

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 year ended 31 December 2019
Previous period: For the year ended 31 December 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	567.3% to	6,922,584
Loss from ordinary activities after tax attributable to the owners of Candy Club Holdings Limited	up	504.1% to	(7,842,280)
Loss for the year attributable to the owners of Candy Club Holdings Limited	up	504.1% to	(7,842,280)
			24 Oct 2018 to 31 Dec 2018
		2019 Cents	Cents
Basic earnings per share		(5.39)	(1.73)
Diluted earnings per share		(5.39)	(1.73)

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 \$7,842,280 (31 December 2018: \$1,298,090).

The comparative information covers the period from the company's incorporation on 24 October 2018 to 31 December 2018.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.04)</u>	<u>(1.25)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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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 preliminary financial report is not audited.

11. Attachments

Details of attachments (if any):

The Preliminary Report of Candy Club Holdings Limited for the year ended 31 December 2019 is attached.

12. Signed

Signed  _____

Justyn Stedwell
Company Secretary

Date: 28 February 2020

Candy Club Holdings Limited

ACN 629 598 778

Preliminary Report - 31 December 2019

Candy Club Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	Consolidated 24 Oct 2018 to 31 Dec 2018 \$	2019 \$
Revenue	1	1,037,442	6,922,316
Interest revenue calculated using the effective interest method		15	268
Expenses			
Raw materials and consumables used		(702,277)	(5,849,407)
Corporate and administration expenses		(252,257)	(974,299)
Marketing and promotional expenses		(413,923)	(1,860,285)
Employee benefits expense		(551,141)	(3,552,812)
Development expenses		(99,610)	(258,994)
Depreciation and amortisation expense		(6,368)	(256,878)
Technology expenses		(48,075)	(217,549)
Property expenses		(64,341)	(115,119)
Other expenses		(177,210)	(1,048,017)
Finance costs		(20,345)	(631,504)
Loss before income tax expense		(1,298,090)	(7,842,280)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Candy Club Holdings Limited		(1,298,090)	(7,842,280)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(87,122)	(28,926)
Other comprehensive income for the year, net of tax		(87,122)	(28,926)
Total comprehensive income for the year attributable to the owners of Candy Club Holdings Limited		(1,385,212)	(7,871,206)
		Cents	Cents
Basic earnings per share		(1.73)	(5.39)
Diluted earnings per share		(1.73)	(5.39)

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

Candy Club Holdings Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	2	775,543	12,496
Trade and other receivables	3	354,603	172,466
Inventories	4	3,422,376	2,449,498
Other	5	105,213	845,005
Total current assets		<u>4,657,735</u>	<u>3,479,465</u>
Non-current assets			
Property, plant and equipment	6	34,079	65,049
Right-of-use assets	7	599,046	-
Intangibles	8	79,799	7,300
Other	9	35,684	75,684
Total non-current assets		<u>748,608</u>	<u>148,033</u>
Total assets		<u>5,406,343</u>	<u>3,627,498</u>
Liabilities			
Current liabilities			
Trade and other payables	10	4,242,461	4,199,303
Borrowings	11	2,234,021	578,067
Lease liabilities	12	249,376	-
Provisions	13	71,367	-
Contract liabilities	14	-	174,551
Total current liabilities		<u>6,797,225</u>	<u>4,951,921</u>
Non-current liabilities			
Lease liabilities	15	282,751	-
Total non-current liabilities		<u>282,751</u>	<u>-</u>
Total liabilities		<u>7,079,976</u>	<u>4,951,921</u>
Net liabilities		<u>(1,673,633)</u>	<u>(1,324,423)</u>
Equity			
Issued capital		21,736,694	16,132,144
Reserves	16	(14,250,634)	(16,158,477)
Accumulated losses		<u>(9,159,693)</u>	<u>(1,298,090)</u>
Total deficiency in equity		<u>(1,673,633)</u>	<u>(1,324,423)</u>

