



# CANDY CLUB

CY2018 Annual General Meeting

May 8 2019







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All references to currency are in AUD unless otherwise specified.

# Our Vision

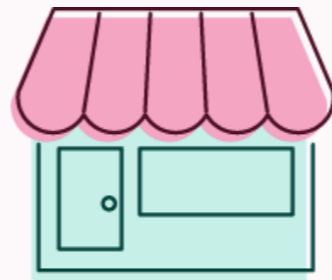
Our vision is to become the top US brand in the specialty candy retail market

## What We Do

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Direct-to-consumer candy subscription service leveraging big data and analytics to match consumer intent with the best products available and soon to expand into traditional e-commerce



Wholesale business to the massive and under-served specialty retail market

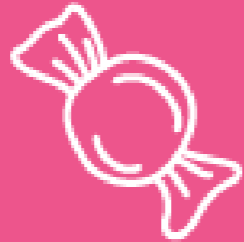


Custom programs, promotions and exclusives to meet our growing list of customers needs

# The Opportunity

Candy is BIG business in the US and globally, consumer tastes are changing and the Specialty market is massive and underserved...

...Candy Club is one of the only Company's positioned to become THE leader in the specialty retail market candy space



**\$36 billion** (USD)

Confectionary >\$36 billion  
in the US alone



**1 million+**

Addressable market of  
Specialty stores under-  
served in this category



**97%**

Candy household  
penetration in the US



**17+**

Average # of candy  
purchases per year



**90%**

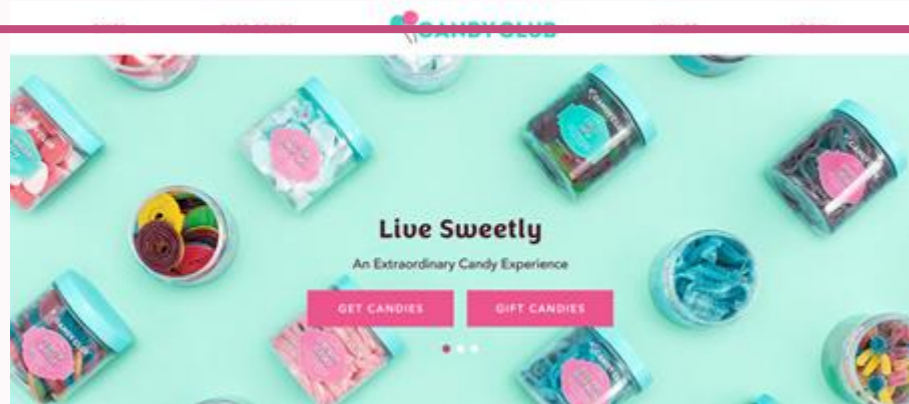
of US consumers give  
candy as a gift



Current # of Confectionary  
manufacturers who  
dominate the specialty retail  
market space



# The Company demonstrates continued success in executing our strategic plan



2015

## Established

- Secure seed funding
- B2C proof of concept
- Test and optimize

2016  
2017

## Growth

- Built supply chain infrastructure
- Recruit management team
- Scale the subscriber base

2018

## Gross profit & business line expansion

- Dramatically improve all unit economics and operating margins
- Develop and launch retail product line
- Prepare for public listing

2019

## Key initiatives

- Public listing Feb '19
- Scale wholesale business
- Optimize subscription business
- Expand D2C via traditional e-commerce
- Single-minded focus on driving to profitability

## B2B update



- Hitting all internal targets
  - Product market fit
  - Retailer acceptance and penetration
  - Retail sell-through
  - Customer reorder rates
- Highlights thru Q1 '19 include:
  - Acquired 750+ accounts since inception
  - Carried in over 2,000 locations
  - Acquiring 10+ new retailers per business day
- Business is comprised of two very different but complementary types of retail accounts
  - Small, independent retailers
  - Large, high volume, multi-store chains



## B2B – Small independent retailers

- Addressable US market of 1 million+ retail accounts to sell to across multiple categories:
  - Gifting
  - Confectionary
  - Retail/fashion
  - Home goods
  - Travel/airport/sundry
  - Destination Resorts and Casinos
  - Hospitality
  - Toy
- Very short selling cycle, often able to close a sale in one day
- Extremely high close rate
- Small average order value (~\$500 AUD) with additional reorders through out the year
- ***This is the foundation of our wholesale business, offering stability and steady growth, with no customer concentration that can derail the business***



