Candy Club Holdings Limited

ACN 629 598 778

Annual Report - 31 December 2020

Directors	Mr Keith Cohn (Executive Director) Mr Andrew Clark (Non Executive Director) Mr James Baillieu (Non Executive Chairman) Mr Chi Kan Tang (Non-Executive Director)
Company secretaries	Mr Justyn Stedwell and Ms Nova Taylor
Registered office	C/- Moray & Agnew Lawyers Level 6, 505 Little Collins Street Melbourne VIC 3000, Australia
Principal place of business	5855 Green Valley Circle Suite 101 Culver City, CA 90230
Share register	Automic Group Level 5, 126 Phillip Street Sydney NSW 2000, Australia
Auditor	HLB Mann Judd (Vic) Partnership Level 9, 575 Bourke Street, Melbourne VIC 3000, Australia
Solicitors	Moray & Agnew Lawyers Level 6, 505 Little Collins Street, Melbourne VIC 3000, Australia
Stock exchange listing	Candy Club Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: CLB) Candy Club Holdings Limited options are listed on the Australian Securities Exchange (ASX code: CLBO)
Website	https://www.candyclub.com
Corporate Governance Statement	Refer to https://www.candyclub.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Candy Club Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2020.

Directors
The following persons were directors of Candy Club Holdings Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Keith Cohn
Chi Kan Tang
James Baillieu
Andrew Clark

Presentation currency
As announced on 8 July 2020, during the current year the board have opted to change the presentation currency to US dollars, because it is the consolidated entity's functional currency and better reflects its financial performance and position. It is also the currency used by the board to measure and assess the consolidated entity's performance. Refer to note 1 of the financial statements for an explanation of impact of this change.

Principal activities
During the financial period the principal continuing activities of the consolidated entity consisted of:
- Sourcing, sales, marketing and distribution of candies in North America; and
- Servicing business customers in various traditional & non traditional candy retailers in a B2B segment & consumer customers through a B2C segment.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $US4,535,042 (31 December 2019: $US5,453,516).

In 2020, Candy Club saw the pivot it made to focus on the B2B segment pay off significantly as revenue from this business line grew 507% from $US1,095,687 in 2019 to $US6,645,435 in 2020. Total net revenue for 2020 was $US8,673,772.

Candy Club's B2B segment saw an increase in the total number of retail doors shipped in FY2020 by 10,000 from 4,000 doors to 14,000. While Candy Club continues to experience rapid accelerating growth in the number of retail doors carrying its product resulting from signing partnerships with large US national retailers, its B2B eCommerce customers were responsible for a significant amount of its growth in 2020.

It should be noted that the dramatic growth the Company experienced in 2020 occurred despite the significant headwinds from the COVID-19 pandemic which dramatically curtailed brick and mortar retail activity in the US.

Candy Club has seen its growth continue in Q1 2021 as brick and mortar retailers begin to resume more normalized operations and as its B2B eCommerce segment continues to scale.

Candy Club's outstanding performance in 2020 was driven by a combination of strong new customer acquisition and a 90%+ reorder rate every quarter by its top customers.

Candy Club's B2C subscription business is being managed for an optimum ROI. This segment's largest variable expense is its cost per acquisition ("CPA"), which dropped to $US17 in 2020 from $US23 in 2019, a direct result of focusing on efficiency vs. scale.

The B2C segment remains a key part of the Company's overall strategy & supports the B2B business by helping with product and manufacturing efficiencies. Candy Club believes that this can be accomplished through ongoing customer acquisition in conjunction with repeat business from existing customers, new product development, consumer facing advertising, expanded partnerships with existing & new business partners, leveraging big-data customer insights to continually improve the company's products & programs.

In Q1 2020 the Company signed a deal with its 3rd party logistics partner that will greatly expand its production capacity to meet its aggressive growth targets through 2022. This expanded capacity comes with greater automation and efficiency, and as such the Candy Club was able to negotiate better rates on its key assembly processes that will result in higher gross margins once the project is complete in Q3 2022.

Significant changes in the state of affairs
Refer to note 21 for details of shares issued during the financial year.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period
On 13 January 2021, the company issued 1,165,000 options over ordinary shares to employees under the company's ESOP. The options are exercisable at ($AU 0.13 - $US 0.101) and expire on 13 January 2025.

On 9 February 2021, the company issued 12,500,001 fully paid ordinary shares valued at $AU 0.12 ($US 0.0927) fully paid ordinary shares to directors or their related entities raising $AU 1,500,000 ($US 1,159,050).

On 9 February 2021, the company also issued 7,102,088 fully paid ordinary shares valued at $AU0.125 ($US.0966) to directors or their related entities. These shares were issued to settle borrowings and accrued interest valued $AU 887,761 ($US 685,972).

On 9 February 2021, the company also issued 2,614 fully paid ordinary shares valued at $US 0.0029 on the conversion of ESOP options.

On 14 February 2021, 34,438,212 fully paid ordinary shares, 4,000,000 performance rights and 2,000,000 unlisted options were released from escrow.

On 19 February 2021, the consolidated entity signed an agreement with its fulfillment and warehouse center to expand their production facilities to not only allow them to meet their sales forecasts through 2022, but to better efficiently allow for improved gross margins, reducing cash burn throughout 2021 and 2022.

On 8 March 2021, the company issued 5,067,000 options over ordinary shares to a US employee. The options are exercisable at $AU 0.20 ($US 0.154) and expire on 4 March 2025.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the consolidated entity by the reporting date. As responses by government continue to evolve; management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the consolidated entity, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 9 April 2021. Refer to note 3 to the financial statements for further information regarding the impact of COVID-19 on the Group's operations.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Business risks

Below is a summary of the key business risk relating to the consolidated entity.

Item	Summary
Sufficiency of funding	The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.
Consumer demand	If consumers do not perceive the Candy Club Branded confectionery to be of sufficient quality, value or novelty, the consolidated entity may not be unable to acquire new customers or retain existing customers, adversely affecting the consolidated entity's business operations and profitability.
Customer acquisition costs	Customer demand for subscription plans of the Candy Boxes is currently generated, in part, from paid online media sources such as Facebook and Google. Customer acquisition costs, in particular from online media sources may rise in the future and in such circumstances the consolidated entity could find it difficult to acquire customers at a price sufficient to make a profit.
Food safety and hygiene	Selling food for human consumption carries inherent risks related to food safety. The business carried on by the consolidated entity may be adversely affected to the extent there are any food safety incidents involving the Candy Club Branded Confectionery (such as tampering or contamination).
Supply of confectionery	While the consolidated entity is not dependent on any one supplier of confectionery, its business operations may be affected by the failure of a supplier to meet its contractual obligations to the consolidated entity or to supply products that meet the consolidated entity's production standards. Any such failure by a supplier may have adverse implications on the consolidated entity's business.
Privacy and Data	The consolidated entity is reliant on third party suppliers for data processing and payment services, and the consolidated entity and such suppliers collect, store and transmit significant amounts of customer information. Any security breach or interruption in service may adversely affect the consolidated entity's reputation and substantially interrupt the consolidated entity's business operations.
Intellectual Property	The success of Candy Club's business operations is reliant on its intellectual property, such as customer data, trademarks, domain names, copyrights and know-how. If competitors utilise or infringe the consolidated entity's intellectual property, the consolidated may be adversely affected.
Reliance on Key Personnel	The consolidated entity is heavily reliant on key personnel, including the consolidated entity's Executive Director, Mr Keith Cohn. Candy Club's continued success depends on the continuing efforts and retention of its management team and staff, and if it is not able to attract highly skilled staff to support its planned growth, its business operations may be impacted.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Keith Cohn
Title:	Executive Director
Experience and expertise:	Keith founded the Candy Club Business in 2014 and currently serves as the Chief Executive Officer of the Company. Keith has over 20 years of consumer industry experience and has held various executive marketing roles in the industry. Keith began his career as a Product Manager for Parkers Brothers, a division of Hasbro, Inc in managing the product lines of toys. He then proceeded to work as a Senior Product manager for Mattel, Inc. Keith subsequently worked at Equity Marketing, Inc, where he served as Vice President of the consumer division and was responsible for negotiating master licensing agreements with Universal Studios, Warner Bros. Entertainment Inc. and Lyrick Studios and launched product lines on a worldwide basis. In 2000, Mr. Cohn founded Vendare Media, a leading venture-backed online performance marketing company. Cohn led this high-growth, digital marketing enterprise from pre-revenue to US $150,000,000 in annual sales in five years. The Company pioneered email, lead generation and network advertising platforms in the early days of online marketing. He subsequently founded Bardon Advisors, a successful Search-based digital marketing company focused on high-value SEM marketing which he later sold in 2010.
Other current directorships:	
Former directorships (last 3 years):	Nil
Interests in shares:	10,997,811 fully paid ordinary shares
Interests in options:	15,600,000 options over ordinary shares
Interests in rights:	2,000,000 performance rights