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

Candy Club Holdings Limited
Statement of changes in equity
For the year ended 31 December 2019

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 24 October 2018	-	-	-	-
Loss after income tax expense for the year	-	-	(1,298,090)	(1,298,090)
Other comprehensive income for the year, net of tax	-	(87,122)	-	(87,122)
Total comprehensive income for the year	-	(87,122)	(1,298,090)	(1,385,212)
Commonly controlled reserve recognised on acquisition of Candy Club LLC	-	(17,197,977)	-	(17,197,977)
Share based payment reserve transferred on acquisition of Candy Club LLC	-	1,083,131	-	1,083,131
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	16,132,144	-	-	16,132,144
Share based payments	-	43,491	-	43,491
Balance at 31 December 2018	<u>16,132,144</u>	<u>(16,158,477)</u>	<u>(1,298,090)</u>	<u>(1,324,423)</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 1 January 2019	16,132,144	(16,158,477)	(1,298,090)	(1,324,423)
Impact of adoption of AASB 16 - restated balance at 1 January 2019	-	-	(19,323)	(19,323)
Balance at 1 January 2019 - restated	16,132,144	(16,158,477)	(1,317,413)	(1,343,746)
Loss after income tax expense for the year	-	-	(7,842,280)	(7,842,280)
Other comprehensive income for the year, net of tax	-	(28,926)	-	(28,926)
Total comprehensive income for the year	-	(28,926)	(7,842,280)	(7,871,206)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,604,550	-	-	5,604,550
Share-based payments	-	1,936,769	-	1,936,769
Balance at 31 December 2019	<u>21,736,694</u>	<u>(14,250,634)</u>	<u>(9,159,693)</u>	<u>(1,673,633)</u>

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

Candy Club Holdings Limited
Statement of cash flows
For the year ended 31 December 2019

		Consolidated
		24 Oct 2018
		to 31 Dec
	Note	2018
		\$
		\$
Cash flows from operating activities		
Receipts from customers		6,412,410
Payments to suppliers and employees		(15,488,376)
		(9,075,966)
Interest received		268
Other revenue		153,218
Interest and other finance costs paid		(241,548)
Net cash used in operating activities		(9,164,028)
Cash flows from investing activities		
Payments for property, plant and equipment	6	(29,678)
Payments for intangibles	8	(77,278)
Cash acquired from commonly controlled acquisition		-
Proceeds from release of security deposits		40,000
Net cash from/(used in) investing activities		(66,956)
Cash flows from financing activities		
Proceeds from issue of shares		6,938,392
Proceeds from borrowings		2,593,707
Share issue transaction costs		(649,801)
Repayment of lease liabilities		(359,341)
Funds received ahead of shares issued		1,500,000
Net cash from financing activities		10,022,957
Net increase in cash and cash equivalents		791,973
Cash and cash equivalents at the beginning of the financial year		12,496
Effects of exchange rate changes on cash and cash equivalents		(28,926)
Cash and cash equivalents at the end of the financial year	2	775,543

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

Candy Club Holdings Limited
Notes to the financial statements
31 December 2019

Note 1. Revenue

	2019	Consolidated 24 Oct 2018 to 31 Dec 2018
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales of goods	6,769,098	1,037,442
<i>Other revenue</i>		
Other revenue	153,218	-
Revenue	<u>6,922,316</u>	<u>1,037,442</u>

Disaggregation of revenue

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

	2019	Consolidated 24 Oct 2018 to 31 Dec 2018
	\$	\$
<i>Major revenue streams</i>		
Sale of goods - business to customer	5,192,659	950,168
Sale of goods - business to business	1,576,439	87,274
	<u>6,769,098</u>	<u>1,037,442</u>
<i>Geographical regions</i>		
United States of America	<u>6,769,098</u>	<u>1,037,442</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time - being when shipped and ownership transfers	<u>6,769,098</u>	<u>1,037,442</u>