# B2B – Large, high volume, multi-location chains

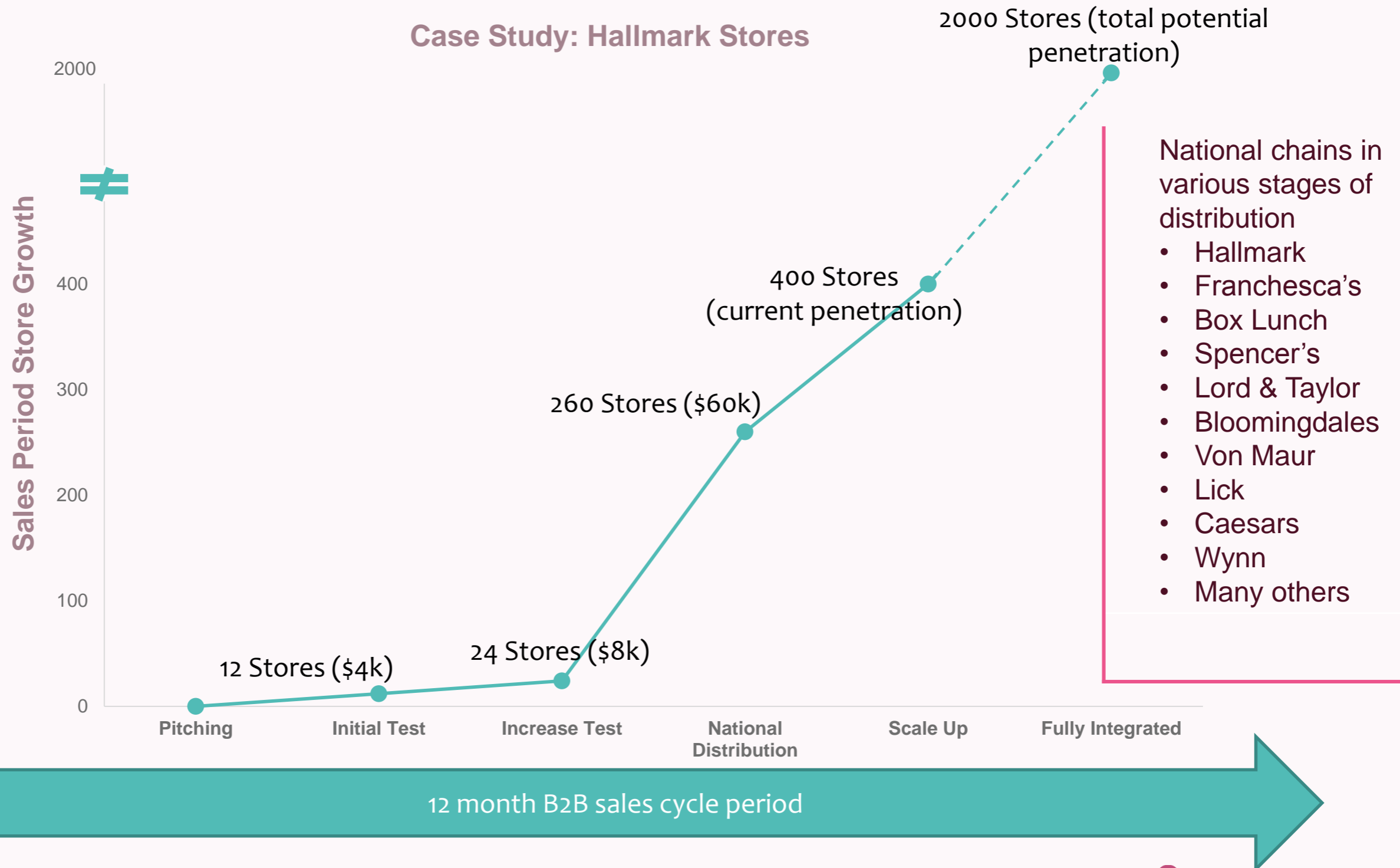
- Potential market in the US of 1000's+ of high profile, high traffic retailers throughout representing hundreds of thousands of locations
- Long selling cycle which can take months or longer to close
- Initial order may be for relatively small subset of locations known as a test market and for up to \$20k AUD
- If tests are successful, opportunity to roll out chain wide in up to 2,000 high volume locations for \$60k+ AUD frequent replenishment orders and incremental seasonal buys
- ***These are the accelerant for our business that will allow us to dramatically scale up the business over time***