Name:	Chi Kan Tang
Title:	Non Executive Director
Qualifications:	Kan is a qualified Chartered Professional Accountant (CPA) and qualified Chartered Financial Analyst (CFA) and holds a Bachelor of Commerce from the University of Alberta.
Experience and expertise:	Kan is the founding partner of Asia Summit Capital, a private equity firm established in 2014, focused on consumer growth and the technology sector in Indonesia and Southeast Asia. Prior to this, Kan developed considerable experience in the online and landbase gaming industry with particular expertise in markets within the Asia-Pacific region. In 2003, Kan co-founded AsianLogic Limited, a Hong Kong based gaming company. During his time at Asianlogic, he took on numerous senior roles and responsibilities from CFO in the early stages of the company growth, to Business Development Director and was promoted to Chief Officer of Asianlogic from 2009 to 2014. Kan has also launched a series of SMEs including multiple F&B, leisure and 7-Eleven franchises in Hong Kong and the Philippines.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	38,019,031 fully paid ordinary shares
Interests in options:	11,214,711 options over ordinary shares
Interests in rights:	Nil
Contractual rights to shares:	Convertible note with a face value of $US 250,000.

Name:	Mr James Baillieu
Title:	Non Executive Director
Qualifications:	James holds an LLB (First Class Honours) and Bachelor of Arts from the University of Melbourne
Experience and expertise:	James previously served as Senior Vice President of Business Development at Aconex Limited (ASX:ACX) and was an early investor in and consultant to Aconex Limited. He also served as a non-executive director of Bidenergy Ltd (ASX: BID). James spent more than seven years as a consultant with McKinsey & Co, assisting businesses in Australia and internationally with strategy and operational improvement. James was previously a lawyer who practised in commercial law with Mallesons Stephen Jacques in the 1990s.
Other current directorships:	Nil
Former directorships (last 3 years):	Bidenergy Ltd (ASX: BID) - resigned 22 February 2019
Interests in shares:	84,611,444 fully paid ordinary shares
Interests in options:	25,161,506 options over ordinary shares
Interests in rights:	Nil
Contractual rights to shares:	Convertible note with a face value of $US 400,000.

Name:	Andrew Clark
Title:	Non-Executive Director
Experience and expertise:	Andrew Clark has a wealth of knowledge gained in executive and senior leadership positions whilst working for more than 20 years in the Consumer Goods sector. Andrew's experiences have included domestic and global roles held in large multi-national 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. Andrew has held various roles at Cadbury Schweppes, Reckitt Benckiser (including Global Sales Development Director and USA Vice President Trade Marketing); Nestle (Head of Sales and Category); Metcash (General Manager Merchandise: Food and Non-Food) and irexchange (CEO - FMCG).
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	2,831,780 fully paid ordinary shares
Interests in options:	4,350,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Justyn Stedwell is a professional Company Secretary consultant with over eleven years' experience as a Company Secretary of ASX listed companies in a wide range of industries. His qualifications include a Bachelor of Commerce (Management and Economics) from Monash University, a Graduate Diploma of Accounting from Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia. He is currently the Company Secretary of several ASX listed companies.

On 25 January 2021, Nova Taylor was appointed as joint company secretary. She has 4 years working in company secretary and assistant company secretary roles for listed entities. She previously worked for Computershare Investor Services Pty Ltd in various roles for 10 years and has a Bachelor of Law from Deakin University.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the period ended 31 December 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Keith Cohn	6	6
Chi Kan Tang	6	6
Andrew Clark	6	6
James Baillieu	6	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The company observed the following factors in setting remuneration:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- Transparency

The board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic performance as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the board. The board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The annual level of non-executive remuneration was set a maximum of $AU250,000 at the company's 2019 annual general meeting.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits
- short term performance incentives
- share based payments

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. The Board reviewed the long-term equity-linked performance incentives.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on targets being met. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants
The consolidated entity has not made use of remuneration consultants.

Voting and comments made at the company's 31 July 2020 Annual General Meeting ('AGM')
At the 31 July 2020 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

2020	Short-term benefits: Cash salary and fees $US	Short-term benefits: Consulting fees $US	Short-term benefits: Bonus $US	Post-employment benefits: Super-annuation $US	Long-term benefits: Long service leave $US	Share-based payments: Equity-settled options $US	Share-based payments: Issue of shares $US	Total $US
Non-Executive Directors:								
Chi Kan Tang *	-	-	-	-	-	-	-	-
Andrew Clark	37,983	212,014	-	3,608	-	96,351	78,892	428,848
James Baillieu *	-	-	-	-	-	-	-	-
Executive Director:								
Keith Cohn**	293,917	-	150,000	-	-	540,024	100,000	1,083,941
	331,900	212,014	150,000	3,608	-	636,375	178,892	1,512,789

* These directors have agreed to forgo all fees during the current financial year.
** Of the bonus US$37,500 was paid at 31 December 2020 with the remainder accrued as a liability.

Restated 2019	Short-term benefits: Cash salary and fees $US	Short-term benefits: Cash bonus $US	Short-term benefits: Non-monetary $US	Post-employment benefits: Super-annuation $US	Long-term benefits: Long service leave $US	Share-based payments: Equity-settled $US	Total $US
Non-Executive Directors:							
Robert Hines	22,877	-	-	-	-	-	22,877
Zachry Rosenberg	19,695	-	-	1,871	-	6,899	28,465
Chi Kan Tang	24,150	-	-	2,294	-	-	26,444
Andrew Clark	9,353	-	-	888	-	-	10,241
James Baillieu	11,053	-	-	-	-	-	11,053
Executive Director:							
Keith Cohn	244,251	-	-	-	-	214,651	458,902
	331,379	-	-	5,053	-	221,550	557,982

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2020	Fixed remuneration Restated 2019	At risk - STI 2020	At risk - STI Restated 2019	At risk - LTI 2020	At risk - LTI Restated 2019
Non-Executive Directors:						
Robert Hines	-	100%	-	-	-	-
Zachry Rosenberg	-	76%	-	-	-	24%
Chi Kan Tang	100%	100%	-	-	-	-
Andrew Clark	59%	100%	-	-	41%	-
James Baillieu	100%	100%	-	-	-	-
Executive Directors						
Keith Cohn	27%	53%	14%	-	59%	47%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
		Restated		Restated
Name	2020	2019	2020	2019
Executive Directors:				
Keith Cohn	100%	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Keith Cohn
Title:	Executive Director
Term of agreement:	US$275,000 per annum plus an allowance of US$1,750 per month. Employment can be terminated by either party at any time with or without reason and with or without notice.

