

**Candy Club Holdings Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

|                   |                                     |
|-------------------|-------------------------------------|
| Name of entity:   | Candy Club Holdings Limited         |
| ACN:              | 629 598 778                         |
| Reporting period: | For the year ended 31 December 2022 |
| Previous period:  | For the year ended 31 December 2021 |

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**2. Results for announcement to the market**

|   |      |                       | \$                    |
|---|------|-----------------------|-----------------------|
| Revenues from ordinary activities   | up   | 379.3% to             | 719                   |
| Loss from ordinary activities after tax attributable to the owners of Candy Club Holdings Limited | down | 85.8% to              | (1,771,955)           |
| Loss for the year attributable to the owners of Candy Club Holdings Limited                       | down | 85.8% to              | (1,771,955)           |
|   |      | <b>2022<br/>Cents</b> | <b>2021<br/>Cents</b> |
| Basic loss per share  |      | (11.58)               | (88.72)               |
| Diluted loss per share  |      | (11.58)               | (88.72)               |

This has been determined using the post consolidation shares on issue as at 31 December 2022 and 2021.

*Dividends*

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

*Comments*

The loss for the company after providing for income tax amounted to \$1,771,955 (31 December 2021: \$12,514,590).

Refer to the attached Directors' Report for the additional comments and explanations.

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**3. Net tangible assets /(liabilities)**

|   | <b>Reporting<br/>period<br/>Cents</b> | <b>Previous<br/>period<br/>Cents</b> |
|---|---------------------------------------|--------------------------------------|
| Net tangible assets/(liabilities) per ordinary security | <u>(8.60)</u>                         | <u>(2.98)</u>                        |

This has been calculated using the post consolidation shares on issue as at 31 December 2022 and 31 December 2021.

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

On 25 October 2022, Candy Club Holdings Limited ("the Company") directors announced they had appointed an Administrator ("Administrator") and placed the Company into voluntary administration ("Administration"). On 31 January 2023 the Administrator signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries (referred to as "the subsidiaries"). Following disposal of the subsidiaries a meeting of creditors was called where they resolved to release the company from administration and the Administrator retired and new directors were appointed.

The Administrator commenced subsidiary disposal arrangements directly after the Company entered voluntary administration.

The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered a mere formality of disposal arrangements that commenced directly after the Company entered voluntary administration.

On this basis, as at 31 December 2022 the Company had no subsidiaries and as such the financial statements reflect Candy Club Holdings Limited as a stand-alone entity.

The Company received \$38,941 (US\$25,000) in consideration for the disposal, before transaction costs of \$11,566 (US\$7,425). The net assets of the subsidiaries at the time of accounting for the disposal were \$1,703,150 (US\$1,093,422) after applying previous consolidation principles. The loss arising from the disposal that would have been recognised had consolidated financial statements been produced until its last day was \$1,675,775 (US\$1,068,422).

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**6. Dividends**

*Current period*

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

*Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an adverse opinion has been issued. The adverse opinion relates to the Company not consolidating the transactions and balances of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries ("the subsidiaries"), on the basis that the post year end disposal of its investment was accounted for as an adjusting event during the year. Therefore consolidated financial statements have not been prepared as the disposal was accounted for as if it had occurred at the time the Company entered voluntary administration. Had the subsidiaries been consolidated, many elements in the accompanying financial report would have been materially affected. The effects on the financial report of not consolidating have not been determined.

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**11. Attachments**

*Details of attachments (if any):*

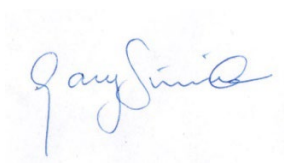
The Annual Report of Candy Club Holdings Limited for the year ended 31 December 2022 is attached.

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**12. Signed**

Signed

Date: 28 September 2023



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Gary Simonite  
Director

# **Candy Club Holdings Limited**

**ACN 629 598 778**

**Annual Report - 31 December 2022**

**Candy Club Holdings Limited**  
**Corporate directory**  
**31 December 2022**

|                                |  |
|--------------------------------|--|
| Directors                      | Don Dickie<br>Lester Gray<br>Gary Simonite   |
| Company secretary              | Greg Starr   |
| Registered office              | Level 2, 350 Kent Street,<br>SYDNEY, NSW, AUSTRALIA, 2000  |
| Principal place of business    | Level 2, 350 Kent Street,<br>SYDNEY, NSW, AUSTRALIA, 2000  |
| Share register                 | Automic Group<br>Level 5, 126 Phillip Street<br>Sydney NSW 2000, Australia   |
| Auditor                        | HLB Mann Judd (Vic) Partnership<br>Level 9, 550 Bourke Street,<br>Melbourne VIC 3000, Australia  |
| Solicitors                     | Moray & Agnew Lawyers<br>Level 6, 505 Little Collins Street,<br>Melbourne VIC 3000, Australia  |
| Stock exchange listing         | Candy Club Holdings Limited shares are currently suspended on the Australian Securities Exchange (ASX code: CLB)<br>Candy Club Holdings Limited options are currently suspended on the Australian Securities Exchange (ASX code: CLBO) |
| Corporate Governance Statement | Refer to <a href="http://www.candyclublimited.com.au">www.candyclublimited.com.au</a>  |

**Candy Club Holdings Limited**  
**Directors' report**  
**31 December 2022**

The directors present their report, together with the financial statements, of Candy Club Holding Limited ("the company") for the year ended 31 December 2022.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Keith Cohn (resigned 6 February 2023)  
Chi Kan Tang (resigned 6 February 2023)  
James Baillieu (resigned 6 February 2023)  
Andrew Clark (resigned 6 February 2023)  
Steve Nicols (appointed 6 February 2023 and resigned 25 May 2023)  
Greg Starr (appointed 6 February 2023 and resigned 25 May 2023)  
Richard Brien (appointed 6 February 2023 and resigned 25 May 2023)  
Gary Simonite (appointed 25 May 2023)  
Lester Gray (appointed 25 May 2023)  
Don Dickie (appointed 25 May 2023)

**Principal activities**

The principal activity of the Company during the financial year was to hold its equity investment in Candy Club Holdings Inc and its subsidiaries.