Typical selling cycle of large, multi-chain locations (1-12+ months)





# B2B – Large, high volume, multi-location chains



# Just some of the 2,000+ US locations currently carrying Candy Club products

## Gift Stores



## Hospitality



## Apparel & eCommerce



## Museums & Experience Centers

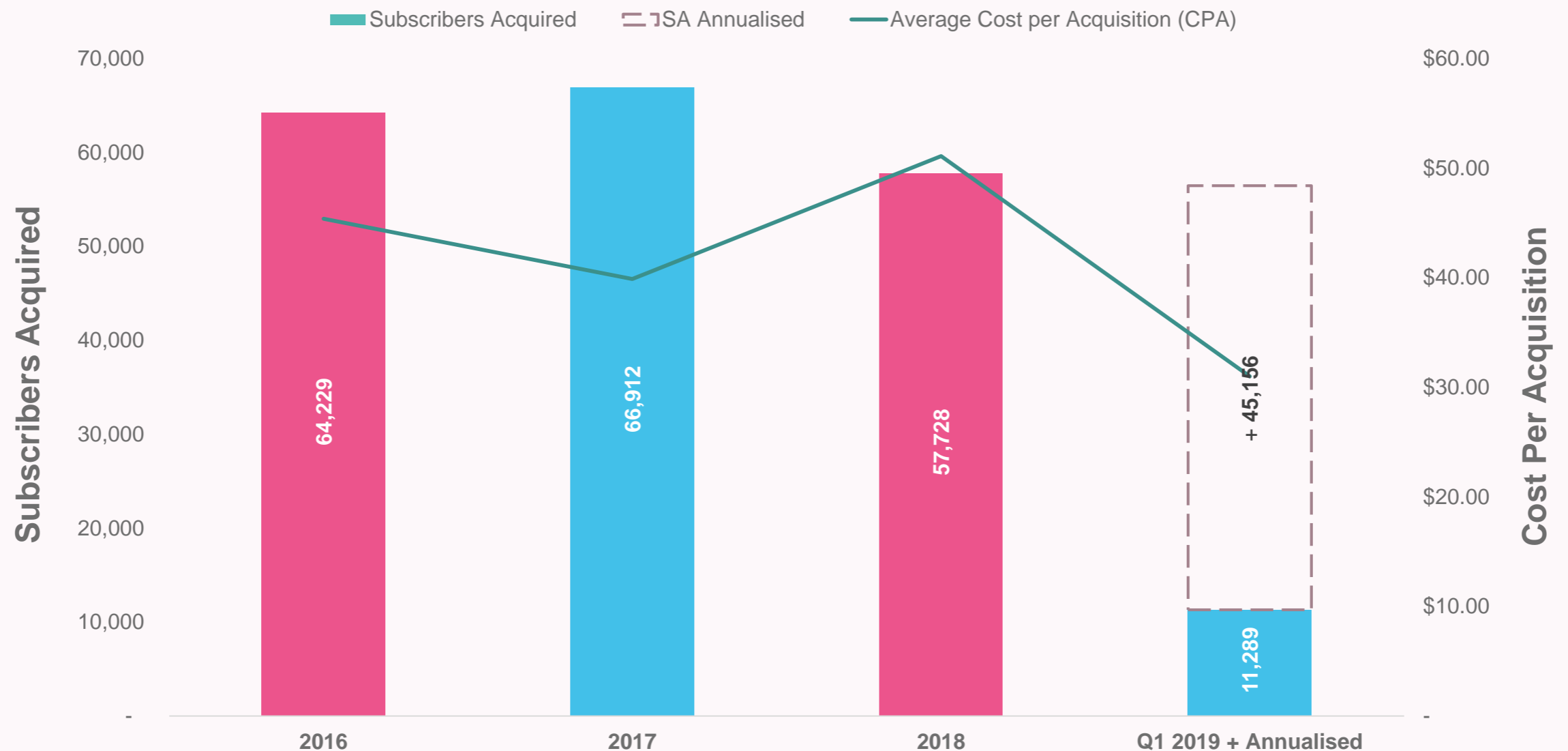




## B2C - Consistently Improving Metrics – (USD)

- Cost per acquisition (CPA) and overall advertising budget both falling dramatically based on new buying strategy and focus on ROI and efficiency
- 2019 YTD on pace to acquire 80% of 2018 total on 47% of the total \$'s spent