Name:	James Baillieu
Title:	Non-Executive Chairman
Details:	$AU 50,000 per annum (plus superannuation)

Name:	Andrew Clark
Title:	Non-Executive Director
Term of agreement:	$AU 55,000 per annum (plus superannuation)

Name:	Chi Kan Tang
Title:	Non-Executive Director
Term of agreement:	$AU 40,000 per annum (plus superannuation).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the period ended 31 December 2020 are set out below:

Name	Date	Shares	Issue price	$US
Keith Cohn	17 January 2020	1,865,672	$US0.0536	100,000
Andrew Clark	13 August 2020	1,581,780	$US0.0499	78,892

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial period or future reporting years are as follows:

Grant date	Number of options	Expiry date	Exercise price ($US)
5 November 2015 and 1 July 2016	543,665	48 months from grant date	$US1.1700
11 November 2018	87,668	11 March 2020	$US1.1700
17 January 2020 *	3,100,000	15 January 2024	$US0.0000
17 January 2020	5,200,000	15 January 2024	$US0.1379
17 January 2020	5,200,000	15 January 2024	$US0.1724
17 January 2020	5,200,000	15 January 2024	$US0.2069

* Exercise price is 150% of the company's VWAP 10 day immediately prior to exercise.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Additional information
The earnings of the consolidated entity for the three years to 31 December 2020 are summarised below:

	2020 $US	2019 $US	2018 $US
Sales revenue	8,673,772	4,705,618	748,789
Net loss attributable to owners	(4,535,042)	(5,453,516)	(936,820)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018
Share price at financial year end ($AU) *	0.13	0.07	-
Total dividends declared (cents per share) ($US)	-	-	-
Basic earnings per share (cents per share) ($US)	(1.86)	(3.75)	(1.22)
Diluted earnings per share (cents per share) ($US)	(1.86)	(3.75)	(1.22)

* On 19 February 2019, the company successfully completed its IPO, and was officially admitted onto the Australian Securities Exchange.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the period
Ordinary shares					
Mr Keith Cohn	9,091,947	1,865,672	-	-	10,957,619
Mr Chi Kan Tang	28,250,919	-	2,760,610	-	31,011,529
James Baillieu	8,712,910	-	55,276,032	-	63,988,942
Andrew Clark	-	1,581,780	1,250,000	-	2,831,780
	46,055,776	3,447,452	59,286,642	-	108,789,870

Option holding
The number of options over ordinary shares in the company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Additions	Expired/ forfeited/ other	Balance at the end of the period
Options over ordinary shares					
Keith Cohn *	631,333	15,600,000	-	(631,333)	15,600,000
Chi Kan Tang	7,062,730	-	4,151,981	-	11,214,711
James Baillieu	2,178,228	-	22,983,278	-	25,161,506
Andrew Clark	-	3,100,000	1,250,000	-	4,350,000
	9,872,291	18,700,000	28,385,259	(631,333)	56,326,217

* During the year 631,333 options over ordinary shares held by Keith Cohn expired unexercised.

Loans from key management personnel and their related parties
Entities related to James Baillieu and Chi Kan Tang had short term loans of $US,1,250,000 outstanding at 31 December 2020 with interest being accrued at 1% per month. These loans may be converted into fully paid ordinary shares at the discretion of the lender. Total interest expense of $US 236,041 was incurred for the year in relation to these loans with $135,155 of this amount unpaid and accrued at 31 December 2020. During the year, entities related to James Baillieu and Chi Kan Tang have converted borrowings and accrued interest totalling $US 1,302,724 into fully paid ordinary shares.

Performance shares
On 28 November 2018, both Keith Cohn and Zachry Rosenberg (now resigned) were issued 2,000,000 performance rights each, convertible into 2,000,000 fully paid ordinary shares upon the achievement of the milestones referred to below on or before the date being three (3) years from the date of the company's Admission to the ASX. There are 4 classes with each recipient receiving 500,000 of each class:

- Class A - the company achieving accumulated revenue of at least $AU15,000,000 within any 12 month period prior to the expiry date of the performance shares;
- Class B - the company achieving accumulated revenue of at least $AU20,000,000 within any 12 month period prior to the expiry date of the performance shares;
- Class C - the company achieving accumulated revenue of at least $AU25,000,000 within any 12 month period prior to the expiry date of the performance shares;
- Class D - the company achieving accumulated revenue of at least $AU30,000,000 within any 12 month period prior to the expiry date of the performance shares;

An expense of $AU 169,059 ($US 116,751) has been recognised in relation to these performance shares. Half of this amount relates to Keith Cohn and has been included in the remuneration report.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Candy Club Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
Between 5 April 2017 and 15 August 2018	48 months from the date of grant	$US0.0029	1,582,128
19 February 2019	48 months from the date of grant	$US0.2310	2,000,000
11 November 2018	11 March 2020	$US1.1700	87,668
13 June 2019 and 7 November 2019	31 May 2023	$US0.0770	42,253,897
3 July 2019	27 March 2023	$US0.1194	2,578,165
14 November 2019	23 October 2023	$US0.0585	160,000
17 January 2020 *	15 January 2024	$US0.0000	3,100,000
17 January 2020	15 January 2024	$US0.1540	5,200,000
17 January 2020	15 January 2024	$US0.1926	5,200,000
17 January 2020	15 January 2024	$US0.2311	5,200,000
17 January 2020	31 May 2023	$US0.7700	27,744,939
17 April 2020	31 May 2023	$US0.7700	6,175,000
5 June 2020	5 June 2023	$US0.0394	1,613,672
13 August 2020	31 May 2023	$US0.0770	1,250,000
11 September 2020	11 September 2020	$US0.0761	595,142
24 December 2020	31 May 2023	$US0.1386	3,000,000
13 January 2021	31 January 2025	$US0.1001	1,165,000
8 March 2021	4 March 2015	$US0.1540	5,067,000
			113,972,611

* Exercise price is 150% of the company's 10 day VWAP immediately prior to exercise.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Candy Club Holdings Limited were issued during the period ended 31 December 2020 and up to the date of this report on the exercise of options granted:

Date of conversion	Exercise price	Number of shares issued
2 December 2020	$US0.0029	753,866

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Since the end of the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial period by the auditor.

Officers of the company who are former partners of HLB Mann Judd (Vic) Partnership

There are no officers of the company who are former partners of HLB Mann Judd (Vic) Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

HLB Mann Judd (Vic) Partnership was appointed in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Keith Cohn
Executive Director

31 March 2021

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Candy Club Holdings Limited
Contents
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General information

The financial statements cover Candy Club Holdings Limited as a consolidated entity consisting of Candy Club Holdings Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in US dollars, which is Candy Club Holdings Limited's presentation currency.

Candy Club Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
C/- Moray & Agnew Lawyers Level 6, 505 Little Collins Street Melbourne VIC 3000, Australia	5855 Green Valley Circle Suite 101 Culver City, CA 90230

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2021. The directors have the power to amend and reissue the financial statements.