On 25 October 2022, the Company announced that it had been placed into voluntary administration. On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries. The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered to be a mere formality of disposal arrangements that commenced after the Company entered voluntary administration. It is for this reason the company has not prepared consolidated financial statements for the year.

**Dividends**

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

**Review of operations**

The loss for the company after providing for income tax amounted to \$1,771,955 (31 December 2021: \$12,514,590).

On 11 October 2022 the company's shares were suspended, pending the outcome of its former subsidiaries re-financing discussions with a USA based investments bank. The discussions did not produce a satisfactory outcome. The directors appointed Voluntary Administrators on 25 October 2022.

On 25 October 2022, Candy Club Holdings Limited ("the Company") directors announced they had appointed an Administrator ("Administrator") and placed the Company into voluntary administration ("Administration"). On 31 January 2023 the Administrator signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries (referred to as "the subsidiaries"). Following disposal of the subsidiaries a meeting of creditors was called where they resolved to release the company from administration and the Administrator retired and new directors were appointed.

The Administrator commenced subsidiary disposal arrangements directly after the Company entered voluntary administration.

**Significant changes in the state of affairs**

On 25 October 2022, the company announced that it been placed in voluntary administration.

During the year 2,000,000 performance rights vested and the fully paid ordinary shares were issued.

There were no other significant changes in the state of affairs of the company during the financial year, and up to the date of this report, except for the matters outlined in the review of operations section of the Directors' Report.

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**Matters subsequent to the end of the financial year**

On 31 January 2023, the company negotiated the full settlement of the bridging finance, via a third party associated with Steve Nicols where the third party assumed the liability of \$1,388,385 and the third party settled the debt for \$102,933.

On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries. The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered a mere formality of disposal arrangements that commenced after the Company entered voluntary administration.

On 7 February 2023, the Voluntary Administration ended, and new directors were appointed to constitute a new board.

On 25 May 2023, shareholders approved a 24 to 1 consolidation of shares and options, the issue of new shares, and appointment of new directors.

On 26 June 2023, the company issued 84,688,918 fully paid ordinary shares valued at \$0.00236 per share, raising \$200,000, before costs.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the company 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 company.

**Environmental regulation**

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

**Information on directors**

Name: Gary Simonite  
Title: Director (appointed 25 May 2023)  
Qualifications: Accredited Queensland Retirement Village Operator  
Diploma of Finance & Mortgage Broker Management  
Cert IV in Mortgage Broking  
Certificate IV in Finance & Mortgage Broking  
Diploma of Finance & Mortgage Broking Management  
Accredited Member of the AFCA  
Accredited Member of the FBAA  
Gary Simonite (ACR: 518 613) & Viking Capital Group (ACR: 518 596) are Authorised Credit Representatives for (FAST) via BLSSA P/L (ACL: 391 237)  
Experience and expertise: As an entrepreneur, with a track record that in several successful 'start-ups' in the IT&T and Biotech sectors, Gary has been a co-founder of many companies over the last 30 years including Cooloola Waters Group, Vitel Commercial and Pacific Wireless Australia, companies that established themselves as viable operations in their respective sectors.  
Other current directorships: Nil  
Former directorships (last 3 years): Nil  
Interests in shares: 84,688,918 fully paid ordinary shares (via Annerley Property Holdings Pty Ltd)

Name: Lester Gray  
Title: Director (appointed 25 May 2023)  
Qualifications: LREA  
Experience and expertise: Les has over 42 years of experience in the real estate industry dealing with property in Toowoomba, Greater Brisbane and across wider Southeast Queensland. Although Les is now an owner / operator more focused on residential properties  
Other current directorships: Nil  
Former directorships (last 3 years): Nil  
Interests in shares: Nil

**Candy Club Holdings Limited**  
**Directors' report**  
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Name: Don Dickie  
Title: Director (appointed 25 May 2023)  
Qualifications: BA (University of QLD)  
LLB (University of QLD)  
Accredited Mediator  
Experience and expertise: Don is a currently a practicing Barrister and former General Practitioner of Law. During his career he has worked for a variety of 2nd tier legal firms and been a partner in several local practices in South East QLD.  
Other current directorships: Nil  
Former directorships (last 3 years): Nil  
Interests in shares: Nil

'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**

Greg Starr was appointed company secretary on 6 February 2023. Greg is a CPA and an experienced chairman, independent director, managing director, finance director and company secretary with over 30 years managing public companies.

The role of company secretary was previously held by Nova Taylor. She has 5 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. Justyn Stedwell was also a company secretary until 3 February 2022.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each director were:

|                | Full Board |      |
|----------------|------------|------|
|                | Attended   | Held |
| Keith Cohn     | 16         | 16   |
| Chi Kan Tang   | 15         | 16   |
| Andrew Clark   | 16         | 16   |
| James Baillieu | 16         | 16   |

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 company, 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***

Prior to entering voluntary administration, the company observed the following factors in setting remuneration:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency.

During the period of voluntary administration, previously applied remuneration arrangements with key management personnel were suspended.

***Practices observed prior to entering voluntary administration***

The board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the company 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 \$250,000 at the company's 2019 annual general meeting.

***Executive remuneration***

The company 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
- other amounts such as superannuation and leave

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 board based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

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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 company 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 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.

*Company performance and link to remuneration*

Remuneration for certain individuals is directly linked to the performance of the company (group prior to loss of control of US based subsidiaries). 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 four years.

*Use of remuneration consultants*

The company has not made use of remuneration consultants.

