



Press Release

27 January 2021

Candy Club achieves record 4Q 2020 as B2B revenue up 509% YoY

Melbourne, Australia – Candy Club Holdings Limited (ASX: CLB) ("Candy Club" or "the Company") has announced its results for the three months ending 31 December 2020 ("4Q FY2020") today.

Financial Highlights

	4Q FY2019 (actual)	3Q FY2020 (actual)	4Q FY2020 (actual)	QoQ Change	YoY Change	Jan FY2021 (estimate)
Total gross revenue	\$1.08m	\$2.18m	\$3.29m	51%	205%	\$1.40m
B2B revenue	\$0.46m	\$1.64m	\$2.80m	71%	504%	\$1.20m
B2C revenue	\$0.62m	\$0.54m	\$0.49m	-9%	-21%	\$0.20m
Gross margins	42%	43%	41%	-2 ppts	-1ppts	43.0%
EBITDA*	-\$0.88m	-\$0.61m	-\$0.72m	-18%	18%	-\$0.15m
NOCF	-\$1.45m	-\$01.90m	-\$1.19m	37%	18%	N/A

*EBITDA is reported on an operating basis prior to any non-cash audit adjustments and accruals

Note: Figures in value and percentages tabulated above may not add up due to rounding and are unaudited figures.

Total gross revenue grew 205% YoY to \$3.29 million in 4Q FY2020 mainly driven by the strong B2B demand in the seasonally strong 4Q period. The strong performance comes amid the extremely challenging operating environment in the US, which continues to be impacted by the COVID-19 pandemic.

The B2B segment recorded revenue of \$2.8 million in 4Q FY2020, representing a QoQ and YoY increase of 71% and 509%, respectively.

Candy Club expects this growth trajectory to continue in FY2021 as January is expected to generate \$1.4 million in total gross revenue with \$1.2 million from the B2B segment, marking a 515% increase over the \$196,000 achieved in January 2020.

The Company's total number of retail doors as at 4Q FY2020 was close to 14,000, while the number of B2B customers grew to over 7,500. Re-order rates for the Company's top 25 customers topped at 96%.

"Our exponential performance speaks for itself. While 4Q FY2020 is a historically strong quarter, we are already seeing promising signs in January. Along with our new hires and strategic initiatives, I believe we will lead Candy Club to even more success in 2021 and beyond", said Candy Club founder and CEO Keith Cohn.

Net operating cash flow was -\$1.19 million in 4Q FY2020, a \$707,000 improvement, or a 37% increase QoQ due to improved operating performance.

Candy Club made two key hires to bolster its management team, Tracey Moses, SVP Marketing and Product Development, and Ivana Placko, VP Technology, to assist in executing the Company's 2021 strategic roadmap.

Candy Club had \$3.1 million in cash as at 31 December 2020, inclusive of Director's investment pending shareholder approval. Candy Club also had \$420,000 in borrowing base available under its current inventory financing agreement, with approval to increase another \$500,000 if required. The Company is also selling 100% of its account receivables to its account receivables lender, further adding to its available working capital needs.

Outlook

After a record FY2020, FY2021 is off to an equally great start with January up 6x YoY. With key strategic growth initiatives well underway, Candy Club's outlook has never been brighter. They include:

- New product development.
- New business development selling partnerships.
- Marketing initiatives to continue building the Candy Club brand.
- Scaling B2B customer acquisition digital advertising campaigns to grow the B2B customer and revenue base further.
- Development of a company-owned and operated B2B selling portal and other technology-stack improvements.
- Doubling the Company's operational throughput to meet its current and future revenue demand.

Once pandemic subsides and bricks-and-mortar retailers return, this will only serve to accelerate Candy Club's overall business that already has a lot of momentum.

"With the COVID-19 vaccine roll-out ongoing, hopefully, the end is in sight from the pandemic. We are looking forward to 2021," said Candy Club Chairman James Baillieu. "We are doubling our capacity so we can meet strong demand and have many initiatives to drive growth that will lead to further shareholder value as well as make our customers happy and satisfied."

Candy Club's Quarterly Activities Report & Appendix 4C can be accessed [here](#).

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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 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.