Candy Club Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2020

	Note	Consolidated 2020 $US	Consolidated Restated 2019 $US
Revenue	6	8,673,772	4,726,210
Other income	7	302,434	85,919
Interest revenue calculated using the effective interest method		64	187
Expenses			
Cost of sales		(5,373,371)	(4,067,371)
Corporate and administration expenses		(1,466,327)	(727,295)
Marketing and promotional expenses		(2,380,205)	(1,293,199)
Employee benefits expense		(2,614,669)	(2,469,779)
Development expenses		(109,348)	(180,043)
Depreciation and amortisation expense	8	(161,699)	(178,572)
Technology expenses		(183,949)	(151,232)
Property expenses		(23,275)	(80,026)
Other expenses		(595,631)	(679,318)
Finance costs	8	(602,838)	(438,997)
Loss before income tax expense		(4,535,042)	(5,453,516)
Income tax expense	9	-	-
Loss after income tax expense for the period attributable to the owners of Candy Club Holdings Limited		(4,535,042)	(5,453,516)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(427,305)	(93,330)
Other comprehensive loss for the period, net of tax		(427,305)	(93,330)
Total comprehensive loss for the period attributable to the owners of Candy Club Holdings Limited		(4,962,347)	(5,546,846)
		Cents	**Cents**
Basic earnings per share	36	(1.86)	(3.75)
Diluted earnings per share	36	(1.86)	(3.75)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	2020 $US	Consolidated Restated 2019 $US	Restated 2018 $US
Assets				
Current assets				
Cash and cash equivalents		2,018,492	543,342	8,820
Trade and other receivables	10	448,667	248,435	121,729
Inventories	11	3,554,504	2,322,716	1,728,856
Other	12	294,360	148,713	596,404
Total current assets		6,316,023	3,263,206	2,455,809
Non-current assets				
Property, plant and equipment		5,286	23,876	45,911
Right-of-use assets	13	315,367	419,692	-
Intangibles		17,123	55,907	5,152
Other	14	29,500	25,000	53,418
Total non-current assets		367,276	524,475	104,481
Total assets		6,683,299	3,787,681	2,560,290
Liabilities				
Current liabilities				
Trade and other payables	15	1,838,789	2,887,927	2,963,869
Borrowings	16	1,385,155	1,649,495	408,000
Lease liabilities	17	80,400	174,713	-
Provisions	18	-	50,000	-
Deferred revenue		-	-	123,198
Total current liabilities		3,304,344	4,762,135	3,495,067
Non-current liabilities				
Borrowings	19	1,412,059	-	-
Lease liabilities	20	117,695	198,095	-
Total non-current liabilities		1,529,754	198,095	-
Total liabilities		4,834,098	4,960,230	3,495,067
Net assets/(liabilities)		1,849,201	(1,172,549)	(934,777)
Equity				
Issued capital	21	21,835,441	15,344,101	11,386,068
Reserves	22	(9,060,862)	(10,126,314)	(11,384,025)
Accumulated losses		(10,925,378)	(6,390,336)	(936,820)
Total equity/(deficiency)		1,849,201	(1,172,549)	(934,777)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Consolidated statement of changes in equity
For the period ended 31 December 2020

Consolidated	Issued capital $US	Reserves $US	Accumulated losses $US	Total deficiency in equity $US
Balance at 1 January 2019	11,386,068	(11,384,025)	(936,820)	(934,777)
Loss after income tax expense for the period	-	-	(5,453,516)	(5,453,516)
Other comprehensive loss for the period, net of tax	-	(93,330)	-	(93,330)
Total comprehensive loss for the period	-	(93,330)	(5,453,516)	(5,546,846)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	3,958,033	-	-	3,958,033
Share based payments (note 22)	-	1,351,041	-	1,351,041
Balance at 31 December 2019	15,344,101	(10,126,314)	(6,390,336)	(1,172,549)

Consolidated	Issued capital $US	Reserves $US	Accumulated losses $US	Total equity $US
Balance at 1 January 2020	15,344,101	(10,126,314)	(6,390,336)	(1,172,549)
Loss after income tax expense for the period	-	-	(4,535,042)	(4,535,042)
Other comprehensive loss for the period, net of tax	-	(427,305)	-	(427,305)
Total comprehensive loss for the period	-	(427,305)	(4,535,042)	(4,962,347)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	6,491,340	-	-	6,491,340
Share based payments (note 22)	-	1,492,757	-	1,492,757
Balance at 31 December 2020	21,835,441	(9,060,862)	(10,925,378)	1,849,201

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Candy Club Holdings Limited
Consolidated statement of cash flows
For the period ended 31 December 2020

	Note	Consolidated 2020 $US	Consolidated Restated 2019 $US
Cash flows from operating activities			
Receipts from customers		8,362,540	4,457,662
Payments to suppliers and employees		(13,339,222)	(10,758,363)
		(4,976,682)	(6,300,701)
Interest received		64	186
Other revenue		13,812	20,592
Interest and other finance costs paid		(443,084)	(167,915)
Net cash (used) in operating activities	33	(5,405,890)	(6,447,838)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(20,631)
Payments for intangibles		-	(53,721)
Proceeds from release of security deposits		-	27,806
Net cash (used) in investing activities		-	(46,546)
Cash flows from financing activities			
Proceeds from issue of shares and options		4,559,244	4,823,305
Proceeds from borrowings		3,449,622	1,792,618
Share issue transaction costs		(218,517)	(451,717)
Repayment of borrowings		(760,497)	-
Repayment of lease liabilities		(174,713)	(163,881)
Funds received ahead of shares issued		-	1,042,743
Net cash from financing activities		6,855,139	7,043,068
Net increase in cash and cash equivalents		1,449,249	548,684
Cash and cash equivalents at the beginning of the financial period		543,342	8,820
Effects of exchange rate changes on cash and cash equivalents		25,901	(14,162)
Cash and cash equivalents at the end of the financial period		2,018,492	543,342

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations have been adopted by the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of $US4,535,042 for the period ended 31 December 2020 (2019: $US5,453,516) and had negative cash from operating activities of $US5,405,890 (2019: $US6,447,838).

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- The consolidated entity’s products continue to sell extremely well at retail as evidenced by the consolidated entity’s top customers reordering at a 90% rate on a quarterly basis and is on track to scale revenues significantly in 2021;
- On 19 February 2021, the consolidated entity signed an agreement with its fulfillment and warehouse center to expand their production facilities to not only allow them to meet their sales forecasts through 2022, but better efficiency allows for improved gross margins eliminating cash burn throughout 2021 and 2022;
- In the first quarter of 2021, the consolidated entity began conversations with a variety of debt lenders to determine the viability of improving on its current debt facility. The company received multiple term sheets and is confident that it could raise incremental debt on more favorable terms than it currently has if the Board chooses to go in this direction;
- On 9 February 2021, the company issued 12,500,001 valued at $AU.0.12 ($US0.0927) fully paid ordinary shares to directors or their related entities raising $AU $1,500,000 ($US1,159,050);
- On 9 February 2021, the company also issued 7,102,088 fully paid ordinary shares values $AU0.125 (US$.0966) to directors or their related entities. These shares were issued to settle borrowings and accrued interest valued $AU 887,761 ($US 685,972); and
- The company has the ability to raise additional capital under its 15% general placement capacity and is currently negotiating with several parties about securing additional equity investment in the company. The company also has the ability to increase its current debt facility.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that consolidated entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Change in presentation currency

As announced on 8 July 2020, during the current year the board have opted to change the presentation currency to US dollars, because it is the consolidated entity's functional currency and better reflects its financial performance and position. It is also the currency used by the board to measure and assess the consolidated entity's performance.

Note 1. Significant accounting policies (continued)

A change in presentation currency represents a change in an accounting policy in terms of AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, requiring the restatement of comparative information. In accordance with AASB 121 The Effects of Changes in Foreign Exchange Rates, the following methodology was followed in restating historical financial information from Australian dollars into US dollars.

- Non-US dollar assets and liabilities were translated at the relevant closing exchange rate at the end of the reporting period;
- Non-US dollar items of income and expenditure and cash flows were translated at the average exchange rates for the relevant period; and
- The effects of translating the consolidated entity's financial results and financial position into US dollar were recognised in the foreign currency translation reserve.

The exchange rates used when performing the restatement from Australian dollars, that are relevant to this report and the remuneration report are summarised below:

	Closing	Average
31 December 2018	0.7058	0.7201
31 December 2019	0.7006	0.6951

The effect of the change on statement of financial performance for financial year ended 31 December 2019 is summarised below:

	$AUD	Exchange rates	$US
Revenue and income	6,922,584	0.6951	4,812,316
Less expenses	(14,767,546)	0.6951	(10,265,832)
Loss after income tax	(7,844,962)		(5,453,516)
Basic earnings per share	(5.39)	0.6951	(3.75)
Diluted earnings per share	(5.39)	0.6951	(3.75)

The effect of the change on statement of financial position at 31 December 2019 is summarised below:

	$AUD	Exchange rate	$US
Current assets	4,657,732	0.7006	3,263,206
Non-current assets	748,608	0.7006	524,475
Current liabilities	(6,797,225)	0.7006	(4,762,135)
Non-current liabilities	(282,751)	0.7006	(198,095)
	(1,673,636)		(1,172,549)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Candy Club Holdings Limited ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the period then ended. Candy Club Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, unless it is an acquisition involving entities or businesses under common control. For common control acquisitions the excess of the purchase price over the identifiable fair value of net assets acquired, is recognised in equity as a reserve.