*Voting and comments made at the company's 30 July 2022 Annual General Meeting ('AGM')*

At the 30 May 2022 AGM, 60.55% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. This represented a "first strike" on the remuneration report.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the company are set out in the following tables.

|                                 | Short-term benefits  |                 |          | Post-employment benefits | Long-term benefits | Share-based payments   |                 | Total          |
|---------------------------------|----------------------|-----------------|----------|--------------------------|--------------------|------------------------|-----------------|----------------|
|                                 | Cash salary and fees | Consulting fees | Bonus    | Super-annuation          | Long service leave | Equity-settled options | Issue of shares |                |
| <b>2022</b>                     | \$                   | \$              | \$       | \$                       | \$                 | \$                     | \$              | \$             |
| <i>Non-Executive Directors:</i> |                      |                 |          |                          |                    |                        |                 |                |
| Chi Kan Tang *                  | 33,333               | -               | -        | -                        | -                  | -                      | -               | 33,333         |
| Andrew Clark *                  | 45,833               | 232,368         | -        | 4,675                    | -                  | -                      | -               | 282,876        |
| James Baillieu *                | 41,667               | -               | -        | -                        | -                  | -                      | -               | 41,667         |
| <i>Executive Director:</i>      |                      |                 |          |                          |                    |                        |                 |                |
| Keith Cohn **                   | 352,210              | -               | -        | -                        | -                  | -                      | -               | 352,210        |
|                                 | <u>473,043</u>       | <u>232,368</u>  | <u>-</u> | <u>4,675</u>             | <u>-</u>           | <u>-</u>               | <u>-</u>        | <u>710,086</u> |

\* Represents remuneration earned up to the date of appointment of the voluntary administrator

\*\* Represents remuneration earned up to the date the company lost control of its US based subsidiaries.

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**Directors' report**  
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| 2021                            | Short-term benefits  |                 |                | Post-employment benefits | Long-term benefits | Share-based payments   |                 | Total            |
|---------------------------------|----------------------|-----------------|----------------|--------------------------|--------------------|------------------------|-----------------|------------------|
|                                 | Cash salary and fees | Consulting fees | Bonus          | Super-annuation          | Long service leave | Equity-settled options | Issue of shares |                  |
|                                 | \$                   | \$              | \$             | \$                       | \$                 | \$                     | \$              |                  |
| <i>Non-Executive Directors:</i> |                      |                 |                |                          |                    |                        |                 |                  |
| Chi Kan Tang                    | 40,000               | -               | -              | -                        | -                  | -                      | -               | 40,000           |
| Andrew Clark                    | 55,000               | 509,449         | -              | 5,362                    | -                  | 269,327                | -               | 839,138          |
| James Baillieu                  | 50,000               | -               | -              | -                        | -                  | -                      | -               | 50,000           |
| <i>Executive Director:</i>      |                      |                 |                |                          |                    |                        |                 |                  |
| Keith Cohn                      | 461,405              | -               | 149,055        | -                        | -                  | 573,798                | -               | 1,184,258        |
|                                 | <u>606,405</u>       | <u>509,449</u>  | <u>149,055</u> | <u>5,362</u>             | <u>-</u>           | <u>843,125</u>         | <u>-</u>        | <u>2,113,396</u> |

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

| Name                            | Fixed remuneration |      | At risk - STI |      | At risk - LTI |      |
|---------------------------------|--------------------|------|---------------|------|---------------|------|
|                                 | 2022               | 2021 | 2022          | 2021 | 2022          | 2021 |
| <i>Non-Executive Directors:</i> |                    |      |               |      |               |      |
| Chi Kan Tang                    | 100%               | 100% | -             | -    | -             | -    |
| Andrew Clark                    | 100%               | 68%  | -             | -    | -             | 32%  |
| James Baillieu                  | 100%               | 100% | -             | -    | -             | -    |
| <i>Executive Directors</i>      |                    |      |               |      |               |      |
| Keith Cohn                      | 100%               | 39%  | -             | 13%  | -             | 48%  |

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:

| Name                        | Cash bonus paid/payable |      | Cash bonus forfeited |      |
|-----------------------------|-------------------------|------|----------------------|------|
|                             | 2022                    | 2021 | 2022                 | 2021 |
| <i>Executive Directors:</i> |                         |      |                      |      |
| Keith Cohn                  | -                       | 75%  | -                    | 25%  |

**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  
Details: 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)

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

In addition, the company also had a consultancy agreement with Andrew Clark whereby he may be engaged to provide consulting services at the monthly rate of US\$25,000 per month pro-rata. Consulting services ceased on 30 September 2022.

Name: Chi Kan Tang  
Title: Non-Executive Director  
Details: \$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*

During the year Keith Cohn received 1,000,000 fully paid ordinary shares upon the conversion of performance rights.

*Options*

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2022.

*Performance rights*

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2022.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2022.

**Additional information**

The earnings of the company for the five years to 31 December 2022 are summarised below:

|                                 | 2022        | 2021         | 2020        | 2019         | 2018     |
|---------------------------------|-------------|--------------|-------------|--------------|----------|
|                                 | \$          | \$           | \$          | \$           | \$       |
| Net loss attributable to owners | (1,771,955) | (12,514,590) | (9,599,547) | (26,317,367) | (57,813) |

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

|  | 2022 ** | 2021    | 2020    | 2019     | 2018   |
|--|---------|---------|---------|----------|--------|
| Share price at financial year end *          | -       | 0.09    | 0.13    | 0.07     | -      |
| Total dividends declared (cents per share)   | -       | -       | -       | -        | -      |
| Basic earnings per share (cents per share)   | (11.58) | (88.72) | (94.56) | (433.68) | (1.92) |
| Diluted earnings per share (cents per share) | (11.58) | (88.72) | (94.56) | (433.67) | (1.92) |

\* On 19 February 2019, the company successfully completed its IPO, and was officially admitted onto the Australian Securities Exchange. The company remains suspended from trading at 31 December 2022.

\*\* On 25 October 2022, the Company announced that it had been placed into voluntary administration. On 31 January 2023 the Company executed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries ("the subsidiaries"). The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered to be a mere formality of disposal arrangements that commenced after the Company entered voluntary administration.

