



ANNUAL GENERAL MEETING MAY 2022

AUTHORISED BY THE BOARD OF DIRECTORS



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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY



ABOUT US

Candy Club Holdings Limited (ASX: CLB) is a US based confectionery company that is focused on its fast-growing B2B wholesale business which has grown out of a long running B2C subscription business. Candy Club's strategy is to acquire prominent national retail accounts, as well as small and mid-sized brick and mortar accounts and eCommerce websites of all sizes, in order to own the under-utilised retail space at point-of-sale.

CLB utilises best of breed contracted confectionery manufacturers globally and controls its own branding and distribution strategy.

FINANCIAL HIGHLIGHTS

In the FY2021, Candy Club nearly doubled its net revenue to US\$16.5 million from US\$8.7 million in FY2020, an increase of 91% or 1.9x

This was mainly driven by its B2B segment which posted \$14.5 million in gross revenue, representing an impressive YoY growth of 118% or 2.2x.

Candy Club expanded its gross margins to 40% for FY2021.

In 1Q FY2022, Candy Club total net revenue reached US\$4.3m, a growth of 10% as compared to 1Q FY2021, mainly contributed by its B2B segment, which grew 16% on a YoY basis. Gross margins continued to improve, recording 45% for the quarter (1Q FY2021: 43%).

OPERATIONAL HIGHLIGHTS

Candy Club continued to meet or exceed all operating KPI expectations.

As at 1Q FY2022, Candy Club's total number of retail doors continued to grow to more than 31,000 and the number of B2B customers exceeded 19,000.

The Company's quarterly reorder rates from its top 25 customers once again achieved an impressive 92%.

With the Company's recent national account wins, Candy Club will be on a growth trajectory in the coming quarters as these new and existing direct selling accounts continue to scale.

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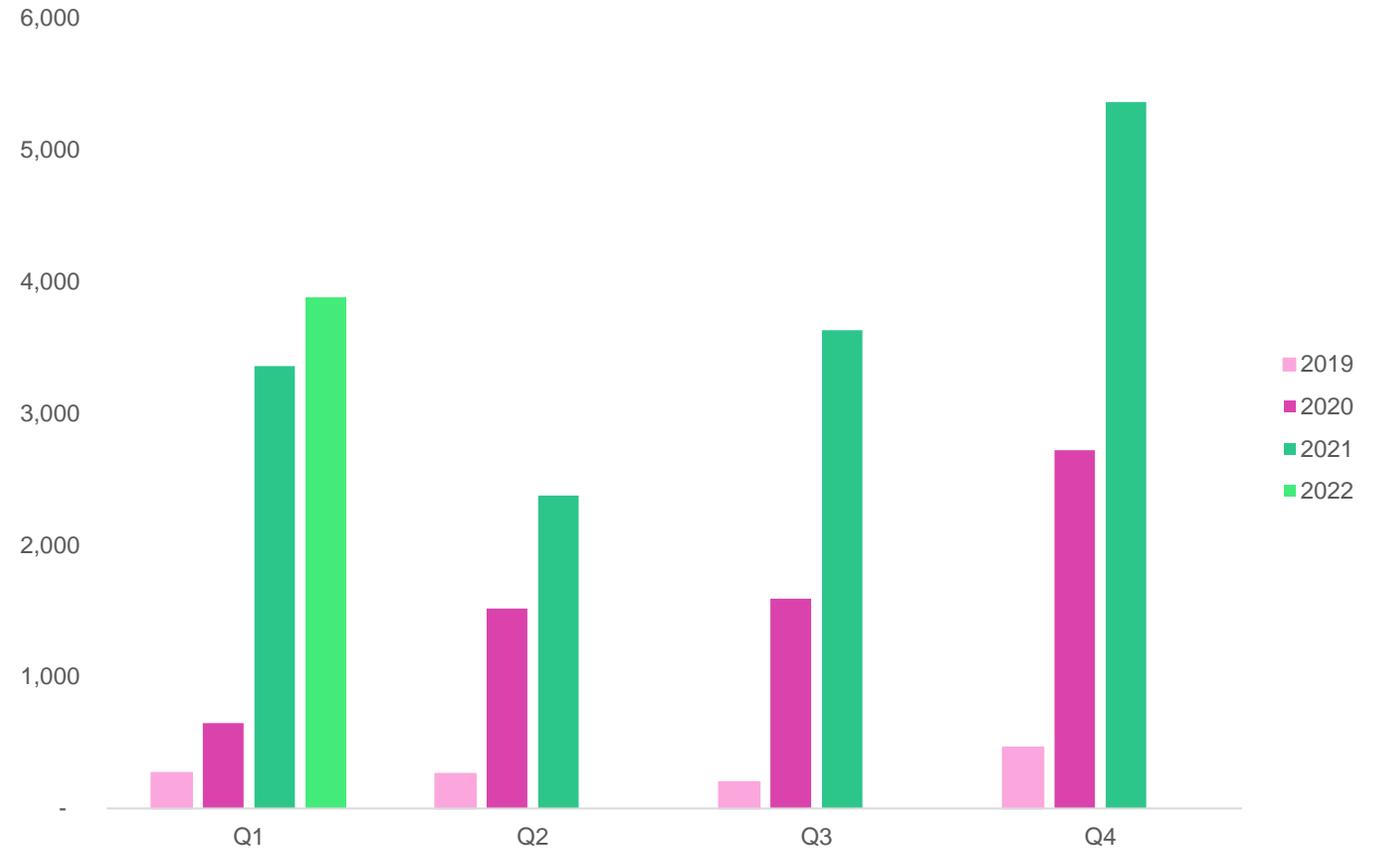
FINANCIAL
SUMMARY