A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board of Directors being the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The consolidated entity operates the business of selling candies. The consolidated entity currently manages the B2B business line as part of the overall candy selling business, whereby no discrete financial information between the B2C and B2B lines is maintained other than the revenue generated. The Board being the chief operating decision maker monitors the financial performance and position of the group as a whole and not by the business line. To this end, the group has been assessed as one business segment during the year ended 31 December 2020.

Foreign currency translation
The financial statements are presented in US dollars, which is Candy Club Holdings Limited's presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Translation to presentation currency
The assets and liabilities of entities where the functional currency is not US dollars are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses are translated into US dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. The exchange difference from the translation is recognised in other comprehensive income.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the product is shipped to the customer. No element of financing is deemed present as the sales are generally made with terms ranging from customer pre-payment to credit terms of 30 to 60 days.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity holds accounts receivable with the objective of collecting the contracted cashflows.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 1. Significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	4-5 years
Computer equipment	2 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website
Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount extinguished and the consideration paid, including any non cash assets transferred or liabilities assumed is recognised in profit and loss as other finance costs.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Note 1. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and directors in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Candy Club Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Impact of COVID 19 pandemic

During the current financial year the COVID 19 pandemic had a significant impact on the global economy. In response to the pandemic, the US, state and local governments announced a series of measures aimed at preventing the spread of COVID-19 ("measures"), which had the subsequent effect of impacting the state of the US economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc).

- Enacting Candy Club's stated business continuity plan of enabling all consolidated entity employees, including head office and sales staff, to work remotely, until further notice;
- To date, no business interruptions have occurred in either the consolidated entity's warehousing and distribution center operations, located primarily in Indiana, nor in its supply chain of core product or packaging vendors, as we and our facility are classified as a food manufacturer and currently considered "essential critical business infrastructure"; given the fluidity of the situation this is subject to change in the future;
- There are segments of the consolidated entity's business that have been negatively impacted by these events, such as sales to retail stores and hospitality outlets, and segments that have been positively impacted as a result of these measures, including e-commerce and grocery customers. While the consolidated entity's revenue has increased since the beginning of the pandemic, the situation in the US remains fluid and it is still too early to tell how revenue, earnings and cash flow for FY2020 will be impacted by the measures required by COVID-19; and
- The consolidated entity's board of directors and management continually review and revise Candy Club's 2020 operating plans, including operating expense management solutions and associated cashflow budget, to adapt to the impact of the ongoing COVID-19 crisis.
- During the year consolidated entity received a PPP loan of $US288,622 from the US federal government as part of its COVID response. This loan was forgiven in full during the current financial year.

Management continues to monitor other possible impacts associated with COVID 19. Management also recognises that the situation associated with the management of COVID-19 continues to evolve on a daily basis and it is difficult to estimate with any degree of certainty the resulting impact (financial and operational) which this may have on Candy Club and its future results and financial position.

Note 4. Difference to preliminary results

On 26 February 2021, the company announced its preliminary results. Since that time there have been adjustments made to the presentation within the equity section of the statement of financial position. This has resulted in a $US376,073 increase in issued capital and a corresponding decrease of the overall reserves balance. There has been no change to the loss before income tax or net assets reported in the preliminary results. However, the operating cash outflows were understated by $US710,208 while cash inflows from financing activities were understated by $US680,557 with the difference attributable to FX translation.

Note 5. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, being the candy distribution in the United States of America. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity operates the business of selling candies. CODM manages the B2B business line as part of the overall candy selling business, whereby no discrete financial information between the B2C and B2B lines is maintained other than the revenue generated. The Board being the chief operating decision maker monitors the financial performance and position of the group as a whole and not by the business line. To this end, the group has been assessed as one business segment during the year ended 31 December 2020. Refer to note 6 for split of total revenue per business line.

Note 6. Revenue

	Consolidated	
	2020 $US	Restated 2019 $US
Net revenue from contracts with customers		
Sales of goods	8,673,772	4,705,618
Other revenue		
Other revenue	-	20,592
Revenue	8,673,772	4,726,210

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2020 $US	Restated 2019 $US
Major revenue streams		
Sale of goods - business to customer	2,028,337	3,609,931
Sale of goods - business to business	6,645,435	1,095,687
	8,673,772	4,705,618
Geographical regions		
United States of America	8,673,772	4,705,618
Timing of revenue recognition		
Goods transferred at a point in time - being when shipped and ownership transfers	8,673,772	4,705,618

Note 7. Other income

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Gain on early termination of lease	-	85,919
Government COVID stimulus	13,812	-
PPP loan forgiven	288,622	-
Other income	302,434	85,919

Note 8. Expenses

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	18,590	26,777
Right of use assets	104,325	133,108
Total depreciation	122,915	159,885
Amortisation		
Intangible assets	38,784	18,687
Total depreciation and amortisation	161,699	178,572
Finance costs		
Interest and finance charges paid/payable on bridging finance - from director related entities	236,041	201,942
Interest and finance charges paid/payable on lease liabilities	16,100	43,092
Interest and finance charges paid/payable on US loan facilities (inc share based payments)	350,697	193,963
Finance costs expensed	602,838	438,997

Note 9. Income tax expense

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,535,042)	(5,453,516)
Tax at the statutory tax rate of 30%	(1,360,513)	(1,636,055)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of different tax rates in US	277,717	425,087
US tax losses not recognised	973,313	1,339,779
US state taxes	(267,196)	(346,264)
Tax losses not recognised	310,155	198,425
Non deductible items	66,524	19,028
Income tax expense	-	-

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Australian tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	1,892,569	672,721
Potential tax benefit @ 30%	567,771	201,816

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

US tax losses
The company's US subsidiaries have total tax losses of $US31,689,000 (2019: $US28,641,000) which have not been recognised as the recovery of this benefit is uncertain. The tax losses are yet to be tested to ensure that they will be able to be utilised by the US subsidiaries after their acquisition by the company.

Note 10. Current assets - trade and other receivables

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Trade receivables	435,397	152,901
Less: Allowance for expected credit losses	(111,000)	-
	324,397	152,901
Other receivables	115,421	88,715
BAS receivable	8,849	6,819
	448,667	248,435

Refer to note 24 for information on credit risk. No allowance for credit loss has been recognised as none of the balances are considered impaired.

Note 10. Current assets - trade and other receivables (continued)

Allowance for expected credit losses
The consolidated entity has recognised a loss of $US111,000 in profit or loss in respect of the expected credit losses for the year ended 31 December 2020.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
		Restated		Restated		Restated
	2020	2019	2020	2019	2020	2019
Consolidated	%	%	$US	$US	$US	$US
0 to 90 days	-	-	402,818	241,616	-	-
Over 90 days	75%	-	148,000	-	111,000	-
			550,818	241,616	111,000	-

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
		Restated
	2020	2019
	$US	$US
Opening balance	-	-
Additional provisions recognised	111,000	-
Closing balance	111,000	-

Note 11. Current assets - inventories

	Consolidated	
		Restated
	2020	2019
	$US	$US
Stock on hand - at cost	3,946,951	2,968,715
Less: Provision for impairment	(392,447)	(645,999)
	3,554,504	2,322,716

The consolidated entity's inventory has been pledged as security for borrowings. Refer to note 19.