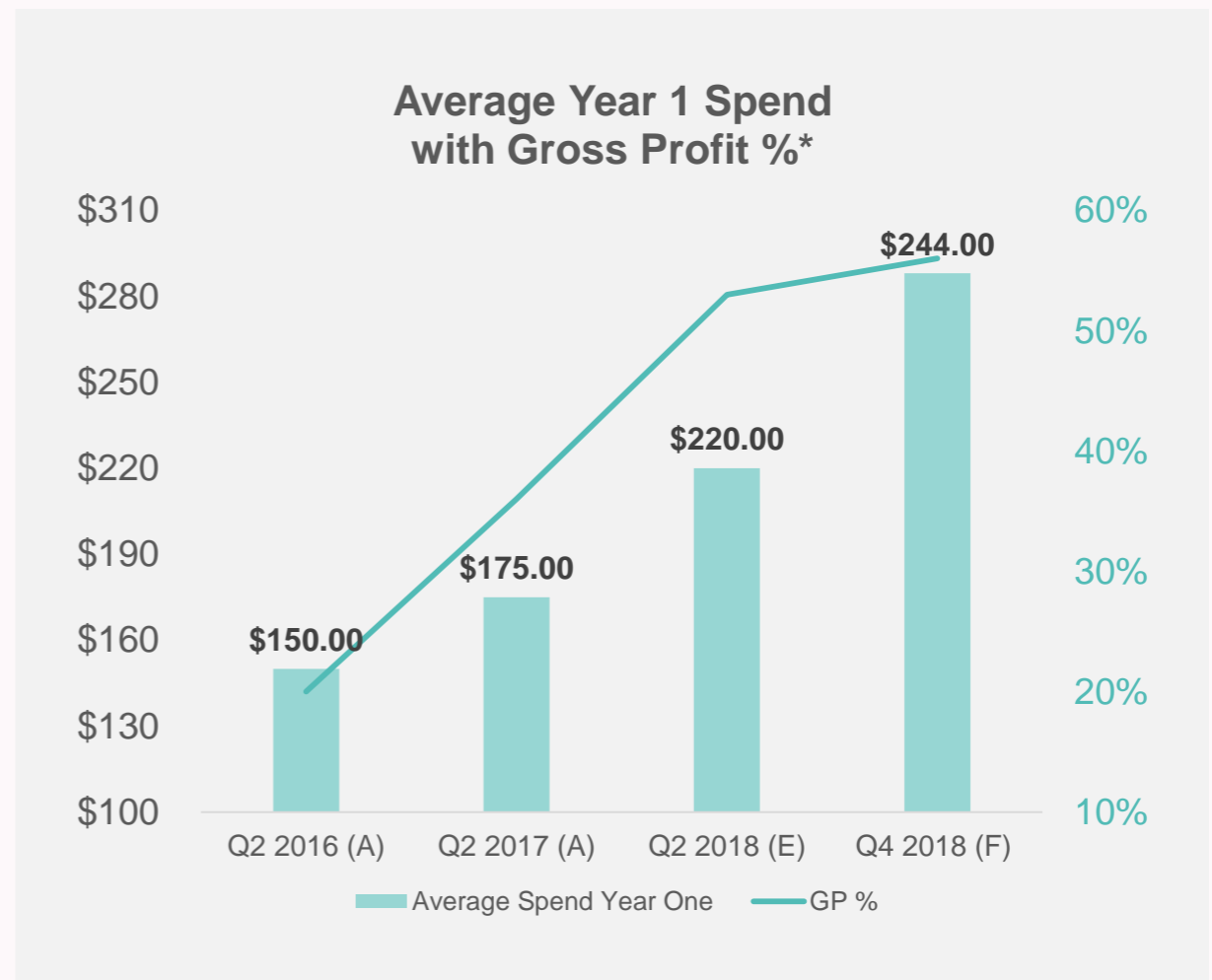
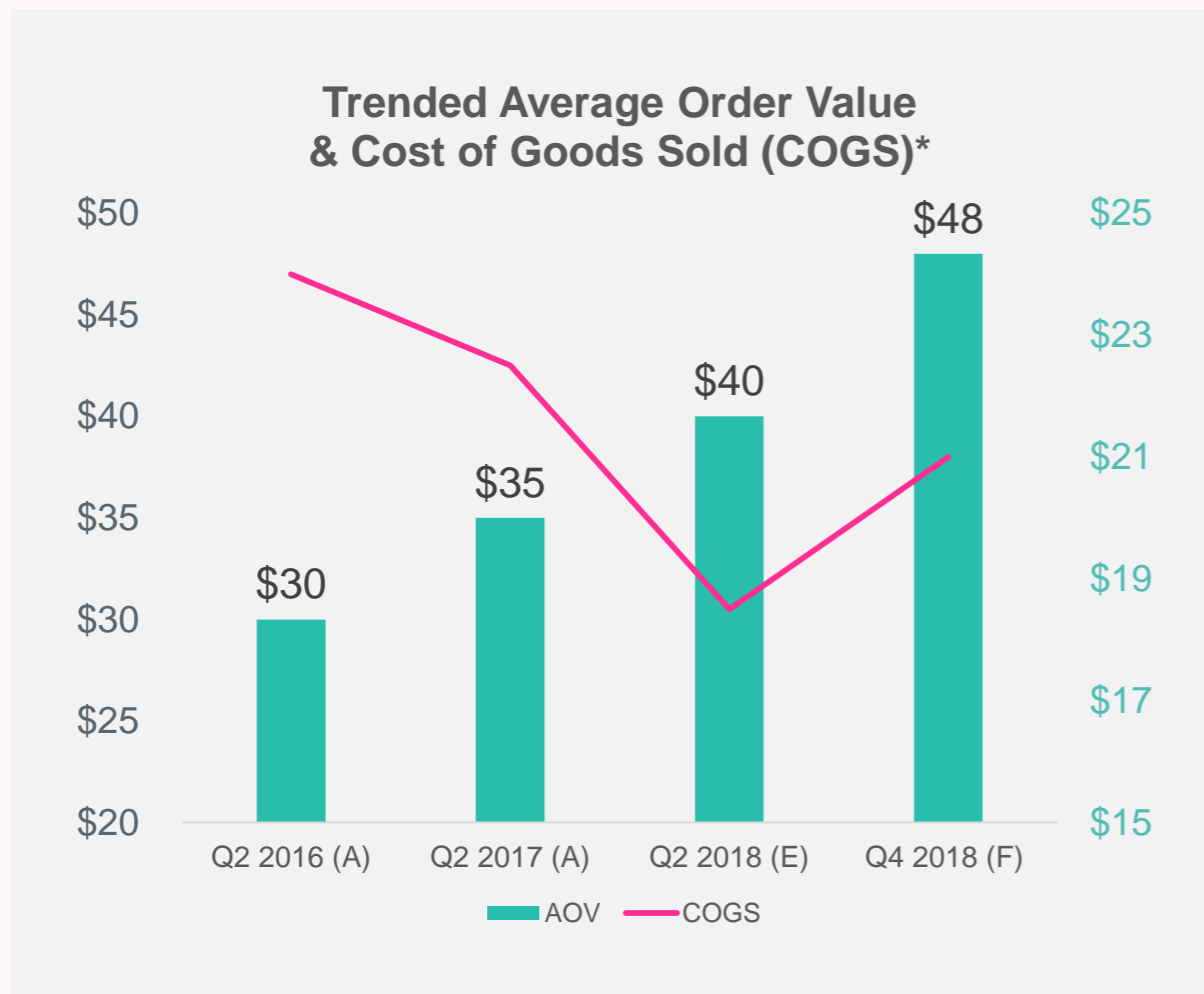
Focused initiatives are reducing the cost per subscriber acquisition (CPA) across segments