B2B REVENUE GROWTH



B2B Year Over Year GROSS Revenue (\$000's)



🎯 For FY2021, Candy Club more than doubled its B2B revenue, US\$14.5 million from US\$6.7 million for FY2020.

🎯 In 1Q FY2022, Candy Club total gross B2B revenue reached US\$3.9m, a growth of 16% as compared to 1Q FY2021

FY2021 FINANCIALS

PROFIT & LOSS (US\$)

	FY2020 ACTUAL	FY2021 ACTUAL	YoY CHANGE
B2B Wholesale	\$6.65 million	\$14.47 million	118%
B2C Subscription & E-Comm	\$2.03 million	\$2.07 million	2%
TOTAL NET REVENUE	\$8.68 million	\$16.54 million	91%
GROSS MARGIN	38%	40%	+2 pts
EBITDA*	-\$3.01 million	-\$4.74 million	-57%
NET OPERATING CASH FLOW	-\$5.21 million	-\$10.29 million	-97%

 Candy Club's total net revenue in FY2021 grew 91% YoY, increasing from \$8.7m FY2020 to \$16.5m FY2021

 Candy Club's outstanding performance in FY2021 was driven by strong new customer acquisitions and re-order rate every quarter by its top customers

 This was due to a 181% increase YoY in B2B revenue from \$6.7m to \$14.5m.

 The significant growth in B2B segment was due to finding partnerships with large US national retailers and growth in its B2B e-Commerce platform customers.

 Gross margins for the FY2021 also expanded, from 38% for the FY2020 to 40% for the FY2021.

1Q FY2022 FINANCIALS

PROFIT & LOSS (US\$)

	1Q FY2021 ACTUAL	1Q FY2022 ACTUAL	YoY CHANGE
B2B Wholesale	\$3.36 million	\$3.88 million	16%
B2C Subscription & E-Comm	\$0.54 million	\$0.41 million	-24%
TOTAL NET REVENUE	\$3.90 million	\$4.29 million	10%
GROSS MARGIN	43%	45%	+2 pts
EBITDA*	-\$0.99 million	-\$0.88 million	11%
NET OPERATING CASH FLOW**	-\$1.51 million	-\$0.40 million	74%

 Candy Club's net revenue in 1Q FY2022 grew 10% YoY to US\$4.29 million on the back of its 16% growth in B2B segment.