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**Directors' report**  
**31 December 2022**

***Additional disclosures relating to key management personnel***

***Shareholding***

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

|                        | Balance at the start of the year | Received as part of remuneration | Additions        | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|------------------|------------------|--------------------------------|
| <i>Ordinary shares</i> |                                  |                                  |                  |                  |                                |
| Keith Cohn *           | 8,497,811                        | -                                | -                | 1,000,000        | 9,497,811                      |
| Chi Kan Tang           | 51,062,511                       | -                                | 1,310,055        | -                | 52,372,566                     |
| James Baillieu         | 94,647,309                       | -                                | 950,000          | -                | 95,597,309                     |
| Andrew Clark           | 3,138,130                        | -                                | -                | -                | 3,138,130                      |
|                        | <u>157,345,761</u>               | <u>-</u>                         | <u>2,260,055</u> | <u>1,000,000</u> | <u>160,605,816</u>             |

\* Received 1,000,000 fully paid ordinary shares during the year upon the conversion of performance rights.

***Option holding***

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

|                                     | Balance at the start of the year | Received as part of remuneration | Additions | Expired/ forfeited/ other | Balance at the end of the year |
|-------------------------------------|----------------------------------|----------------------------------|-----------|---------------------------|--------------------------------|
| <i>Options over ordinary shares</i> |                                  |                                  |           |                           |                                |
| Keith Cohn                          | 20,950,000                       | -                                | -         | -                         | 20,950,000                     |
| Chi Kan Tang                        | 11,214,718                       | -                                | -         | -                         | 11,214,718                     |
| James Baillieu                      | 25,161,506                       | -                                | -         | -                         | 25,161,506                     |
| Andrew Clark                        | 7,025,000                        | -                                | -         | -                         | 7,025,000                      |
|                                     | <u>64,351,224</u>                | <u>-</u>                         | <u>-</u>  | <u>-</u>                  | <u>64,351,224</u>              |

The above tables relating to director share and options holdings do not reflect the share consolidation completed after 31 December 2022.

***Performance rights holding***

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

|  | Balance at the start of the year | Granted  | Vested             | Expired/ forfeited/ other | Balance at the end of the year |
|--|----------------------------------|----------|--------------------|---------------------------|--------------------------------|
| <i>Performance rights over ordinary shares</i> |                                  |          |                    |                           |                                |
| Keith Cohn                                     | 2,000,000                        | -        | (1,000,000)        | (1,000,000)               | -                              |
|  | <u>2,000,000</u>                 | <u>-</u> | <u>(1,000,000)</u> | <u>(1,000,000)</u>        | <u>-</u>                       |

***Loans from key management personnel and their related parties***

Entities related to James Baillieu and Chi Kan Tang had short term loans with a face value of \$963,752 (\$US650,000) outstanding at 31 December 2022 with interest being accrued at 1% per month. These loans had the ability to be converted into fully paid ordinary shares at the discretion of the lender. Loans with a face value of \$887,761 (US\$600,000) plus accrued interest were converted during the prior year upon the issue of 7,102,088 fully paid ordinary shares. The interest expense for the year ended 31 December 2022 on these loans was \$146,589 (2021: \$132,041), and the total accrued interest balance is \$376,088 (2021: \$210,089). On 31 January, the company negotiated the full settlement of the bridging finance, via a third party associated with Steve Nicols where the third party assumed the liability of \$1,388,385 and the third party settled the debt for \$102,933.

***Other disclosures***

The administrators had control of the company of the period of voluntary administration and were paid/accrued administration fees of \$87,991 in accordance with their schedule of rates.

**Candy Club Holdings Limited**  
**Directors' report**  
**31 December 2022**

*This concludes the remuneration report, which has been audited.*

**Shares under option**

Unissued ordinary shares of the company under option at the date of this report are as follows:

| <b>ASX Code</b> | <b>Number</b>           | <b>Expiry</b>     | <b>Exercise Price</b> |
|-----------------|-------------------------|-------------------|-----------------------|
| CLBAO           | 185,191                 | 14 March 2025     | \$4.80                |
| CLBAR           | 3,333                   | 19 June 2025      | \$3.24                |
| CLBAG           | 1,308,777               | Various           | Various prices        |
| CLBAQ           | 44,896                  | 22 December 2025  | \$3.00                |
| CLBAN           | 39,497                  | 13 January 2025   | \$3.12                |
| CLBAP           | <u>3,958</u>            | <u>6 May 2025</u> | <u>\$4.08</u>         |
|                 | <u><u>1,585,652</u></u> |                   |                       |

The above table reflects a 24 to 1 of shares and options consolidation completed after 31 December 2022.

**Shares under performance rights**

There were no unissued ordinary shares of the company under performance rights outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of the company issued on the exercise of options during the year ended 31 December 2022 and up to the date of this report.

**Shares issued on the exercise of performance rights**

The following ordinary shares of the company were issued during the year ended 31 December 2022 and up to the date of this report on the exercise of performance rights granted:

|                                 | <b>Number of shares issued</b> |
|---------------------------------|--------------------------------|
| Date performance rights granted |                                |
| 9 March 2022                    | 2,000,000                      |

**Indemnity and insurance of officers**

The company had 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. This policy has not currently been renewed.

**Indemnity and insurance of auditor**

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

During the financial year, 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 year 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.

**Candy Club Holdings Limited**  
**Directors' report**  
**31 December 2022**

**Auditor's independence declaration**

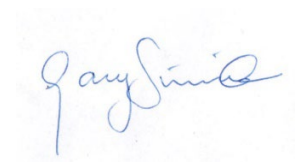
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**

HLB Mann Judd (Vic) Partnership was appointed and continues in office 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

A handwritten signature in blue ink, appearing to read "Gary Simonite", is written over a light blue grid background. Below the signature is a solid black horizontal line.

— Gary Simonite  
Director

28 September 2023

**Auditor's independence declaration**

As lead auditor for the audit of the financial report of Candy Club Holdings Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**HLB Mann Judd  
Chartered Accountants**

Melbourne  
28 September 2023



**Jude Lau  
Partner**



## **Candy Club Holdings Limited**

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**31 December 2022**

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### **General information**

The financial statements cover Candy Club Holdings Limited as a stand alone entity. The financial statements are presented in Australian dollars, which is Candy Club Holdings Limited's presentation currency.