# B2C - Consistently Improving Metrics (USD)

## AOV and GROSS PROFIT INCREASING

## AVERAGE SPEND RISING



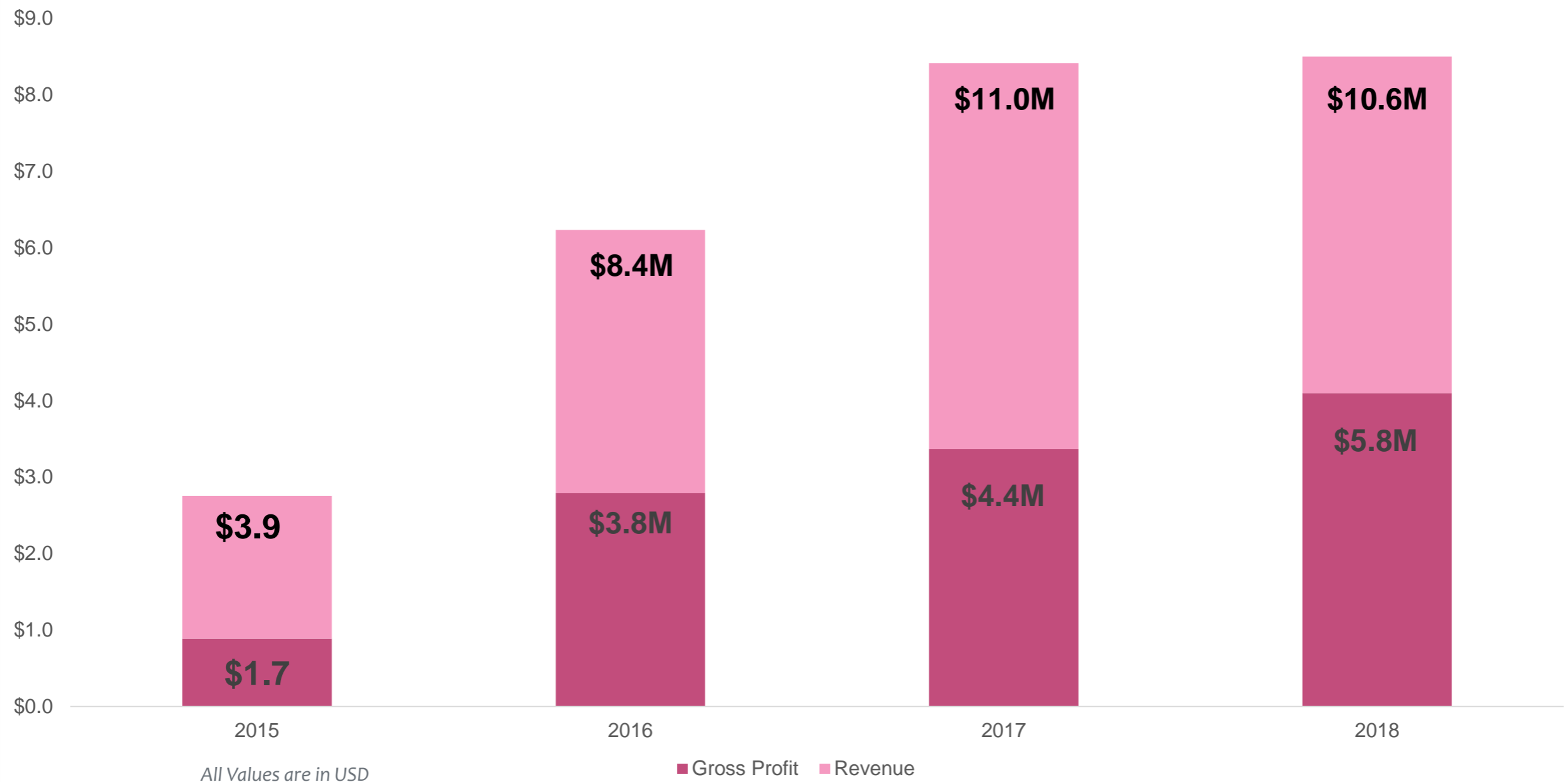
- Ability to leverage synergies with the B2B business to increase scale will lower overall COGS even further

- Customers are spending more with Candy Club and Gross Profit continues to increase at the unit economic and customer level



