



ASX ANNOUNCEMENT

20 March 2019

BUSINESS OPERATIONS UPDATE

Candy Club's wholesale division ships its 750th independent retail customer in under 250 days of operations

Highlights

- Wholesale business growing strongly, surpassing 750 independent retailers
- New retail customers are being added at a run-rate of 5 per day
- Re-order rate exceeding 50%
- Buzzfeed ranks Candy Club the #6 best place to buy candy on the Internet

Melbourne, Australia, 20 March 2019 – Candy Club Holdings Limited (ASX: CLB, “Candy Club” or “Company”) a leading premium confectionary business, is pleased to provide the following business operations update:

Candy Club announced today that its wholesale division (B2B) has shipped to its 750th independent retail partner. Having launched in Q3 '18, the group is excited to report that it has achieved this milestone in under 250 days.

While it took the Company two quarters to secure its first 375 independent retail customers, the rate of retail account acquisitions is now rapidly accelerating and gaining strong momentum as it secured its next 375 independent retail accounts in just over two months. As such, the Company is currently adding more than 5 new retailer customers per day, on a run-rate basis.

More impressively, customers who received shipments in 2018 already have a re-order rate in excess of 50%.

“Candy Club continues to execute well in all segments of our business. We are off to a strong start in CY '19 in both the wholesale and direct-to-consumer (D2C) segments. With the recent IPO complete in mid-February '19, the addition of a few key hires and several cost containment measures in place, we now turn our full attention to building the best specialty market confectionary business in the industry,” said Keith Cohn, founder and CEO of Candy Club.

Separately, Candy Club was just recognized by content powerhouse Buzzfeed as the #6 best place to buy candy on the Internet. In their widely read “best of” survey, Candy Club was ranked ahead of Warren Buffet’s See’s Candy (#8), behemoth Walmart (#9) and alcohol-inspired Sugarfina (#10)”

Outlook & Opportunity

“When you consider the size of the addressable market in the USA alone, our high ‘close’ rate and the reorder patterns we are experiencing due to strong product sell-through, these independent retailers should be a massive growth segment for Candy Club in the years to come.

These independent retailers are in addition to the massive opportunity that Candy Club is pursuing servicing regional and national accounts across the USA and already counts among its current retailers, Hallmark Stores (450 locations), Box Lunch (114 locations) Franchesca’s (52 locations) and many others. Test orders have already been shipped or are in process to Bloomingdales, Lord & Taylor, Bed, Bath and Beyond, Spencer’s Gifts, Hot Topic, and numerous others which we look forward to updating investors on,” continued Keith.

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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. Founded in 2015 by serial entrepreneur Keith Cohn, the Company is executing on an omni-channel strategy with a vision to become the world’s leading specialty market candy company. The Company is headquartered in Los Angeles, CA.