Prior to the current year, the Company used to control a number of US based subsidiaries, which required the Company to prepare consolidated financial statements.

In October 2022, the Board of Directors saw fit to place the Company in voluntary administration, which saw the administrators ceding strategic and operation control of the US based subsidiaries, while also looking to divest the subsidiaries as part of its administration operational process. In late January 2023, the administrators executed a stock purchase agreement to effect divestment of the US subsidiaries.

The new Board of Directors have concluded that the settlement of the disposal in January 2023 represented a post balance date event which supported the Company accounting for the divestment of the US based subsidiaries in the year ended 31/12/22. It is for this reason that Company no longer prepares consolidated financial statements and has reverted to only preparing stand-alone financial statements of the Company.

Refer to note 3 of the financial statements for further details of the divestment.

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 is:

Level 2, 350 Kent Street,  
SYDNEY, NSW, AUSTRALIA, 2000

A description of the nature of the company'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 28 September 2023. The directors have the power to amend and reissue the financial statements.

**Candy Club Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2022**

|   | Note | 2022<br>\$                | 2021<br>\$                 |
|---|------|---------------------------|----------------------------|
| <b>Revenue and other income</b>   |      |                           |                            |
| Interest income   |      | 719                       | 150                        |
| <b>Expenses</b>   |      |                           |                            |
| Corporate and administration expenses   |      | (578,194)                 | (588,382)                  |
| Marketing and promotional expenses  |      | (232,368)                 | (515,252)                  |
| Employee benefits expense   |      | (50,508)                  | (60,362)                   |
| Impairment of intercompany receivable   |      | (700,000)                 | (10,320,310)               |
| Share based payments  |      | -                         | (823,219)                  |
| Foreign exchange loss on short term borrowings  |      | (82,288)                  | (68,246)                   |
| Other expenses  |      | (10,102)                  | (6,927)                    |
| Finance costs   |      | (146,589)                 | (132,042)                  |
| <b>Loss before income tax expense from continuing operations</b>  |      | <b>(1,799,330)</b>        | <b>(12,514,590)</b>        |
| Income tax expense  | 5    | -                         | -                          |
| Loss after income tax expense from continuing operations  |      | (1,799,330)               | (12,514,590)               |
| Profit after income tax expense from discontinued operations  | 6    | 27,375                    | -                          |
| <b>Loss after income tax expense for the year attributable to the owners of Candy Club Holdings Limited</b>                 |      | <b>(1,771,955)</b>        | <b>(12,514,590)</b>        |
| Other comprehensive income for the year, net of tax   |      | -                         | -                          |
| <b>Total comprehensive loss for the year attributable to the owners of Candy Club Holdings Limited</b>                      |      | <b><u>(1,771,955)</u></b> | <b><u>(12,514,590)</u></b> |
| Total comprehensive loss for the year is attributable to:   |      |                           |                            |
| Continuing operations   |      | (1,799,330)               | (12,514,590)               |
| Discontinued operations   |      | 27,375                    | -                          |
|   |      | <b><u>(1,771,955)</u></b> | <b><u>(12,514,590)</u></b> |
|   |      | <b>Cents</b>              | <b>Cents</b>               |
| <b>Loss per share for loss from continuing operations attributable to the owners of Candy Club Holdings Limited</b>         |      |                           |                            |
| Basic loss per share  | 25   | (11.76)                   | (88.72)                    |
| Diluted loss per share  | 25   | (11.76)                   | (88.72)                    |
| <b>Earnings per share for profit from discontinued operations attributable to the owners of Candy Club Holdings Limited</b> |      |                           |                            |
| Basic earnings per per share  | 25   | 0.18                      | -                          |
| Diluted earnings per share  | 25   | 0.18                      | -                          |
| <b>Loss per share for loss attributable to the owners of Candy Club Holdings Limited</b>                                    |      |                           |                            |
| Basic loss per share  | 25   | (11.58)                   | (88.72)                    |
| Diluted loss per share  | 25   | (11.58)                   | (88.72)                    |

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

**Candy Club Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2022**

|                                  | Note | 2022<br>\$          | 2021<br>\$          |
|----------------------------------|------|---------------------|---------------------|
| <b>Assets</b>                    |      |                     |                     |
| <b>Current assets</b>            |      |                     |                     |
| Cash and cash equivalents        | 7    | 182,611             | 1,779,705           |
| Trade and other receivables      | 8    | 29,366              | 5,788               |
| Other                            | 9    | 6,115               | 21,052              |
| Total current assets             |      | <u>218,092</u>      | <u>1,806,545</u>    |
| <b>Total assets</b>              |      | <u>218,092</u>      | <u>1,806,545</u>    |
| <b>Liabilities</b>               |      |                     |                     |
| <b>Current liabilities</b>       |      |                     |                     |
| Trade and other payables         | 10   | 195,983             | 241,358             |
| Borrowings                       | 11   | 1,339,838           | 1,110,961           |
| Total current liabilities        |      | <u>1,535,821</u>    | <u>1,352,319</u>    |
| <b>Total liabilities</b>         |      | <u>1,535,821</u>    | <u>1,352,319</u>    |
| <b>Net assets/(liabilities)</b>  |      | <u>(1,317,729)</u>  | <u>454,226</u>      |
| <b>Equity</b>                    |      |                     |                     |
| Issued capital                   | 12   | 45,131,636          | 44,953,868          |
| Reserves                         | 13   | 3,811,908           | 3,989,676           |
| Accumulated losses               |      | <u>(50,261,273)</u> | <u>(48,489,318)</u> |
| <b>Total equity/(deficiency)</b> |      | <u>(1,317,729)</u>  | <u>454,226</u>      |