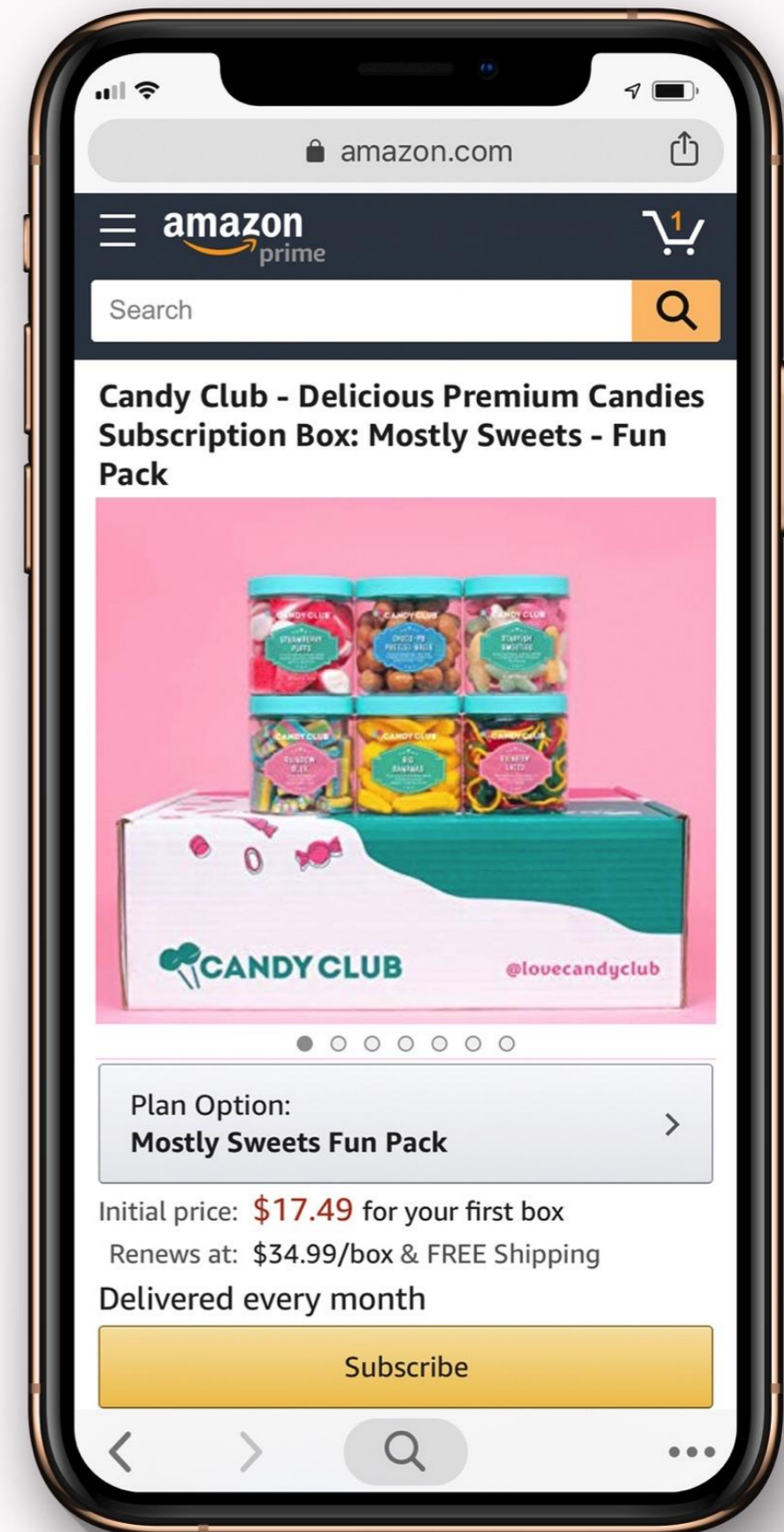
**We have focused on improving our product line & user experience, with more to come, all of which translates into improved key metrics, gross margins and ROI**

**Gross Profit increased to 54% in 2018 (AUD Millions)**



# 2019 Key Initiatives

- **IPO closed (Q1 '19)**
- **B2C marketing partnerships (Q1 '19)**
  - Amazon (Q3 '18)
  - Verizon
  - State Farm
- **Financing line of up to \$1.4mm (Q1 '19)**
- **FedEx rates in B2B dramatically reduced (Q2 '19)**
- **Launch of traditional B2C e-comm model (Q2 '19)**
- **Manufacturing automation (Q3 '19)**
  - Increased scalability
  - Gross Margin improvements
  - Enhanced QA
- **Narrowing EBITDA losses (on-going throughout 2019)**





# Historical Revenue by Business Line (AUD)

Business Line	Revenue		
	CY 17	CY 18	Q1 '19
B2C	\$11.0M	\$10.1M	\$1.7M
B2B	\$0	\$.5M	\$.4M
<b>Total</b>	<b>\$11.0M</b>	<b>\$10.6M</b>	<b>\$2.1M</b>



# Capital Structure

ASX Code	CLB.AX
Shares on issue	139,090,732
Options	4,357,284
Performance Shares	4,000,000
<b>Market Capitalization (\$.011/share)</b>	<b>\$15,299,981</b>



# Board Members and Executive Team



**Rob Hines**

*Non-Executive Chairman*

- Member of the Australian Institute for Company Directors since 1997, including serving on the AICD Board from 2000 to 2004
- Held a number of Board positions since 2001, including Chairman of Genetraks Ltd, Group Chairman of the CEO Circle, Executive director of VeCommerce Ltd and Non-Executive director of Sportsbet Pty Ltd.
- A member of the Advisory Board of Griffith University from 2002 to 2004.
- Current positions include: Peninsula Leisure - Non Executive Director, World of Difference - Chairman, Sporting Chance Cancer Foundation - Non Executive Director and Sportsbet Pty Ltd - Chairman – Advisory Board
- Previous Executive Positions: CEO -Racing Victoria Limited - 2008 – 2012, CEO - Jupiters Limited - 2000 to 2005, CEO - AWA Limited - 1997 – 2000