 Gross margins for the quarter also expanded, from 43% in 1Q FY2021 to 45% in 1Q FY2022. Sequentially, EBITDA loss improved 11%.

 With Candy Club's strong cash management initiatives on inventory, supply chain costs and other operational expenses, the Company saw a substantial improvement NOCF.

 NOCF during the quarter recorded a loss of only US\$0.4 million, a reduction of 74% YoY.

*EBITDA is on an operating basis of the US entity before public expenses.

**NOCF loss of \$400k is on an operating basis for all entities, before the impact of 2021 employee bonuses paid in 1Q FY2022. NOCF loss was \$800k inclusive of all expenses for all entities.

COMPANY UPDATES



STRATEGIC OPPORTUNITIES FOR CANDY CLUB



Candy Club has appointed and FocalPoint Partners LLC, an expert in food and beverage, to help it explore strategic opportunities in the US.



FocalPoint has been in discussions with a range of investors including private equity, venture capital and strategic investors. A very large number of investors have shown interests in this process and have now signed NDAs.



Investment options include raising new equity, and the sale of all or part of Candy Club.



Proposals will be submitted to FocalPoint by 23 June and Candy Club expects this to be concluded with a binding proposal, pending due diligence, in 8-12 weeks outside of any ASX regulatory requirement.



Shareholders should be aware that there is no certainty these discussions will lead to any acceptable proposal and the Company will update shareholders in due course, including whether a proposal has been made or is under consideration.



FocalPoint Partners LLC is a global middle-market investment bank specializing in M&A, capital markets, and special situations with offices located in Los Angeles, Chicago, New York and Shanghai.

COMPANY OVERVIEW



COMPANY BACKGROUND



Founded in 2015, Candy Club started as a pureplay business-to-consumer (B2C) subscription-only business.

Candy Club pivoted its strategy in 2019, to focus on selling its products to brick and mortar retailers and eCommerce websites where a gap in the market for high-end confectionery products was identified.

Since then, the B2B market has become Candy Club's primary driver, consistently hitting significant milestones every quarter across all its key metrics.

Candy Club's strategy is to acquire prominent national retail accounts, as well as small and mid-sized brick and mortar accounts and eCommerce websites of all sizes, in order to own the under-utilised retail space at point-of-sale.

+16%

B2B revenue growth
YoY in 1Q FY2022

31,000*

Total retail doors

92%^

Re-order rates

19,000*

Number of B2B
customers

45%*

Gross margin

* As at 31 March 2022

^ Quarterly, from top 25 customers

B2B MARKET OPPORTUNITY



Candy Club has identified a massive untapped opportunity in this sector.

KEY BENEFITS OF THE CANDY CATEGORY TO RETAILERS



Reliable gross margins



Long shelf life



Defensive product



Increases average order value



High ROI & lack of markdowns



High turnover rate



Drive incremental store traffic



Non-cannibalistic to existing products



Large demographic appeal

WHITE SPACE STRATEGY



In September 2019 Candy Club identified under-utilised counter space at premium retailers across the US as a growth opportunity and an untapped sales and distribution channel for Candy Club products.

Today the “white space” opportunity is comprised of 3.2+ million retail brick and mortar doors AND, fast-growing number of eCommerce outlets across multiple verticals.

Candy Club offers retailers and eCommerce websites the opportunity to offer their customers a “premium candy store within a store” on a turn-key basis.

Candy Club is now being distributed in multiple store categories, including:

Apparel

Department stores

Grocery

Hardware



KOHL'S



WOODLANDS MARKET (SAN FRANCISCO)



FRESH MARKET (MIAMI)

DISTRIBUTION STRATEGY

CANDY CLUB HAS BUILT A ROBUST B2B CUSTOMER ACQUISITION STRATEGY THAT INCLUDES **MULTIPLE REVENUE STREAMS** INCLUDING:



Dedicated internal sales staff which focuses on large national and mid-sized accounts



3rd party selling agents & brokers with extremely strong relationships at some of the largest retailers in the US who sell on a commission only basis



Independent sales reps who focus on selling to small, independent retailers who sell on a commission only basis



