

6 May 2024

PROPOSED ACQUISITION OF SCALARE PARTNERS

Highlights

- Candy Club Holdings intends to acquire Scalare Partners to enable Scalare Partners to accelerate growth in their corporate advisory and financial services business involving supporting, advising, and investing in innovative technology businesses with global technology potential.
- Scalare Partners is a dynamic force in the tech start-up landscape, taking a hands-on approach to guide and support talented founders as they scale their early-stage businesses.
- Scalare Partners has an outstanding leadership team who have individually built and successfully exited a number of technology businesses in Australia and Internationally.
- On completion of the transaction and a proposed capital raise, and based on financial information provided by Scalare, the merged entity is expected to have a market capitalisation of approximately \$26.5 million.
- The proposed acquisition, if consummated, together with the new capital raise will ensure Scalare Partner's range of scale-up advisory services and products tailored to the specific needs of the technology ecosystem can be expanded. This will include the opening of a Scalare Partners US office.
- Alongside its ownership of the Australian Technologies Competition and the recently acquired Tech Ready Women, Scalare currently supports over 100 technology companies, over 1,200 tech executives and founders and has invested in 27 early-stage companies.
- On completion of the proposed merger, the group will have no debt and will be well-funded for growth locally and for expansion into the US market.

Candy Club Holdings Limited (ASX: CLB) (CLB) and Scalare Partners Pty Limited (Scalare) are pleased to announce they have entered into a binding Heads of Agreement in respect a proposal under which CLB will, subject to the satisfaction of conditions precedent (see further below), acquire 100% of Scalare Partners Pty Limited (the Proposed Transaction).

Scalare Partners exists to empower visionary technology founders to transform their ideas into the great businesses of tomorrow. As a dynamic force in the tech start-up landscape, Scalare goes beyond traditional roles, taking a hands-on approach to guide and support talented founders as they scale their early-stage businesses.

Scalare is deeply involved in the broader technology ecosystem, driving change through impactful initiatives such as the Australian Technology Competition (ATC), Tech Ready Women (TRW) and our "Be the Change" programme. By playing an integral role in the local technology

and early-stage investor community, Scalare fosters a thriving Australian technology ecosystem. This community engagement not only enriches the tech landscape but also creates lucrative service revenues and investment opportunities for Scalare Partners.

Scalare focuses on providing scale-up services, products and expert advice tailored to the specific needs of the technology ecosystem. Scalare also invests in companies in this ecosystem, when our investment criteria is satisfied. With a current emphasis on the Australian and USA technology sectors, Scalare's current portfolio spans across diverse geographies, including Australia, USA, New Zealand, Singapore, UK, and Europe. Scalare Partners is not just a supplier of products and services or an investor; but are architects of growth, collaborators in innovation, and catalysts for positive change in the technology landscape.

CLB and Scalare believe that combining the two entities via the ASX public markets will allow Scalare to scale faster as well as providing more opportunities to cross sell across the existing business and the wider technology ecosystem.

CLB will see the wider adoption of the Scalare services and products model, attached to selected investments in leading businesses. In addition, the company should see a better return for shareholders as Scalare increases their exposure across more businesses and have more opportunities for both revenue growth and investment realisations overtime.

CLB and Scalare believe that this transaction, if consummated, will enable the experienced Scalare team to mitigate risks, fast track revenue opportunities through a larger pool of companies and increase the rate and size of investments made.

If consummated, the Proposed Transaction is expected to result in CLB shareholders owning a part of a larger, better capitalised and diversified business that will be well placed to accelerate growth across the global technology ecosystems.

On completion, if consummated, the group will have no debt.

Commenting on the Proposed Transaction, Gary Simonite from CLB said:

"It is exciting to announce this transaction today as it will give our shareholders exposure to the fast-growing global technology ecosystem."

Carolyn Breeze, CEO of Scalare Partners added:

"The combination of Scalare and CLB is a true win-win for both sets of shareholders, employees and the companies we work with across the technology ecosystem.

As a listed entity, we offer all investors the ability to invest in a wide range of early-stage technology companies that are usually only available through long term, illiquid and privately held venture capital investment funds. We believe that the risk of investing in these speculative

early-stage technology companies is significantly offset by the unique services model that Scalare provides across the wider technology ecosystem, while still allowing for the potential significant upside of being involved so early in the company's scaling journey."

Transaction Overview

While the Proposed Transaction is subject to executing an Implementation Agreement between the two parties, it is expected that it will include:

- an acquisition of 100% of the Scalare Partners by CLB,
- a market capitalisation of the combined entity ("MergeCo") of approximately A\$26.5 million, following completion of the maximum capital raise amount (defined below),
- a capital raise undertaken by CLB of between \$4.0 and \$8.0 million ("Capital Raising"),
- Existing CLB shareholders and Scalare Partner shareholders will be given the opportunity to participate in the Capital Raising
- it is anticipated that CLB will undertake a share consolidation on a 56 for 1 basis
- the company will change its name to Scalare Partners Limited
- Scalare Partners has lent \$125,000 to CLB and on completion of the acquisition, prior to the funds from the Capital Raise CLB will be cash free and debt free.