Note 12. Current assets - other

	Consolidated	
		Restated
	2020	2019
	$US	$US
Prepayments	294,360	148,713

Note 13. Non-current assets - right-of-use assets

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Land and buildings - right-of-use	275,806	275,806
Less: Accumulated depreciation	(89,937)	(17,987)
	185,869	257,819
Plant and equipment - right-of-use	161,873	161,873
Less: Accumulated depreciation	(32,375)	-
	129,498	161,873
	315,367	419,692

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Land and buildings $US	Plant and equipment $US	Total $US
Balance at 1 January 2019	-	-	-
Additions	275,806	161,873	437,679
Early termination of lease	(581,656)	-	(581,656)
Recognised on adoption of AASB 16	696,777	-	696,777
Depreciation expense	(133,108)	-	(133,108)
Balance at 31 December 2019	257,819	161,873	419,692
Depreciation expense	(71,950)	(32,375)	(104,325)
Balance at 31 December 2020	185,869	129,498	315,367

Note 14. Non-current assets - other

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Security deposits	29,500	25,000

Note 15. Current liabilities - trade and other payables

	Consolidated	
		Restated
	2020	2019
	$US	$US
Trade payables	1,351,451	1,429,421
Funds received ahead of shares issued	-	1,050,900
Other payables	487,338	407,606
	1,838,789	2,887,927

Refer to note 24 for further information on financial instruments.

All trade and other payables are unsecured liabilities and recognised at amortised cost.

Note 16. Current liabilities - borrowings

	Consolidated	
		Restated
	2020	2019
	$US	$US
Bridging finance - from director related entities	1,385,155	1,220,998
Loan facility - CircleUp	-	428,497
	1,385,155	1,649,495

Refer to note 24 for further information on financial instruments.

The bridging finance includes a balance of $US1,250,000 with interest being accrued at 1% per month. These loans may be converted into fully paid ordinary shares at the discretion of the lender, with part of the balance having been converted since 31 December 2020. Refer to note 32.

CircleUp provided a revolving line of credit to Candy Club based on the company's Direct-To-Consumer (DTC) cash flows. An initial Maximum Facility Amount of $US1,000,000 was approved, and CircleUp will seek to re-evaluate the maximum credit limit on demand as Candy Club grows. Initial availability was $US700,000 based on DTC sales. Interest accrued daily as simple interest (non-compounding) on the principal balance outstanding at a rate of Prime + 5%. The loan was secured against the assets of the consolidated entity's US subsidiaries. At 31 December 2019 these assets had a carrying value of $US 5,000,247. There were no defaults on this loan during the prior year. This loan was repaid in full during the current year.

Note 17. Current liabilities - lease liabilities

	Consolidated	
		Restated
	2020	2019
	$US	$US
Lease liability	80,400	174,713

Refer to note 24 for further information on financial instruments.

Note 18. Current liabilities - provisions

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Legal claims	-	50,000

Refer to note 27 for further details.

Legal claims
The provision represented a claim by a former employee. This claim was settled during the current financial year.

Movements in provisions
Movements in each class of provision during the current financial period, other than employee benefits, are set out below:

Consolidated - 2020	Legal claims $US
Carrying amount at the start of the period	50,000
Payments	(30,000)
Unused amounts reversed	(20,000)
Carrying amount at the end of the period	-

Note 19. Non-current liabilities - borrowings

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Loan facility	1,412,059	-

Refer to note 24 for further information on financial instruments.

The loan facility is with Crossroads Financial LLC and has a $US2.0m credit facility secured by the value of the consolidated entity's inventory with $US 421,000 of unused facility at 31 December 2020. The loan has a two year term expiring in April 2022. At 31 December 2020, the outstanding balance of $US 1,412,059 comprises the face value of $US1,579,000 less capitalized borrowing costs totalling $US 166,941. Interest is payable at 19 per cent per annum.

Note 19. Non-current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Total facilities		
Loan facility	2,000,000	-
Used at the reporting date		
Loan facility	1,579,000	-
Unused at the reporting date		
Loan facility	421,000	-

Note 20. Non-current liabilities - lease liabilities

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Lease liability	117,695	198,095

Refer to note 24 for further information on financial instruments.

Note 21. Equity - issued capital

	Consolidated 2020 Shares	Consolidated Restated 2019 Shares	Consolidated 2020 $US	Consolidated Restated 2019 $US
Ordinary shares - fully paid	288,552,735	174,911,079	21,835,441	15,344,101

Note 21. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$US
Balance	1 January 2019	106,726,399		11,386,066
IPO shares	19 February 2019	25,120,020	$US0.1423	3,573,574
Shares issued to lead manager	19 February 2019	7,244,312	$US0.1423	1,030,575
Conversion of debt	5 August 2019	9,832,832	$US0.0545	535,850
Rights issue	5 August 2019	4,804,856	$US0.0545	261,845
Rights issue	2 October 2019	19,125,000	$US0.0537	1,027,242
Settlement of trade creditors	7 November 2019	825,000	$US0.0549	45,322
Conversion of debt	7 November 2019	1,232,660	$US0.0225	27,679
Cost of capital raising		-	$US0.0000	(2,544,052)
Balance	31 December 2019	174,911,079		15,344,101
Shares issued to settle trade payables	17 January 2020	412,500	$US0.0450	18,487
Shares issued to KMP and employees as part of remuneration	17 January 2020	4,104,478	$US0.0540	220,000
Issue of shares	17 January 2020	18,750,000	$US0.0450	840,328
Shares issued on conversion of debt and accrued interest	17 January 2020	31,801,055	$US0.0410	1,302,724
Issue of shares	17 April 2020	6,175,000	$US0.0150	94,255
Issue of shares	24 July 2020	19,646,310	$US0.0886	1,740,172
Issue of shares	13 August 2020	1,250,000	$US0.0253	31,656
Shares issued to KMP as part of remuneration	13 August 2020	1,581,780	$US0.0499	78,892
Issue of shares	1 December 2020	29,166,667	$US0.0884	2,578,800
Exercise of options	2 December 2020	753,866	$US0.0028	2,139
Cost of capital raising		-	$US0.0000	(416,113)
Balance	31 December 2020	288,552,735		21,835,441

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Refer to going concern disclosures in Note 1.

Note 22. Equity - reserves

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Foreign currency reserve	(310,853)	116,452
Share-based payments reserve	3,638,968	2,146,211
Commonly controlled reserve	(12,388,977)	(12,388,977)
	(9,060,862)	(10,126,314)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to US dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Commonly controlled reserve
This reserve is used to account for commonly controlled acquisitions, and the reserve represents the excess of the purchase price over the identifiable fair value of net assets acquired from US subsidiaries.

Movements in reserves
Movements in each class of reserve during the current and previous financial period are set out below:

Consolidated	Foreign currency $US	Share based payments $US	Commonly controlled $US	Total $US
Balance at 1 January 2019	209,782	795,170	(12,388,977)	(11,384,025)
Foreign currency translation	(93,330)	-	-	(93,330)
Share based payments	-	1,351,041	-	1,351,041
Balance at 31 December 2019	116,452	2,146,211	(12,388,977)	(10,126,314)
Foreign currency translation	(427,305)	-	-	(427,305)
Share based payments	-	1,492,757	-	1,492,757
Balance at 31 December 2020	(310,853)	3,638,968	(12,388,977)	(9,060,862)

Note 23. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, ageing analysis for credit risk.

Note 24. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity is exposed to foreign exchange risk in relation to the operation of its subsidiaries in the United States of America. It does not hedge any of these risks as the US denominated debts are expected to be paid using US dollar denominated receipts.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2020 $US**	**Restated 2019 $US**	**2020 $US**	**Restated 2019 $US**
Australian dollars	105,275	269,403	1,535,483	2,402,156

	USD strengthened			USD weakened		
Consolidated - 2020	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Australian dollars	10%	-	(143,021)	10%	-	143,021

	USD strengthened			USD weakened		
Consolidated - Restated 2019	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Australian dollars	10%	-	(213,275)	10%	-	213,275

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to significant interest rate risk. Its only borrowings were short term bridging finance with a fixed interest rate and the Crossroads facility with a fixed interest rate of 19% per annum.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity is exposed to credit risk in relation to it business to business customers, which represented 76.62% (2019: 23.29%) of revenue from customers. The remainder of the revenue was business to customer sales where payment is received before delivery is made. The total trade receivable balance at 31 December 2020 was $US435,397 (2019: $US152,901). An impairment of $US111,000 was recognised in the current year (2019: nil). Average credit terms are 30 days.

