



26 February 2021

Preliminary Final Report

Candy Club Holdings Limited ("**CLB**" or "**the Company**") announces its Preliminary Final Report for the year ending 31 December 2020.

CLB has provided commentary relating to its operations in its quarterly 4C reports and there are no additional comments or disclosures relating to the operations of the Company worth noting at this time.

Please see attached Preliminary Final Report for the year ending 31 December 2020.

Authorised by the Board of Directors.

Justyn Stedwell
Company Secretary
(03) 8395 5446

About Candy Club

Candy Club Holdings Limited (Candy Club) is a leading specialty market confectionery company which operates a business-to-business (B2B) and business-to-customer (B2C) segment in the United States of America. Broadly, confectionery encompasses sugar confectionery, chocolates and gum.

Founded in 2015 by serial entrepreneur Keith Cohn, Candy Club executes an omnichannel strategy with a vision to become the world's leading specialty market confectionery company.

Candy Club is headquartered in Los Angeles, California, United States.

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Candy Club Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Candy Club Holdings Limited
ACN: 629 598 778
Reporting period: For the period ended 31 December 2020
Previous period: For the period ended 31 December 2019

2. Results for announcement to the market

			\$US
Net revenues from ordinary activities	up	83.5% to	8,673,836
Loss from ordinary activities after tax attributable to the owners of Candy Club Holdings Limited	down	16.8% to	(4,535,042)
Loss for the period attributable to the owners of Candy Club Holdings Limited	down	16.8% to	(4,535,042)
		2020 Cents	2019 Cents
Basic earnings per share		(1.86)	(3.75)
Diluted earnings per share		(1.86)	(3.75)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$US4,535,042 (31 December 2019: \$US5,453,516).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.53</u>	<u>(0.94)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

Candy Club Holdings Limited
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6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The attached financial information is not audited.

11. Attachments

Details of attachments (if any):

The Preliminary Report of Candy Club Holdings Limited for the period ended 31 December 2020 is attached.

12. Signed



Signed _____

Keith Cohn

Date: 26 February 2021

Candy Club Holdings Limited

ACN 629 598 778

Preliminary Report - 31 December 2020

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Candy Club Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2020

	Note	Consolidated 2020 \$US	Consolidated 2019 \$US
Net revenue	1	8,673,772	4,726,210
Other income	2	302,434	85,919
Interest revenue calculated using the effective interest method		64	187
Expenses			
Cost of sales		(5,373,371)	(4,067,371)
Corporate and administration expenses		(1,466,327)	(727,295)
Marketing and promotional expenses		(2,380,205)	(1,293,199)
Employee benefits expense		(2,614,669)	(2,469,779)
Development expenses		(109,348)	(180,043)
Depreciation and amortisation expense		(161,699)	(178,572)
Technology expenses		(183,949)	(151,232)
Property expenses		(23,275)	(80,026)
Other expenses		(595,631)	(679,318)
Finance costs		(602,838)	(438,997)
Loss before income tax expense		(4,535,042)	(5,453,516)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Candy Club Holdings Limited		(4,535,042)	(5,453,516)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		152,101	(93,330)
Other comprehensive income / (loss) for the period, net of tax		152,101	(93,330)
Total comprehensive loss for the period attributable to the owners of Candy Club Holdings Limited		<u>(4,382,941)</u>	<u>(5,546,846)</u>
		Cents	Cents
Basic earnings per share		(1.86)	(3.75)
Diluted earnings per share		(1.86)	(3.75)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 2020 \$US	2019 \$US
Assets			
Current assets			
Cash and cash equivalents	3	2,018,492	543,342
Trade and other receivables	4	448,667	248,435
Inventories	5	3,554,504	2,397,716
Other	6	294,360	73,713
Total current assets		<u>6,316,023</u>	<u>3,263,206</u>
Non-current assets			
Property, plant and equipment		5,286	23,876
Right-of-use assets	7	315,367	419,692
Intangibles		17,123	55,907
Other		29,500	25,000
Total non-current assets		<u>367,276</u>	<u>524,475</u>
Total assets		<u>6,683,299</u>	<u>3,787,681</u>
Liabilities			
Current liabilities			
Trade and other payables	8	1,838,789	2,887,927
Borrowings	9	1,385,155	1,649,495
Lease liabilities	10	80,400	174,713
Provisions	11	-	50,000
Total current liabilities		<u>3,304,344</u>	<u>4,762,135</u>
Non-current liabilities			
Borrowings	12	1,412,059	-
Lease liabilities	13	117,695	198,095
Total non-current liabilities		<u>1,529,754</u>	<u>198,095</u>
Total liabilities		<u>4,834,098</u>	<u>4,960,230</u>
Net assets/(liabilities)		<u>1,849,201</u>	<u>(1,172,549)</u>
Equity			
Issued capital		21,459,368	15,344,101
Reserves	14	(8,684,789)	(10,126,314)
Accumulated losses		<u>(10,925,378)</u>	<u>(6,390,336)</u>
Total equity/(deficiency)		<u>1,849,201</u>	<u>(1,172,549)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Consolidated statement of changes in equity
For the period ended 31 December 2020