Following completion of the Proposed Transaction and Capital Raising, the indicative pro-forma shareholdings in the combined entity are expected to be:

- Existing CLB shareholders holding approximately 2%
- Scalare shareholders holding approximately 68%
- Investors in the Capital Raising holding approximately 30% (on \$8.0 million raised)

On completion, Directors and Management of Scalare will be significantly aligned with a holding of approximately 41% of the issued capital of MergeCo. Directors and Management of Scalare will receive 100% scrip consideration in MergeCo, which will be subject to standard ASX escrow arrangements. The issue price of CLB shares under the Capital Raising is expected to be approximately \$0.25 per share on a post-consolidation basis.

Board Composition

James Walker from Scalare Partners has already been appointed to the CLB Board. Following completion of the Proposed Transaction it is proposed that the Board of CLB will comprise:

- Adelle Howse (Non-Executive, Independent Chair) – Current Non-Executive Director of Macquarie Technology Group (ASX: MAQ), Downer EDI (ASX: DOW), Sydney Desalination Plant and BAI Communications

- Neil Carter (Non-Executive, Independent Director) – Current corporate advisor and NED, and previously Global Co-Head of Equities at IFM Investors.
- Beau Quarry (Non-Executive Director) - current Founder and Managing Director of Solido Capital, Managing Director Baobab Investment Management, Non-Executive Director Arctic Intelligence and Scalare Partners Pty Ltd.
- James Loughheed (Non-Executive Director) – most recently VP & GM High Performance Analog and Accelerator Group at MaxLinear, current advisor to various start-ups, public tech companies and larger tech hedge funds in the US as well as investor and adviser at Silicon Catalyst, investor and member at Sand Hill Angels, as well as Non-Executive Director at Scalare Partners Pty Ltd.
- James Walker (Executive Director) - Current co-founder and director at Scalare Partners Pty Ltd, Non-Executive Chair at BluGlass (ASX: BLG) and Non-Executive Chair at Native Mineral Resources (ASX: NMR).

On completion of the Capital Raise Gary Simonite and Greg Starr will resign as directors of CLB.

Conditions to the Proposed Transaction

Completion of the proposed Transaction will be subject to a number of conditions, including:

- completion of satisfactory due diligence by both CLB and Scalare
- Scalare will fund the re-admission costs
- entry into a definitive Implementation Agreement and Share Sale Agreement in connection with the proposed Transaction
- CLB shareholder approvals necessary for the Proposed Transaction and Capital Raising
- Issue and allotment of CLB shares under the Capital Raising (as outlined below)
- Re-compliance with Chapters 1 and 2 of the ASX Listing Rules (see below)
- Other conditions customary for a transaction of this nature

ASX Requirements for re-compliance

An Application for in Principle Advice regarding CLB's suitability for readmission under Listing Rule 1.1 condition 1 and 1.19 in connection with the proposed acquisition of Scalare was lodged with ASX on 23 February 2024. On 11 April 2024, ASX notified CLB of the significant likelihood that CLB will not satisfy Listing Rule 1.1 condition 1 because of the following:

1. ...that Scalare's business model was vague or ill-defined...because Scalare received most of its historical revenues from unrealised gains on investments, whereas its main undertaking is the provision of products, services and expert advice.; and

2. ...that Scalare's historical cash revenues are insufficient to demonstrate that its business operations have sufficient substance to support listing at this time.

In relation to the above, the Company and Scalare both believe ASX's concerns can be addressed satisfactorily and the transaction can proceed.

The concerns regarding revenues were based on ASX's review of Scalare's 2022 and 2023 annual accounts which did show the majority of Scalare's revenues were from unrealised gains on investments and from services for which Scalare received non-cash consideration.

Scalare is currently expecting that the majority of its revenue for the year ending 30 June 2024 will be in the form of cash for services and at a level it believes ASX will consider sufficient to demonstrate its business operations have "sufficient substance" to support a listing.

In the event the Company and Scalare are unable to meet ASX's concerns or the requirements for the re-listing of the Company's shares, and in the absence of a suitable alternative proposal, as things currently stand the Company would expect to be delisted from the Official List of ASX on or about 15 October 2024.

Additional Information

CLB will keep its shareholders informed as per its ongoing continuous disclosure obligations.

[END]

This announcement has been approved for release by the Board of Candy Club Holdings and the Board of Scalare Partners.

For more information, please contact:

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About Scalare Partners

Scalare Partners exists to empower visionary technology founders to transform their ideas into the great businesses of tomorrow. As a dynamic force in the tech start-up landscape, we offer a range of products and services to support all founders as they scale their early-stage businesses.

We are deeply involved in the broader technology ecosystem, driving change through impactful initiatives such as the Australian Technology Competition, Tech Ready Women and our "Be the Change" program where we partner with government and corporates to support and promote the most promising technology businesses and founders. Our focus extends to working with female and culturally diverse founders, addressing the unique challenges they

encounter in fundraising and scaling their businesses. This engagement not only enriches the tech landscape but also creates lucrative revenue and investment opportunities for Scalare Partners.

At the heart of our business model is the provision of products and services and expert advice tailored to the specific needs of early-stage businesses. We also provide direct investment into selected outstanding businesses and with a current emphasis on the Australian and USA technology sectors, we are building a portfolio spanning across diverse geographies, including Australia, USA, New Zealand, Singapore, UK, and Europe. Scalare Partners is not just an investor; we are architects of growth, collaborators in innovation, and catalysts for positive change in the technology landscape.

For more information visit: www.scalarepartners.com