



8 December 2021

Candy Club Announces:

- **Improvements to cash position**
- **Profitable new customer acquisition**
- **Large national customer sales successes**
- **Lowering of costs across multiple cost centres**
- **Initiatives to increase Gross Margins even further in 2022**

Melbourne, Australia – Candy Club Holdings Limited (ASX: CLB) ("**Candy Club**" or "**the Company**") is pleased to announce the second tranche debt financing of \$2.5m from WTI and Q4 2021 operational highlights. Note that all dollar figures are estimates and in US dollar terms unless otherwise specified.

WTI advanced to Candy Club a further \$2.5m in cash on its facility (see ASX announcement dated 14th April 2021), bringing total cash on-hand at November 30th to \$5.0m. In addition, the Company had \$2.4m in accounts receivable and total inventory of \$7.4m, bringing total current assets to \$14.8m while the accounts payable balance sits at just \$1.8m.

"Receiving the second tranche from WTI significantly adds to the Company's working capital and is a great endorsement of our future prospects by a well-respected U.S. financial institution. Cash on-hand, plus our accounts receivable and inventory balances, both of which ultimately convert into cash, means that Candy Club's balance sheet is well-suited to support our growth initiatives for 2022," said Keith Cohn, founder and CEO of Candy Club.

Candy Club has also achieved the following operational highlights thus far in Q4 2021:

- Generated revenue from new customers at a multiple of 3X spend during November through the Company's B2B digital advertising campaigns with a subsequent healthy cost per acquisition exceeding internal targets.
- Achieved strong in-store stock sell-through at Kohl's (one of the largest US department store retailers) leading to ongoing re-orders, combined with additional orders for Kohl's 2022 merchandising programs.
- Shipped its first orders to Target (one of the largest US grocery and general merchandise retailers) to 450 store locations to support Target's Christmas merchandising programs.
- Shipped its first international orders through its partnership with Faire.com.
- Lowered costs in many General and Administrative cost centres that will yield significant improvements to both NOCF and EBITDA in the current and future quarters.
- Continued product development initiatives to enhance the consumer candy offer with the introduction of many new products from existing and new suppliers which will be brought to market in 2022.

As previously announced, Candy Club is very focused on expanding Gross Profit margins as it scales the business. Two key initiatives that will positively impact gross margins in 2022 are:

- Evaluated product, manufacturing and distribution costs and developed a strategy to implement a price increase for the B2B segment commencing Q1 2022 which will support further Gross Margin improvement.
- Evaluated supply chain operations and developed a plan to improve efficiency and lower costs at its 3PL fulfillment operation as volumes continue to increase throughout 2022 and beyond.

All dollar figures throughout this document are in US Dollars unless otherwise specified.

This announcement has been approved for release by the Company's Board of Directors.

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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) division in the United States of America. Broadly, confectionery encompasses sugar confectionery, chocolates and gum.

Founded in 2015 by entrepreneur Keith Cohn, Candy Club executes an omni-channel strategy with a vision to become the world's leading specialty market confectionery company.

Candy Club is headquartered in Los Angeles, California, United States.

Forward-looking statements

This ASX release contains certain references to forecasts, estimates, assumptions, projections, and other forward-looking statements and statements regarding the intent, belief or current expectations of Candy Club. The words "likely", "expect", "aim", "should", "could", "may", "prospect", "anticipate", "predict", "believe", "plan", "forecast" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this ASX release are based on current expectations, estimates and projections about Candy Club's business and its financial performance and the industry in which it operates. They may also be based on assumptions and contingencies which are subject to change without notice and/or risk factors associated with an investment in Candy Club. These forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors, which are, or may be, beyond the control of Candy Club. These forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from the results, performance or achievements expressed or implied in this ASX release. Events and actual circumstances frequently do not occur as forecast and these differences may be material. Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements contained in this ASX release, which speak only as of the date of this ASX release.

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