



ASX ANNOUNCEMENT

18 March 2020

Candy Club announces financing strategy to enable execution of growth plans for FY2020 and beyond

Melbourne, Australia – Candy Club Holdings Limited (ASX: CLB) (“**Candy Club**” or “**the Company**”) wishes to announce its financing strategy that will allow the Company to meet its ambitious growth targets while minimising equity dilution.

Candy Club has entered into a non-binding term sheet with an inventory financing lender of up to US\$1.5 million. This will allow Candy Club to have the ability to expand the Company’s capacity further to accommodate the increasing value of inventory required as customer demand grows.

As Candy Club continues to experience an increase in its overall business, driven by significant double-digit quarter-on-quarter growth in its B2B segment as at Q1 FY2020, the Company believes that these financing arrangements are essential to ensure Candy Club’s business operations continue to thrive amid these uncertain times.

In addition to inventory financing, Candy Club has received several term sheets from Accounts Receivable (“**AR**”) and Purchase Order (“**PO**”) lenders which will further increase the Company’s borrowing base. Candy Club will enter into these agreements concurrently with its inventory financing to maximise the Company’s working capital and improve cash flow as it scales its B2B business.

The inventory, AR and PO financing are interest-only with no equity or warrant payments to lenders. Candy Club is confident and expects the agreements to conclude within the next month barring any unforeseen circumstances.

Apart from the asset financing, Candy Club has been actively engaging with multiple parties on equity financing. The Company received several equity term sheets from external investors as well as its directors Mr James Baillieu and Mr Kan Tang (collectively “**the Directors**”).

As the terms presented by the Directors are more attractive, Candy Club has entered into US\$650,000 bridging loans with them. The funds will be utilised to support the Company’s ongoing operations and provide additional working capital while the asset financing agreements are being concluded.

The bridging loans will carry a 12% annual interest rate and can be converted into shares at a conversion price of \$0.04 per share. A listed Candy Club Holding Option (ASX: CLBO) will be included for each converted share. The conversion from loan to share plus option is subject to shareholder approval at the Company’s upcoming Annual General Meeting in May.

Candy Club Founder and CEO Mr Keith Cohn commented, “Candy Club is experiencing tremendous growth in its B2B segment as we aggressively add new retailers, increase the number of doors who carry our products and perform well on all key operating metrics, including reorder rates and advance bookings. It is a testament to our current momentum and supportive investors that we can secure critical financing during these uncertain times”.

Justyn Stedwell

Company Secretary

Candy Club Holdings Limited

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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.

Candy Club Holdings Limited

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