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

**Candy Club Holdings Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2022**

|  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Total equity<br/>\$</b>                       |
|--|----------------------------------|------------------------|--------------------------------------|--|
| Balance at 1 January 2021                                    | 30,954,215                       | 3,166,457              | (35,974,728)                         | (1,854,056)                                      |
| Loss after income tax expense for the year                   | -                                | -                      | (12,514,590)                         | (12,514,590)                                     |
| Other comprehensive income for the year, net of tax          | -                                | -                      | -                                    | -  |
| Total comprehensive loss for the year                        | -                                | -                      | (12,514,590)                         | (12,514,590)                                     |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                      |  |
| Contributions of equity, net of transaction costs (note 12)  | 13,999,653                       | -                      | -                                    | 13,999,653                                       |
| Share-based payments   | -                                | 823,219                | -                                    | 823,219  |
| Balance at 31 December 2021                                  | <u>44,953,868</u>                | <u>3,989,676</u>       | <u>(48,489,318)</u>                  | <u>454,226</u>                                   |
|  | <b>Issued<br/>capital<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>losses<br/>\$</b> | <b>Total<br/>deficiency in<br/>equity<br/>\$</b> |
| Balance at 1 January 2022                                    | 44,953,868                       | 3,989,676              | (48,489,318)                         | 454,226  |
| Loss after income tax expense for the year                   | -                                | -                      | (1,771,955)                          | (1,771,955)                                      |
| Other comprehensive income for the year, net of tax          | -                                | -                      | -                                    | -  |
| Total comprehensive loss for the year                        | -                                | -                      | (1,771,955)                          | (1,771,955)                                      |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |                        |                                      |  |
| Transfer on conversion of performance rights (note 12)       | 177,768                          | (177,768)              | -                                    | -  |
| Balance at 31 December 2022                                  | <u>45,131,636</u>                | <u>3,811,908</u>       | <u>(50,261,273)</u>                  | <u>(1,317,729)</u>                               |

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

**Candy Club Holdings Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2022**

|  | Note | 2022<br>\$            | 2021<br>\$              |
|--|------|-----------------------|-------------------------|
| <b>Cash flows from operating activities</b>                      |      |                       |                         |
| Interest received  |      | 719                   | 150                     |
| Payments to suppliers and employees (inclusive of GST)           |      | <u>(897,813)</u>      | <u>(1,137,222)</u>      |
| Net cash (used) in operating activities                          | 22   | <u>(897,094)</u>      | <u>(1,137,072)</u>      |
| <b>Cash flows from investing activities</b>                      |      |                       |                         |
| Loans to related parties   |      | <u>(700,000)</u>      | <u>(10,320,310)</u>     |
| Net cash (used) in investing activities                          |      | <u>(700,000)</u>      | <u>(10,320,310)</u>     |
| <b>Cash flows from financing activities</b>                      |      |                       |                         |
| Proceeds from issue of shares and options                        |      | -                     | 13,660,776              |
| Share issue transaction costs                                    |      | <u>-</u>              | <u>(548,885)</u>        |
| Net cash from financing activities                               |      | <u>-</u>              | <u>13,111,891</u>       |
| Net increase/(decrease) in cash and cash equivalents             |      | (1,597,094)           | 1,654,509               |
| Cash and cash equivalents at the beginning of the financial year |      | <u>1,779,705</u>      | <u>125,196</u>          |
| Cash and cash equivalents at the end of the financial year       | 7    | <u><u>182,611</u></u> | <u><u>1,779,705</u></u> |

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

**Candy Club Holdings Limited**  
**Notes to the financial statements**  
**31 December 2022**

**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 years presented, unless otherwise stated.

As at 31 December 2022 the Company had no subsidiaries and as such the financial statements reflect Candy Club Holdings Limited as a stand-alone entity. The comparative information presented in the financial statements reflects the corresponding figures for Candy Club Holdings Limited as a stand-alone entity as there is no longer a requirement to prepare consolidated financial statements at year end.

The historical consolidated financial statements of the Company and its controlled entities ("the Group") were previously prepared using US dollars as the presentation currency. Given that the Company now operates solely in Australia, Australian dollars has been applied as the presentational currency.

**New or amended Accounting Standards and Interpretations adopted**

The company 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.

**Going concern**

The financial statements have been prepared using 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 company incurred a loss from ordinary activities of \$1,771,955 for the year ended 31 December 2022 (2021: \$12,514,590), had negative cash from operating activities of \$897,094 (2021: \$1,137,072), and had net liabilities of \$1,317,729 (2021: net assets of \$454,226).

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

- On 31 January, the company negotiated the full settlement of the bridging finance, refer to note 21, via a third party associated with Steve Nicols where the third party assumed the liability of \$1,388,385 and the third party settled the debt for \$102,933.
- On 26 June 2023, the company issued 84,688,918 fully paid ordinary shares (post consolidation basis) valued at \$0.00236 per share, raising \$200,000, before costs;
- The loss for the year included a non-cash impairment relating to loans with the company's former subsidiaries of \$700,000 (2021: \$10,320,310);
- The board is currently working towards having the company's suspension from trading on the Australian Securities Exchange lifted; and
- A cash flow forecast has been prepared for the next 12 months which is dependant on further fundraising.

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

Should the company 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.

**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.

**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 company'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.

As at 31 December 2022 the Company had no subsidiaries and as such the financial statements reflect Candy Club Holdings Limited as a stand-alone entity. The comparative information presented in the financial statements reflects the corresponding figures for Candy Club Holdings Limited as a stand-alone entity as there is no longer a requirement to prepare consolidated financial statements at year end. This is the first year that the Company has prepared stand-alone financial statements.

The historical consolidated financial statements of the Company and its controlled entities ("the Group") were previously prepared using US dollars as the presentation currency. Given that the Company now operates solely in Australia, Australian dollars have been applied as the functional and presentational currency.

**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.

**Revenue and income recognition**

The company recognises revenue and other income as follows:

*Interest income*

Interest income 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 income*

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

**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.

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.

**Note 1. Significant accounting policies (continued)**

**Discontinued operations**

A discontinued operation is a component of the company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

**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 company'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 company'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**

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

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year 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.

**Employee benefits**

*Share-based payments*

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

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.



**Note 1. Significant accounting policies (continued)**

The cost of equity-settled transactions is 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 company 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.