The consolidated entity credit risk by country is summarised below:-

Note 24. Financial instruments (continued)

	Consolidated 2020 $US	Restated 2019 $US
United States	435,397	241,615

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Refer to going concern disclosures in Note 1 for further details.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2020 $US	Restated 2019 $US
Loan facility	421,000	-

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	Weighted average interest rate %	1 year or less $US	Between 1 and 2 years $US	Between 2 and 5 years $US	Over 5 years $US	Remaining contractual maturities $US
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,351,451	-	-	-	1,351,451
Other payables	-	487,338	-	-	-	487,338
Interest-bearing - fixed rate						
Lease liability	7.00%	80,400	80,400	37,295	-	198,095
Loan facility	19.00%	-	1,412,059	-	-	1,412,059
Short term loans from directors	12.00%	1,385,155	-	-	-	1,385,155
Total non-derivatives		3,304,344	1,492,459	37,295	-	4,834,098

Note 24. Financial instruments (continued)

Consolidated - Restated 2019	Weighted average interest rate %	1 year or less $US	Between 1 and 2 years $US	Between 2 and 5 years $US	Over 5 years` $US	Remaining contractual maturities $US
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,429,421	-	-	-	1,429,421
Other payables	-	407,606	-	-	-	407,606
Funds received ahead of shares issued	-	1,050,900	-	-	-	1,050,900
Interest-bearing - fixed rate						
Lease liability	7.00%	174,713	174,713	23,382	-	372,808
Bridging loans	10.00%	85,903	-	-	-	85,903
Bridging loans	24.00%	1,135,895	-	-	-	1,135,895
Loan facility	9.75%	428,497	-	-	-	428,497
Total non-derivatives		4,712,935	174,713	23,382	-	4,911,030

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Measurement of financial assets

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated 2020 $US	**Consolidated Restated 2019 $US**
Financial assets		
Financial assets measured at amortised cost		
Cash and cash equivalents	2,018,492	543,342
Trade and other receivables	448,667	248,435
Total financial assets	2,467,159	791,777

	Consolidated 2020 $US	**Consolidated Restated 2019 $US**
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	1,838,789	2,887,927
Borrowings	2,797,214	1,649,495
Lease liabilities	198,095	372,808
Total financial liabilities	4,834,098	4,910,230

None of the consolidated entity's financial instruments are recorded at fair value subsequent to initial recognition.

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020 $US	Restated 2019 $US
Short-term employee benefits	693,914	331,379
Post-employment benefits	3,608	5,053
Share-based payments	815,267	221,550
	1,512,789	557,982

Note 26. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by HLB Mann Judd (Vic) Partnership, the auditor of the company, and its network firms:

	Consolidated	
	2020 $US	Restated 2019 $US
Audit services - HLB Mann Judd (Vic) Partnership		
Audit or review of the financial statements	26,012	29,154
Audit services - network firms		
Audit or review of the financial statements	67,000	67,000

Note 27. Contingent liabilities/assets

In the prior year, the consolidated entity was defending a litigation claim brought against the consolidated entity by a former employee in relation to their past employment. The consolidated entity had received legal advice that it has a strong case and has instructed its legal counsel to settle the matter for which an accrual was recognised at 31 December 2019. During the current year the amount was settled for $US30,000. Refer to note 18.

The consolidated entity does not have any other contingencies.

Note 28. Commitments

The consolidated entity has no commitments at the end of the current and prior financial years.

Note 29. Related party transactions

Parent entity
Candy Club Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Note 29. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
		Restated
	2020	2019
	$US	$US
Other expenses:		
Finances costs to key management personnel and their related entities.	236,041	110,613

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
		Restated
	2020	2019
	$US	$US
Current payables:		
Other payables to key management personnel	81,564	192,122
Funds received ahead of shares issued	-	1,050,900
Bonus accrued to key management personnel	112,500	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
		Restated
	2020	2019
	$US	$US
Current borrowings:		
Loans from key management personnel and their related entities *	1,381,810	1,216,029

* The bridging finance includes a balance of $US1,250,000 with interest being accrued at 1% per month. These loans may be converted into fully paid ordinary shares at the discretion of the lender.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
		Restated
	2020	2019
	$US	$US
Loss after income tax	(6,868,315)	(18,294,826)
Total comprehensive loss	(6,868,315)	(18,294,826)

Note 30. Parent entity information (continued)

Statement of financial position

	Parent	
	2020 $US	Restated 2019 $US
Total current assets	107,490	284,509
Total assets	107,490	284,509
Total current liabilities	1,535,483	2,402,156
Total liabilities	1,535,483	2,402,156
Equity		
Issued capital	21,835,441	15,344,101
Foreign currency reserve	(497,467)	(207,466)
Share-based payments reserve	2,438,805	1,082,175
Accumulated losses	(25,204,772)	(18,336,457)
Total deficiency in equity	(1,427,993)	(2,117,647)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2020 and 31 December 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2020 and 31 December 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2020 and 31 December 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2020 %	Restated 2019 %
Candy Club Holdings Inc.	USA	100.00%	100.00%
Candy Club LLC	USA	100.00%	100.00%

Note 32. Events after the reporting period

On 13 January 2021, the company issued 1,165,000 options over ordinary shares to employees under the company's ESOP. The options are exercisable at ($AU 0.13 - $US 0.101) and expire on 13 January 2025.

Note 32. Events after the reporting period (continued)

On 9 February 2021, the company issued 12,500,001 fully paid ordinary shares valued at $AU 0.12 ($US 0.0927) fully paid ordinary shares to directors or their related entities raising $AU 1,500,000 ($US 1,159,050).

On 9 February 2021, the company also issued 7,102,088 fully paid ordinary shares valued at $AU0.125 ($US.0966) to directors or their related entities. These shares were issued to settle borrowings and accrued interest valued $AU 887,761 ($US 685,972).

On 9 February 2021, the company also issued 2,614 fully paid ordinary shares valued at $US 0.0029 on the conversion of ESOP options.

On 14 February 2021, 34,438,212 fully paid ordinary shares, 4,000,000 performance rights and 2,000,000 unlisted options were released from escrow.

On 19 February 2021, the consolidated entity signed an agreement with its fulfillment and warehouse center to expand their production facilities to not only allow them to meet their sales forecasts through 2022, but to better efficiently allow for improved gross margins, reducing cash burn throughout 2021 and 2022.

On 8 March 2021, the company issued 5,067,000 options over ordinary shares to a US employee. The options are exercisable at $AU 0.20 ($US 0.154) and expire on 4 March 2025.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the consolidated entity by the reporting date. As responses by government continue to evolve; management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the consolidated entity, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 9 April 2021. Refer to note 3 to the financial statements for further information regarding the impact of COVID-19 on the Group's operations.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash (used) in operating activities

	Consolidated 2020 $US	Consolidated Restated 2019 $US
Loss after income tax expense for the period	(4,535,042)	(5,453,516)
Adjustments for:		
Depreciation and amortisation	161,699	178,572
Share-based payments	734,340	519,100
Accrued interest	-	77,101
Settlement of operating liabilities through issue of shares	314,354	45,880
Non-cash finance costs	146,131	193,979
Gain on early termination of lease	-	(85,919)
PPP loan forgiven	(288,622)	-
Provision for expected credit losses	111,000	-
Movement in provision for inventory impairment	(253,552)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(311,232)	(126,607)
Increase in inventories	(978,236)	(676,307)
Increase in other operating assets	(150,147)	(15,299)
Decrease in trade and other payables	(306,583)	(1,033,085)
Increase/(decrease) in other provisions	(50,000)	49,611
Decrease in other operating liabilities	-	(121,348)
Net cash (used) in operating activities	(5,405,890)	(6,447,838)

Note 34. Non-cash investing and financing activities

During the year, the company issued 31,801,055 fully paid ordinary shares (2019: 19,134,804) settling liabilities valued at US$1,302,724 (2019: $US1,639,427).

