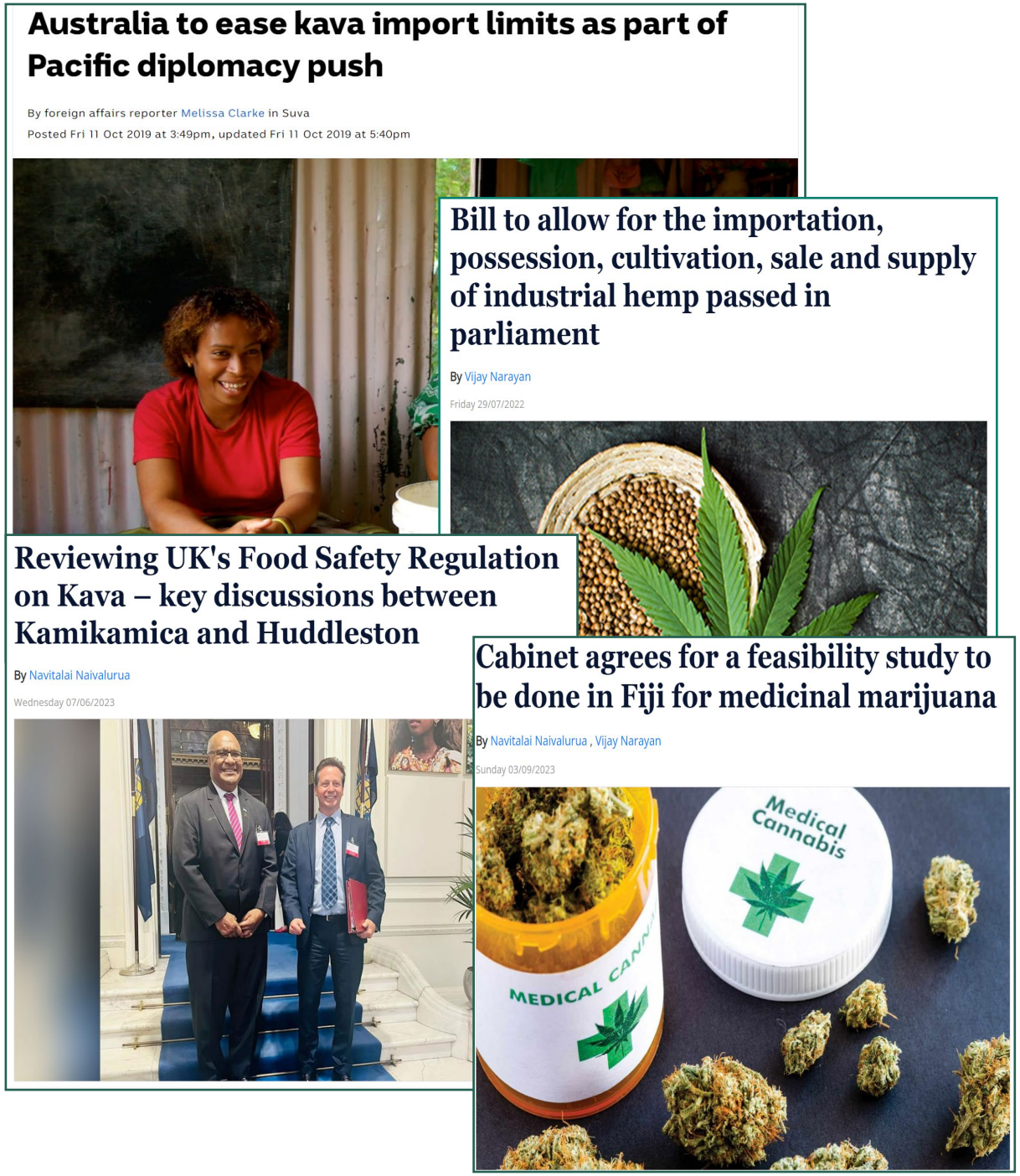
Australian Commercial Importation Program
The initial 24-month period will likely be extended under current import and Food Standards, and consultation may follow with potential for permanent changes in regulations in Australia

Fiji Hemp Bill and Implementation
Fiji Government has passed a Bill to allow for the cultivation sale and processing of Industrial Hemp in July 2022

The new Fijian Government has also now commissioned a feasibility study on medical marijuana

We are working with relevant industry and government stakeholders on our strategy in the coming months

Other markets
Vietnam and Thailand remain promising markets where nutraceutical and drinking kava respectively can be marketed



Australia to ease kava import limits as part of Pacific diplomacy push

By foreign affairs reporter Melissa Clarke in Suva

Posted Fri 11 Oct 2019 at 3:49pm, updated Fri 11 Oct 2019 at 5:40pm

Bill to allow for the importation, possession, cultivation, sale and supply of industrial hemp passed in parliament

By Vijay Narayan

Friday 29/07/2022

Reviewing UK's Food Safety Regulation on Kava – key discussions between Kamikamica and Huddleston

By Navitalai Naivalurua

Wednesday 07/06/2023

Cabinet agrees for a feasibility study to be done in Fiji for medicinal marijuana

By Navitalai Naivalurua , Vijay Narayan

Sunday 03/09/2023

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