**Zac Rosenberg**

*Non-Executive Director*

- Founding Partner of Capital Zed, a private growth capital investor, with significant minority investments in Australia, New Zealand, the US, Hong Kong and the United Kingdom
- Current Board roles include: Candy Club Limited (US), Unleashed Software Limited (NZ), The Influential Network (US), Predictive Hire Pty Ltd (Aust) and Intelledox Pty Ltd (Aust), as well as a number of private investment companies and vehicles
- Zac also serves as a Board Advisor to Bid Energy Limited (ASX: BID)
- Previous roles include: 2012 -15 Canaccord Genuity (Melbourne) – MD / Head of Investment Banking
- 2009 –12 Keefe, Bruyette & Woods (Hong Kong) - MD / Head of Investment Banking



**Kan Tang**

*Non-Executive Director*

- Founding Partner of Asia Summit Capital, a private equity firm focused on consumer growth and the technology sector in Indonesia and Southeast Asia.
- Kan co-founded Asianlogic which was listed on UK's AIM stock exchange in 2007 raising over 100m USD and successfully returned as a private company through management buyout in 2009.
- During his time in Asianlogic, he took on numerous senior roles & responsibilities from CFO in the early stages of the company growth, to Business Development Director and was promoted to Chief Executive Officer in 2009 until 2014.
- A qualified Chartered Professional Accountant (CPA) and a Chartered Financial Analyst (CFA), Kan is a true online gaming industry visionary having joined one of industry's first live streaming online casino company, Dragon Sports & Gaming Ltd "DrHo888" in 2001.



# Board Members and Executive Team

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**Keith Cohn**

*Executive Director,  
Founder & CEO*

- 20+ years consumer industry experience, 4x serial entrepreneur and startup executive
- Founder & CEO, Vendare Media, a leading adtech company with 300 employees and annual sales of AUS \$200 million. Acquired by Connexus for AUS \$400 million
- Founder & CEO, Bardon Advisors, a boutique adtech company. Acquired by Media Trust for AUS \$30 million
- Former Executive with Mattel, Hasbro, Equity Marketing



**Nick Giordano**

*CFO*

- Financial executive and CPA with over 18 years experience working in consumer product goods and high growth companies ranging from pre-revenue to over \$100M.
- Led the Finance department in multiple start ups generating growth of up to 5x during tenure.
- Analytically and strategically driven to help turn companies around.
- Former executive of multiple PE backed companies such as Tyra Banks Inc., AQUAhydrate, and WR Hambrecht + Co.



**Chad Burbach**

*General Manager – B2C*

- Executive with 20+ years of overall experience; 15+ years in marketing, business development and operations roles with e-commerce start ups.
- Previously Head of Marketing at The Bouqs Co., overseeing all aspects of marketing and retention strategy. Leveraged strategic partnerships and optimized media mix resulting in 185% revenue growth while maintaining KPI efficiency.
- Analytical, data-driven executive with an education in engineering, and an MBA from UCLA Anderson.

# Balance Sheet CY 2018 (AUD)

**Candy Club Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2018**

**Consolidated**  
**31 Dec 18**  
**\$**

**Assets**

**Current assets**

Cash and cash equivalents	12,496
Trade and other receivables	172,466
Inventories	2,449,498
Other	845,005
<b>Total current assets</b>	<b><u>3,479,465</u></b>

**Non-current assets**

Property, plant and equipment	65,049
Intangibles	7,300
Other	75,684
<b>Total non-current assets</b>	<b><u>148,033</u></b>

**Total assets**

**3,627,498**

**Liabilities**

**Current liabilities**

Trade and other payables	4,199,303
Borrowings	578,067
Contract liabilities	174,551
<b>Total current liabilities</b>	<b><u>4,951,921</u></b>

**Total liabilities**

**4,951,921**

**Net liabilities**

**(1,324,423)**

**Equity**

Issued capital	16,132,144
Reserves	(16,158,477)
Accumulated losses	(1,298,090)

**Total deficiency in equity**

**(1,324,423)**

# Thank You!



**For Further Information Contact:**

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