Note 35. Changes in liabilities arising from financing activities

Consolidated	Leases $US	Loan Facility $US	Bridging loans $US	Total $US
Balance at 1 January 2019	-	-	408,000	408,000
Net cash from/(used in) financing activities	(163,881)	425,171	1,367,738	1,629,028
Recognised on adoption of AASB 16	762,663	-	-	762,663
Additions	275,806	-	-	275,806
Early termination of lease	(506,489)	-	-	(506,489)
Other changes (conversions and accruals of interest)	4,709	3,326	(554,740)	(546,705)
Balance at 31 December 2019	372,808	428,497	1,220,998	2,022,303
Net cash from/(used in) financing activities	(174,713)	1,439,125	1,250,000	2,514,412
PPP loan forgiven	-	(288,622)	-	(288,622)
Other changes (conversions and accruals of interest)	-	(166,941)	(1,085,843)	(1,252,784)
Balance at 31 December 2020	198,095	1,412,059	1,385,155	2,995,309

Note 36. Earnings per share

	Consolidated	
	2020 $US	Restated 2019 $US
Loss after income tax attributable to the owners of Candy Club Holdings Limited	(4,535,042)	(5,453,516)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	243,896,364	145,612,717
Weighted average number of ordinary shares used in calculating diluted earnings per share	243,896,364	145,612,717
	Cents	**Cents**
Basic earnings per share	(1.86)	(3.75)
Diluted earnings per share	(1.86)	(3.75)

Note 37. Share-based payments

Total share based payments of $US1,492,757 (2019: $US 1,351,041) have been recognised in relation to the options issued to employees, directors and contractors.

The terms of options as share based payments are as follows:

2020

	Balance at the start of the period	Lapsed	Granted	Exercised	Balance at the end of the period
	5,095,449	(1,363,061)	23,908,814	(753,866)	26,887,336
	5,095,449	(1,363,061)	23,908,814	(753,866)	26,887,336
Weighted average exercise price	$US0.2342	$US1.1700	$US0.1038	$US0.0290	$US0.1042

Restated 2019

	Balance at the start of the period	Granted	Granted on acquisition of CCH	Balance at the end of the period
	2,357,284	2,738,165	-	5,095,449
	2,357,284	2,738,165	-	5,095,449
Weighted average exercise price	$US0.3839	$US0.1054	$US0.0000	$US0.2342

The weighted average remaining contractual life of options outstanding at the end of the financial period was 2.83 years (2019: 2.54 years).

The fair value of the options granted to employees, directors and contractors is considered to represent the value of the employee services received over the vesting period.

Note 37. Share-based payments (continued)

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/01/2020	15/01/2024	$US0.0476	$US0.0709	106.000%	-	0.850%	$US0.031
17/01/2020	15/01/2024	$US0.0476	$US0.1379	106.000%	-	0.850%	$US0.026
17/01/2020	15/01/2024	$US0.0476	$US0.1724	106.000%	-	0.850%	$US0.024
17/01/2020	15/01/2024	$US0.0476	$US0.2085	106.000%	-	0.850%	$US0.022
05/06/2020	05/06/2023	$US0.0350	$US0.0358	110.000%	-	0.260%	$US0.023
11/09/2020	11/09/2023	$US0.0841	$US0.0719	83.000%	-	0.270%	$US0.046
11/09/2020	11/09/2023	$US0.1239	$US0.0719	86.000%	-	0.280%	$US0.083
03/12/2020	31/05/2023	$US0.1111	$US0.1334	96.000%	-	0.115%	$US0.057

Candy Club Holdings Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, taking into accounts the matters outlined in the going concern disclosures in Note 1 of the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Keith Cohn
Executive Director

31 March 2021

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Candy Club Holdings Limited
Shareholder information
31 December 2020

The shareholder information set out below was applicable as at 26 March 2021.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	16	-	2	-
1,001 to 5,000	60	0.07	13	0.06
5,001 to 10,000	68	0.18	8	0.09
10,001 to 100,000	301	4.53	48	3.23
100,001 and over	192	95.22	61	96.62
	637	100.00	132	100.00
Holding less than a marketable parcel	19	-	4	0.01

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
JCKB PTY LTD	61,895,101	20.09
CITICORP NOMINEES PTY LIMITED	41,862,607	13.58
MR JAMES CLIVE KNOX BAILLIEU	14,003,433	4.54
JAMES CLIVE KNOX BAILLIEU	8,712,910	2.83
SOPRIS CREEK PTY LTD	7,750,000	2.51
10 BOLIVIANOS PTY LTD	6,716,985	2.18
MUTUAL TRUST PTY LTD	6,656,250	2.16
INSTANZ NOMINEES PTY LTD (HEARTS A/C)	6,242,500	2.03
BEDWELL PTY LTD (BEDWELL DISCRETIONARY A/C)	5,506,509	1.79
GINGA PTY LTD (TG KLINGER S/F A/C)	5,360,000	1.74
UBS NOMINEES PTY LTD	5,359,852	1.74
KEC VENTURES II LP	5,322,351	1.73
BORRMAN HOLDINGS PTY LTD (THE BROEREN FAMILY A/C)	3,831,666	1.24
SKYMAKER PTY LTD	3,500,000	1.14
MR WILLIAM NEIL STEWART COATS	2,933,250	0.95
HAMILTON HAWKES PTY LTD (WHITCOMBE FAMILY A/C)	2,884,394	0.94
PKT SPRINGBROOK PTY LTD (SPRINGBROOK FAMILY A/C)	2,840,340	0.92
MR ANDREW BAINES CLARK	2,831,780	0.92
CROSSCUT VENTURES 3 LP	2,804,870	0.91
BEARAY PTY LIMITED (BRIAN CLAYTON S/F A/C)	2,644,000	0.86
	199,658,798	64.80

	Options over ordinary shares	
	Number held	**% of total options issued**
JCKB PTY LTD	22,983,278	29.67
CHI KAN TANG	6,963,878	8.99
CITICORP NOMINEES PTY LIMITED	4,250,833	5.49
10 BOLIVIANOS PTY LTD	3,853,881	4.98
PKT SPRINGBROOK PTY LTD (SPRINGBROOK FAMILY A/C)	3,041,336	3.93
MR MICHAEL FIMERI	2,938,770	3.79
JAMES CLIVE KNOX BAILLIEU	2,178,228	2.81
MR WILLIAM NEIL STEWART COATS	2,100,000	2.71
MR HARRY JOHN LEE-STEERE DUDLEY	1,935,818	2.50
MR DEAN RODNEY RYAN & MRS JULIA LEONIE RYAN (DEAN RYAN SUPER A/C)	1,658,503	2.14
GRANET SUPERANNUATION AND INVESTMENT SERVICES PL (GRANET SUPER FUND A/C)	1,450,300	1.87
ROUSE EQUITIES PTY LTD (ROUSE INVESTMENT A/C)	1,400,000	1.81
BEDWELL PTY LTD (BEDWELL DISCRETIONARY A/C)	1,250,000	1.61
MR ANDREW BAINES CLARK	1,250,000	1.61
T G F HOLDINGS (QLD) PTY LTD (T FORD SUPERANNUATION A/C)	1,176,496	1.52
JAG HILFORD SUPER PTY LTD (JAG HILFORD SUPER FUND A/C)	1,025,000	1.32
TOOTING BEC PTY LTD (ANTHONY SUPERFUND A/C)	1,000,000	1.29
BLUE LAKE PARTNERS PTY LTD (UBS SECURITIES AUSTRALIA LTD)	937,500	1.21
CERDIK	897,434	1.16
MR GRAHAM JOHN WALKER	888,550	1.15
	63,179,805	81.56

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
JAMES BAILLIEU and JCKB PTY LTD	81,757,415	26.53
CHI KAN TANG	29,501,350	9.57

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.