Consolidated	Issued capital \$US	Reserves \$US	Accumulated losses \$US	Total deficiency in equity \$US
Balance at 1 January 2019	11,386,068	(11,384,025)	(936,820)	(934,777)
Loss after income tax expense for the period	-	-	(5,453,516)	(5,453,516)
Other comprehensive loss for the period, net of tax	-	(93,330)	-	(93,330)
Total comprehensive loss for the period	-	(93,330)	(5,453,516)	(5,546,846)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	3,958,033	-	-	3,958,033
Share based payments	-	1,351,041	-	1,351,041
Balance at 31 December 2019	<u>15,344,101</u>	<u>(10,126,314)</u>	<u>(6,390,336)</u>	<u>(1,172,549)</u>
Consolidated	Issued capital \$US	Reserves \$US	Accumulated losses \$US	Total equity \$US
Balance at 1 January 2020	15,344,101	(10,126,314)	(6,390,336)	(1,172,549)
Loss after income tax expense for the period	-	-	(4,535,042)	(4,535,042)
Other comprehensive income for the period, net of tax	-	152,101	-	152,101
Total comprehensive income / (loss) for the period	-	152,101	(4,535,042)	(4,382,941)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	6,115,267	-	-	6,115,267
Share based payments	-	1,289,424	-	1,289,424
Balance at 31 December 2020	<u>21,459,368</u>	<u>(8,684,789)</u>	<u>(10,925,378)</u>	<u>1,849,201</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Consolidated statement of cash flows
For the period ended 31 December 2020

	Note	Consolidated 2020 \$US	Consolidated 2019 \$US
Cash flows from operating activities			
Receipts from customers		8,473,540	4,457,662
Payments to suppliers and employees		(13,207,167)	(10,758,363)
		(4,733,627)	(6,300,701)
Interest received		64	186
Other revenue		13,812	20,592
Interest and other finance costs paid		(534,736)	(167,915)
Net cash used in operating activities		(5,254,487)	(6,447,838)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(20,631)
Payments for intangibles		-	(53,721)
Proceeds from release of security deposits		-	27,806
Net cash used in investing activities		-	(46,546)
Cash flows from financing activities			
Proceeds from issue of shares		4,462,923	4,823,305
Proceeds from borrowings		3,449,622	1,792,618
Share issue transaction costs		(218,516)	(451,717)
Repayment of borrowings		(760,497)	-
Repayment of lease liabilities		(174,713)	(163,881)
Funds received ahead of shares issued		-	1,042,743
Net cash from financing activities		6,758,819	7,043,068
Net increase in cash and cash equivalents		1,504,332	548,684
Cash and cash equivalents at the beginning of the financial period		543,342	8,820
Effects of exchange rate changes on cash and cash equivalents		(29,182)	(14,162)
Cash and cash equivalents at the end of the financial period	3	<u>2,018,492</u>	<u>543,342</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Notes to the consolidated financial statements
31 December 2020