Digital lead generation campaigns, that are highly scalable with a measurable ROI, to acquire eCommerce-based e-tailers and social influencer marketers

NATIONAL AND REGIONAL B2B CUSTOMERS INCLUDE:



PRODUCT DIFFERENTIATION IS CANDY CLUB'S STRENGTH



Confetti Drops



Gummy Dinosaurs



Sour Pink Cadillacs



Rainbow Sour Belts



Chocolate Pretzels



Blue Razz Laces

BUILDING BRAND AWARENESS



Candy Club's experienced management team use its vast network of contacts to secure major media coverage in many of America's top celebrity publications cost free, as evidenced by this Easter's media coverage



9.6M Weekly Audience | 4/5/2021



4.5M Weekly Audience | 4/5/2021



4.0M Weekly Audience | 4/5/2021



2.9M Weekly Audience | 4/5/2021



2.8M Weekly Audience | 4/5/2021

WHY WE ARE WINNING – RETAILERS AND CONSUMERS LOVE OUR PRODUCTS

Faire and Tundra are two of the most prominent online wholesale platforms that carry Candy Club's products.

Candy Club's retailer satisfaction ratings are outstanding as Faire averages at 4.9 out of 5 while on Tundra the rating averages at 5 out of 5. Our product ratings are high because our products sell well and consumers LOVE them.

March 16
Kris
Onalaska, WI

★★★★★

WOWOWOWOW

I am blown away by how fast these are selling in our boutique! I'm ready to order more after a week. Going to expand our selection:) The package is adorable!

March 28
Cynthia
Ben Wheeler , TX

★★★★★

Very happy with my order. Adorable packaging.

A big hit in our shop. I love the products from Candy Club. The packaging is adorable and will be keeping these in stock.

March 22
Stephanie
Washington Township,
IN

★★★★★

Fast seller!

I ordered Candy Club on a whim, and it's been a huge success! The packaging is just so cheerful, and many of the candies fly off the shelves!



THANK YOU

APPENDIX



OUR STORY



Our Founder saw an opportunity to bring the fun of an old-fashioned candy store directly to people's homes. After some research and lots of questions asked, he began offering monthly subscription boxes of cute jars filled with fun candy — and Candy Club was born.

As time went on, we heard from our customers. They wanted more unique, more premium candies. They wanted what was hard for them to find. So, we traveled the globe looking for the best-in-class candy — then we offered a variety of curated, delectable candies in fun shapes and delicious premium flavors - and they loved it.

Now, you can find Candy Club products in some of your favorite boutique shops, online and in major department stores. From individual cups and gift sets and monthly subscriptions to everyday joy or seasonal and holiday collections — we have something for all occasions and tastes. Our products are great as a gift, to share with others, or as a sweet indulgence for yourself.

Since our founding, we've been creating sweet moments with our modern twist on classic sweets — making it whimsical for kids with a touch of nostalgia for adults. We remain committed to our passion and mission offering amazing, premium candies at affordable prices.



CANDY CLUB TIMELINE



2015

- Founded by Keith Cohn
- Started as a pureplay B2C subscription model in the new subscription economy
- Proof of concept

2016

- Focused on adding scale and validating all KPI metrics
- First US-based investment

2017

- Customer experience enhancements
- KPI optimisation and scale at all costs
- First Australian investment

2018

- Australian roadshow and pre-IPO rounds; subscription economy loses momentum

2019

- IPO on ASX
- Launched B2B business model
- Business model pivot to focus on running B2B for ROI

2020

- B2C turns profitable on lower scale
- Exponential growth in B2B business

2021

- Began selling its products internationally through Faire.com
- Enhanced inventory management processes to improve NOCF



KEITH COHN

Founder, CEO
& Executive Director



More than 20 years of experience in the consumer industry, a 4x serial entrepreneur and startup executive.



Founder & CEO, Vendare Media, a leading adtech company with 300 employees and annual sales of US\$150 million.



Founder & CEO, Bardon Advisors, a boutique adtech company. Acquired by Media Trust for US\$20 million.



Former Executive with Mattel, Hasbro, Equity Marketing.