**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 year, adjusted for bonus elements in ordinary shares issued during the financial year.

*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.

*Share consolidation*

In accordance with the requirements of AASB 133, due to the company having undertaken a share consolidation (24:1) post 31 December 2022 and prior to the issuance of these financial statements, the EPS have been determined using the post consolidation number of shares and the comparatives have been restated to reflect this.

**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 net 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.

**Note 1. Significant accounting policies (continued)**

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 company for the annual reporting period ended 31 December 2022. The company 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.

*Loss of control of Candy Club LLC*

On 25 October 2022, the Company announced that it had been placed into voluntary administration. On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries ("the subsidiaries"). The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered a mere formality of disposal arrangements that commenced after the Company entered voluntary administration. This represents a significant judgement which impacted the preparation and presentation of the financial statements, as such no consolidated financial statements were prepared as a result. The gain on loss of control was recognised in the current year.

**Note 3. Disposal of Candy Club Holding Inc and its subsidiaries**

On 25 October 2022, the Company announced that it had been placed into voluntary administration. On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries ("the subsidiaries"). The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered by the board a mere formality of disposal arrangements that commenced after the Company entered voluntary administration.

The following information related to the disposed entities for the period to 25 October 2022 and the year ended 31 December 2021, which are not disclosed elsewhere in these financial statements.

|                        | Period to<br>25 Oct 2022 | Year Ended<br>31 Dec 21 |
|------------------------|--------------------------|-------------------------|
| Revenue                | 16,427,368               | 22,023,516              |
| Expenses               | (22,841,973)             | (30,362,018)            |
| Loss before income tax | <u>(6,414,605)</u>       | <u>(8,338,502)</u>      |

**Candy Club Holdings Limited**  
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**Note 3. Disposal of Candy Club Holding Inc and its subsidiaries (continued)**

|   | Period to<br>25 Oct 2022  | Year Ended<br>31 Dec 2021 |
|---|---------------------------|---------------------------|
| Net cash flow from operating activities               | (3,573,757)               | (13,640,775)              |
| Net cash flow from investing and financing activities | <u>(801,832)</u>          | <u>16,289,252</u>         |
| Net movement in cash generated by the subsidiaries    | <u><u>(4,375,589)</u></u> | <u><u>2,648,477</u></u>   |

**Note 4. Operating segments**

*Identification of reportable operating segments*

The company is organised into one operating segment, being administration services in Australia, since disposing of its US based subsidiaries. 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.

**Note 5. Income tax expense**

|  | <b>2022</b><br>\$  | <b>2021</b><br>\$   |
|--|--------------------|---------------------|
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>  |                    |                     |
| Loss before income tax expense from continuing operations                            | (1,799,330)        | (12,514,590)        |
| Profit before income tax expense from discontinued operations                        | <u>27,375</u>      | <u>-</u>            |
|  | <u>(1,771,955)</u> | <u>(12,514,590)</u> |
| Tax at the statutory tax rate of 30%   | (531,587)          | (3,754,377)         |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: |                    |                     |
| Share based payments   | -                  | 246,965             |
| Impact of other temporary and permanent differences                                  | (32,777)           | 30,794              |
| Tax losses not recognised  | 354,364            | 380,525             |
| Impairment of intercompany receivable  | <u>210,000</u>     | <u>3,096,093</u>    |
| Income tax expense   | <u><u>-</u></u>    | <u><u>-</u></u>     |
|  | <b>2022</b><br>\$  | <b>2021</b><br>\$   |
| <i>Australian tax losses not recognised</i>  |                    |                     |
| Unused tax losses for which no deferred tax asset has been recognised                | <u>4,906,878</u>   | <u>3,725,665</u>    |
| Potential tax benefit @ 30%  | <u>1,472,063</u>   | <u>1,117,700</u>    |

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. These tests have yet to be considered after completion of the company's restructure subsequent to year end, refer to note 21

**Candy Club Holdings Limited**  
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**Note 6. Discontinued operations**

*Description*

On 25 October 2022, the Company announced that it had been placed into voluntary administration. On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries ("the subsidiaries"). The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered a mere formality of disposal arrangements that commenced directly after the Company entered voluntary administration.

The Company received \$38,941 (US\$25,000) in consideration for the disposal, before transaction costs of \$11,566 (US\$7,425). This has been recognised as other income from discontinued operations.

*Financial performance information*

|  | <b>2022</b>          | <b>2021</b>     |
|--|----------------------|-----------------|
|  | <b>\$</b>            | <b>\$</b>       |
| Other income   | 27,375               | -               |
| Profit before income tax expense                             | 27,375               | -               |
| Income tax expense   | -                    | -               |
|  | <u>27,375</u>        | <u>-</u>        |
| Profit after income tax expense from discontinued operations | <u><u>27,375</u></u> | <u><u>-</u></u> |

**Note 7. Cash and cash equivalents**

|                                      | <b>2022</b>           | <b>2021</b>             |
|--------------------------------------|-----------------------|-------------------------|
|                                      | <b>\$</b>             | <b>\$</b>               |
| <i>Current assets</i>                |                       |                         |
| Cash on hand                         | 200                   | 200                     |
| Cash at bank                         | -                     | 1,779,505               |
| Cash held by company's administrator | 182,411               | -                       |
|                                      | <u>182,611</u>        | <u>1,779,705</u>        |
|                                      | <u><u>182,611</u></u> | <u><u>1,779,705</u></u> |

**Note 8. Trade and other receivables**

|   | <b>2022</b>          | <b>2021</b>         |
|---|----------------------|---------------------|
|   | <b>\$</b>            | <b>\$</b>           |
| <i>Current assets</i>   |                      |                     |
| Consideration for disposal of investment (net of transaction costs) | 27,375               | -                   |
| BAS receivable  | 1,991                | 5,788               |
|   | <u>29,366</u>        | <u>5,788</u>        |
|   | <u><u>29,366</u></u> | <u><u>5,788</u></u> |

Refer to note 15 for information on credit risk. No allowance for credit loss has been recognised as none of the balances are considered impaired.

