



ASX ANNOUNCEMENT

16 September 2019

Appointment of Chairman, Private Placement and Bridging Finance Loan Announcement

Candy Club Holdings Limited (ASX:CLB or the Company) is excited to announce that Mr James Baillieu has been appointed as Chairman of the Company effective 16 September 2019. The Company's current Chairman, Mr Robert Hines will resign from his position but remain as a Non-Executive Director of the Company.

Mr Baillieu brings a wealth of corporate experience to CLB, having previously served as Non-Executive Chairman of BidEnergy Limited (ASX:BED), which was the best performing stock on the ASX under his leadership.

Mr Baillieu was also an early investor in Aconex Limited (ASX:ACX) and Senior Vice President of Business Development, and spent more than seven years as a consultant with McKinsey & Co, assisting businesses in Australia and internationally with strategy and operational improvement.

Mr Baillieu holds an LLB (First Class Honours) and Bachelor of Arts from the University of Melbourne.

Mr Baillieu was previously appointed as a Non-Executive Director of the Company. Mr Baillieu said he is looking forward to returning to the Company and working with the Candy Club management team to focus the Company on its fast-growing business-to-business (B2B) offering.

Mr Baillieu will also be increasing his shareholdings in the Company. The details of Mr Baillieu's proposed investments in the Company are provided in the latter part of this announcement.

"Following this financing deal Candy Club is in a very strong financial position and is well placed to develop the potential of its B2B business in the United States," Mr Baillieu said. "I look forward to working with the management team to help implement a pivot to that B2B-focussed strategy."

Candy Club CEO Mr Keith Cohn welcomed the appointment of Mr Baillieu as Chairman. "As a long term shareholder and former director of the Company, James has been following our progress for the past 18 months and is excited about the B2B growth trajectory of the business. We look forward to working together to grow the business further".

The Company began selling its confectioneries to specialty market retailers in mid-2018 under the B2B business. Since then, the B2B business has gained tremendous traction in penetrating retailers of all types and sizes, including those with prominent national distribution networks.

"Given the early traction the Company has gained in the B2B segment, the strong product-market fit demonstrated by strong retailer uptake and product sell-through across a broad array of retailers, as well as the size of the addressable market, we believe that Candy Club has an opportunity to build a the B2B business significantly," Mr Cohn said.

The Company would also like to announce that Non-Executive Director Mr Zachry Rosenberg, will step down from his position effective 16 September 2019.

Mr Cohn said the board expressed its appreciation to Mr Rosenberg for his significant and invaluable contribution to the business.



“Mr Rosenberg has been instrumental to the business in getting to this point. He was an early investor and has been with us since. I would like to wish him every success in his future endeavours,” Mr Cohn said.

Private Placement and Bridging Finance Loan

The Company wishes to announce that it has raised \$1.5 million by way of a private placement to Mr James Baillieu.

The \$1.5 million placement to Mr Baillieu, which is subject to the Company obtaining shareholder approval, will occur on the same terms as the 1 for 3 non-renounceable pro-rata rights issue announced by the Company on 4 July 2019. That is, Mr Baillieu will be issued 18,750,000 shares (being at the issue price of \$0.08 (8 cents) per share as well as 18,750,000 options with an exercise price of \$0.10 (10 cents) expiring on 31 May 2023.

Concurrently, the Company and Mr Baillieu have also negotiated terms for a \$1.5 million bridging finance loan, on which interest will accrue at 2% per month. Under the terms of the bridging finance loan, subject to the Company obtaining shareholder approval, the principal amount and accumulated interest shall be convertible into shares in the Company at a conversion price \$0.057 (5.7 cents) per share, being the last traded price of the Company’s shares prior to the trading halt requested on 12 September 2019.

The conversion of the loan to shares under the loan financing arrangement is subject to shareholder approval. The Company expects to convene a shareholder meeting by December 2019 to seek the approval of its shareholders for the proposed issuance of securities to Mr Baillieu under the private placement and bridging finance loan.

Assuming that the Company obtains all relevant approvals for the issue of securities to Mr Baillieu under the private placement and bridging finance loan, Mr Baillieu will hold 28.5% of the total shares on issue in the Company, based on shares currently on issue. As at the date of this announcement, Mr Baillieu holds 5.68% of the total shares currently on issue in the Company.

Mr Cohn said “the \$3.0 million injection of capital from Mr Baillieu would solidify the Company’s financial position, enabling it to increase its inventory of confectionery sold and employ additional sales personnel as well as for general working capital.”

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Candy Club Holdings Limited

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About Candy Club

Candy Club is a leading specialty market confectionary company which operates a wholesale business and a direct-to-consumer subscription business in the USA. Founded in 2015 by serial entrepreneur Keith Cohn, the company is executing an omni-channel strategy with a vision to become the world's leading specialty market confectionary company. The Company is headquartered in Los Angeles, CA, United States.