JAMES BAILLIEU

Chairman



Mr Baillieu brings a wealth of corporate experiences to Candy Club, having previously served as Non-Executive Chairman of BidEnergy Limited (ASX: BID), which was the best performing stock on 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 is working with Candy Club management team to focus Candy Club on its fast-growing B2B offering.



ANDREW CLARK

Non-Executive Director



Mr Clark joined Candy Club Board with a wealth of knowledge gained in executive and senior leadership positions whilst working for more than 20 years in the Consumer Goods sector.



Domestic and global roles held in large multinational and national public businesses and smaller private equity businesses covering manufacturer/supplier, wholesaler/retailer and technology/platform operations in the Australian, UK and US markets.



Previously held roles at Cadbury Schweppes, Reckitt Benckiser; Nestle; Metcash and irexchange.



A record of success in helping businesses deliver consistent growth, develop and implement business strategies, transform business operations as well as deep functional expertise in commercial activities including sales, marketing and supply.



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 US\$100 million 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 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 companies, Dragon Sports & Gaming Ltd "DrHo888" in 2001.



NICHOLAS GIORDANO

Chief Financial Officer



Financial Executive and CPA with 20+ years of experience in high growth start-ups in the consumer goods industry.



Proven track record of achieving strategic, financial and operational goals driving corporate profitability.



Recently held positions prior to joining Candy Club: Head of Finance and Operations for TYRA Beauty (Beauty in E-Comm and Direct selling), a Tyra Banks Company, AquaHydrate (Enhanced bottled water – PE backed by Yucaipa), and Sony Entertainment (Home Entertainment Division).



Board member of True Connection, a nonprofit organization committed to empowering youth to build empathy and creatively solve problems from a personal to a global level.



CAMERON LOFINK

VP of Supply Chain

-  Supply Chain professional with more than 12 years of function experience.
-  Established and improved Supply Chain capabilities at a range of different company sizes – Specializing in driving efficiency, improving margin and end to end supply chain analysis
-  Domestic and International business experience with a focus on International Manufacturing and Logistics (Asia, Africa and the Americas)



CHAD BURBACH

VP of Customer
Acquisition & Analytics



Executive with 20+ years of overall experience; 17+ years in marketing, business development and operations roles within high growth eCommerce start ups.



Prior to Candy Club was Head of Marketing & Partnerships at The Bouqs Co., overseeing all aspects of marketing and retention strategy. Leveraged strategic partnerships and optimized media mix for consistent revenue growth while maintaining KPI efficiency.



Analytical, data-driven executive with an education in engineering, and an MBA from UCLA Anderson.



TRACEY MOSES

SVP Marketing



Bringing over 20+ years in Marketing and General Management, focused on branding and consumer experience, Ms. Moses joined Candy Club with experience in a variety of sectors including CPG, Med Device, Retail and eCommerce.



Tracey owned her own consulting practice for 7 years working with large and small companies ranging from CEO coaching to process improvements, marketing strategy and product development.



Working both domestically and internationally, she has grown consumer awareness and revenue through data-driven decision making and challenging the “norms” of traditional marketing by industry.



Her experience ranges from Mattel to eCommerce start-ups including Vow to Be Chic achieving a Series A funding round; to developing a full multi-million dollar/ multi-year consumer awareness test campaign with a women’s medical device company, ultimately driving it to an acquisition.



Strong success in mentoring teams and working with executive teams to deliver revenue / awareness generating ideas, process improvements and consistent revenue growth.



IVANA PLACKO

VP Technology



Ms. Placko joined Candy Club with over 15 years of experience working with stakeholders, vendors and clients around the world implementing Technology solutions.



She spent 10 years in London with the Gallup Organization managing technology roadmap and international priorities for Europe, Asia, Middle East and Australia.



While at Regent, a private equity firm, she managed technology transitions of new company acquisitions, from companies including L Brands, eBay, Hain Celestial and Regis Corp.



With a strong operational and strategic focus, she has a positive track record in improving operational efficiencies, solving complex business problems and driving revenue with creative technology solutions.