Note 2. Current assets - cash and cash equivalents

	2019	Consolidated 2018
	\$	\$
Cash on hand	200	200
Cash at bank	775,343	12,296
	<u>775,543</u>	<u>12,496</u>

Candy Club Holdings Limited
Notes to the financial statements
31 December 2019

Note 3. Current assets - trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	218,243	56,629
Other receivables	126,627	107,628
BAS receivable	9,733	8,209
	<u>354,603</u>	<u>172,466</u>

Note 4. Current assets - inventories

	Consolidated	
	2019	2018
	\$	\$
Stock on hand - at net realisable value	<u>3,422,376</u>	<u>2,449,498</u>

Note 5. Current assets - other

	Consolidated	
	2019	2018
	\$	\$
Prepayments	105,213	83,205
Prepaid IPO costs	-	761,800
	<u>105,213</u>	<u>845,005</u>

Note 6. Non-current assets - property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Plant and equipment - at cost	118,708	117,834
Less: Accumulated depreciation	<u>(92,949)</u>	<u>(67,771)</u>
	25,759	50,063
Computer equipment - at cost	125,218	117,559
Less: Accumulated depreciation	<u>(116,898)</u>	<u>(102,573)</u>
	8,320	14,986
	<u>34,079</u>	<u>65,049</u>

Candy Club Holdings Limited
Notes to the financial statements
31 December 2019

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

	Consolidated	
	2019	2018
	\$	\$
Land and buildings - right-of-use	393,671	-
Less: Accumulated depreciation	(25,674)	-
	<u>367,997</u>	<u>-</u>
Plant and equipment - right-of-use	231,049	-
	<u>599,046</u>	<u>-</u>

Note 8. Non-current assets - intangibles

	Consolidated	
	2019	2018
	\$	\$
Website - at cost	33,831	33,582
Less: Accumulated amortisation	(33,748)	(26,282)
	<u>83</u>	<u>7,300</u>
Software - at cost	595,772	492,998
Less: Accumulated amortisation	(516,056)	(492,998)
	<u>79,716</u>	<u>-</u>
	<u>79,799</u>	<u>7,300</u>

Note 9. Non-current assets - other

	Consolidated	
	2019	2018
	\$	\$
Security deposits	<u>35,684</u>	<u>75,684</u>

Note 10. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	2,040,282	2,826,440
Funds received ahead of shares issued	1,500,000	-
Interest payable	120,383	9,470
Other payables	581,796	1,363,393
	<u>4,242,461</u>	<u>4,199,303</u>

All trade and other payables are unsecured liabilities

Candy Club Holdings Limited
Notes to the financial statements
31 December 2019

Note 11. Current liabilities - borrowings

	Consolidated	
	2019	2018
	\$	\$
Bridging finance	1,622,407	578,067
Loan facility	611,614	-
	<u>2,234,021</u>	<u>578,067</u>

Note 12. Current liabilities - lease liabilities

	Consolidated	
	2019	2018
	\$	\$
Lease liability	<u>249,376</u>	<u>-</u>

Note 13. Current liabilities - provisions

	Consolidated	
	2019	2018
	\$	\$
Legal claims	<u>71,367</u>	<u>-</u>

Note 14. Current liabilities - contract liabilities

	Consolidated	
	2019	2018
	\$	\$
Deferred revenue	<u>-</u>	<u>174,551</u>

Note 15. Non-current liabilities - lease liabilities

	Consolidated	
	2019	2018
	\$	\$
Lease liability	<u>282,751</u>	<u>-</u>

Note 16. Equity - reserves

	Consolidated	
	2019	2018
	\$	\$
Foreign currency reserve	(116,048)	(87,122)
Share-based payments reserve	3,063,391	1,126,622
Commonly controlled reserve	<u>(17,197,977)</u>	<u>(17,197,977)</u>
	<u>(14,250,634)</u>	<u>(16,158,477)</u>