Note 1. Revenue

	Consolidated	
	2020	2019
	\$US	\$US
<i>Net revenue from contracts with customers</i>		
Sales of goods	8,673,772	4,705,618
<i>Other revenue</i>		
Other revenue	-	20,592
Revenue	8,673,772	4,726,210

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2020	2019
	\$US	\$US
<i>Major revenue streams</i>		
Sale of goods - business to customer	2,028,337	3,609,931
Sale of goods - business to business	6,645,435	1,095,687
	<u>8,673,772</u>	<u>4,705,618</u>
<i>Geographical regions</i>		
United States of America	<u>8,673,772</u>	<u>4,705,618</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time - being when shipped and ownership transfers	<u>8,673,772</u>	<u>4,705,618</u>

Note 2. Other income

	Consolidated	
	2020	2019
	\$US	\$US
Gain on early termination of lease	-	85,919
Government COVID stimulus	13,812	-
Gain on PPP loan forgiveness	288,622	-
Other income	302,434	85,919

Note 3. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$US	\$US
Cash on hand	154	140
Cash at bank	2,018,338	543,202
	<u>2,018,492</u>	<u>543,342</u>

Candy Club Holdings Limited
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Note 4. Current assets - trade and other receivables

	Consolidated	Consolidated
	2020	2019
	\$US	\$US
Trade receivables	435,397	152,901
Less: Allowance for expected credit losses	(111,000)	-
	<u>324,397</u>	<u>152,901</u>
Other receivables	115,421	88,715
BAS receivable	8,849	6,819
	<u>448,667</u>	<u>248,435</u>

Note 5. Current assets - inventories

	Consolidated	Consolidated
	2020	2019
	\$US	\$US
Stock on hand - at cost	3,946,951	3,043,715
Less: Provision for impairment	(392,447)	(645,999)
	<u>3,554,504</u>	<u>2,397,716</u>

Note 6. Current assets - other

	Consolidated	Consolidated
	2020	2019
	\$US	\$US
Prepayments	<u>294,360</u>	<u>73,713</u>

Note 7. Non-current assets - right-of-use assets

	Consolidated	Consolidated
	2020	2019
	\$US	\$US
Land and buildings - right-of-use	275,806	275,806
Less: Accumulated depreciation	(89,937)	(17,987)
	<u>185,869</u>	<u>257,819</u>
Plant and equipment - right-of-use	161,873	161,873
Less: Accumulated depreciation	(32,375)	-
	<u>129,498</u>	<u>161,873</u>
	<u>315,367</u>	<u>419,692</u>

Candy Club Holdings Limited
Notes to the consolidated financial statements
31 December 2020

Note 8. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$US	\$US
Trade payables	1,351,451	1,429,421
Funds received ahead of shares issued	-	1,050,900
Other payables	487,338	407,606
	<u>1,838,789</u>	<u>2,887,927</u>

All trade and other payables are unsecured liabilities and recognised at amortised cost.

Note 9. Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$US	\$US
Bridging finance - from director related entities	1,385,155	1,220,998
Loan facility - CircleUp	-	428,497
	<u>1,385,155</u>	<u>1,649,495</u>

Note 10. Current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$US	\$US
Lease liability	80,400	174,713
	<u>80,400</u>	<u>174,713</u>

Note 11. Current liabilities - provisions

	Consolidated	
	2020	2019
	\$US	\$US
Legal claims	-	50,000
	<u>-</u>	<u>50,000</u>

Note 12. Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	\$US	\$US
Loan facility	1,412,059	-
	<u>1,412,059</u>	<u>-</u>

Candy Club Holdings Limited
Notes to the consolidated financial statements
31 December 2020

Note 13. Non-current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$US	\$US
Lease liability	<u>117,695</u>	<u>198,095</u>

Note 14. Equity - reserves

	Consolidated	
	2020	2019
	\$US	\$US
Foreign currency reserve	268,553	116,452
Share-based payments reserve	3,435,635	2,146,211
Commonly controlled reserve	<u>(12,388,977)</u>	<u>(12,388,977)</u>
	<u>(8,684,789)</u>	<u>(10,126,314)</u>