**Note 9. Other**

|                       | <b>2022</b>         | <b>2021</b>          |
|-----------------------|---------------------|----------------------|
|                       | <b>\$</b>           | <b>\$</b>            |
| <i>Current assets</i> |                     |                      |
| Prepayments           | 6,115               | 21,052               |
|                       | <u>6,115</u>        | <u>21,052</u>        |
|                       | <u><u>6,115</u></u> | <u><u>21,052</u></u> |

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**Note 10. Trade and other payables**

|                            | 2022<br>\$     | 2021<br>\$     |
|----------------------------|----------------|----------------|
| <i>Current liabilities</i> |                |                |
| Trade payables             | 66,481         | 191,410        |
| Other payables             | 129,502        | 49,948         |
|                            | <u>195,983</u> | <u>241,358</u> |

Refer to note 15 for further information on financial instruments.

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

**Note 11. Borrowings**

|  | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| <i>Current liabilities</i>                                   |                  |                  |
| Bridging finance - from entities related to former directors | <u>1,339,838</u> | <u>1,110,961</u> |

Refer to note 15 for further information on financial instruments.

The bridging finance includes a balance with a face value of \$US650,000 with interest being accrued at 1% per month. These loans may be converted into fully paid ordinary shares at the discretion of the lenders. On 31 January, the company negotiated the full settlement of the bridging finance, refer to note 21, via a third party associated with Steve Nicols where the third party assumed the liability of \$1,388,385 and the third party settled the debt for \$102,933.

**Note 12. Issued capital**

|                              | 2022<br>Shares     | 2021<br>Shares     | 2022<br>\$        | 2021<br>\$        |
|------------------------------|--------------------|--------------------|-------------------|-------------------|
| Ordinary shares - fully paid | <u>367,465,931</u> | <u>365,465,931</u> | <u>45,131,636</u> | <u>44,953,868</u> |

*Movements in ordinary share capital*

| Details   | Date             | Shares             | Issue price | \$                |
|---|------------------|--------------------|-------------|-------------------|
| Balance   | 1 January 2021   | 288,552,735        |             | 30,954,215        |
| Conversion of options                                     | 9 February 2021  | 2,614              | \$0.0038    | 10                |
| Shares issued upon conversion of debt                     | 9 February 2021  | 7,102,088          | \$0.1250    | 887,761           |
| Issue of shares   | 9 February 2021  | 12,500,001         | \$0.1200    | 1,500,000         |
| Issue of shares   | 20 April 2021    | 34,147,727         | \$0.2200    | 7,512,500         |
| Shares to be issued to settle fees in relation to US debt | 13 August 2021   | 8,942,168          | \$0.1700    | 1,520,168         |
| Issue of shares   | 13 August 2021   | 7,785,865          | \$0.2200    | 1,712,890         |
| Issue of shares   | 24 August 2021   | 6,432,733          | \$0.2200    | 1,415,210         |
| Cost of capital raising                                   |                  | -                  | \$0.0000    | (548,886)         |
| Balance   | 31 December 2021 | 365,465,931        |             | 44,953,868        |
| Shares issued upon conversion of performance rights       | 9 March 2022     | 2,000,000          | \$0.0888    | 177,768           |
| Balance   | 31 December 2022 | <u>367,465,931</u> |             | <u>45,131,636</u> |

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**Note 12. Issued capital (continued)**

*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 company'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 13. Reserves**

|                              | 2022<br>\$       | 2021<br>\$       |
|------------------------------|------------------|------------------|
| Share-based payments reserve | <u>3,811,908</u> | <u>3,989,676</u> |

*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.

*Movements in reserves*

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

|   | Share based<br>payment<br>\$ |
|---|------------------------------|
| Balance at 1 January 2021   | 3,166,457                    |
| Share based payments  | <u>823,219</u>               |
| Balance at 31 December 2021   | 3,989,676                    |
| Transferred to issued capital on conversion of performance shares (note 12) | <u>(177,768)</u>             |
| Balance at 31 December 2022   | <u><u>3,811,908</u></u>      |

**Note 14. Dividends**

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

**Note 15. Financial instruments**

***Financial risk management objectives***

Prior to entering voluntary administration, the company'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 company'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 company. The company 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 and foreign exchange.

**Note 15. 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 company and appropriate procedures, controls and risk limits.

*During the period of voluntary administration*

The priority of the administrators during the period of administration was to contain costs incurred in order in an effort to give priority to shareholders to creditors and shareholders. Its risk management was geared towards maximising the returns to be given to the creditors.

**Market risk**

*Foreign currency risk*

The company is exposed to foreign exchange risk in relation to its short-term funding which is denominated in US dollars.

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 company's foreign currency denominated financial assets and liabilities at the reporting date were as follows:

|            | Assets     |            | Liabilities |            |
|------------|------------|------------|-------------|------------|
|            | 2022<br>\$ | 2021<br>\$ | 2022<br>\$  | 2021<br>\$ |
| US dollars | -          | -          | 1,339,838   | 1,110,961  |

| 2022       | % change | AUD strengthened<br>Effect on<br>profit before<br>tax |                     | % change | AUD weakened<br>Effect on<br>profit before<br>tax |                  |
|------------|----------|---|---------------------|----------|---|------------------|
|            |          | Effect on<br>equity                                   | Effect on<br>equity |          |   |                  |
| US Dollars | 10%      | <u>133,984</u>  | <u>133,984</u>      | 10%      | <u>(133,984)</u>                                  | <u>(133,984)</u> |

| 2021       | % change | AUD strengthened<br>Effect on<br>profit before<br>tax |                     | % change | AUD weakened<br>Effect on<br>profit before<br>tax |                  |
|------------|----------|---|---------------------|----------|---|------------------|
|            |          | Effect on<br>equity                                   | Effect on<br>equity |          |   |                  |
| US Dollars | 10%      | <u>111,096</u>  | <u>111,096</u>      | 10%      | <u>(111,096)</u>                                  | <u>(111,096)</u> |

*Price risk*

The company is not exposed to any significant price risk.

*Interest rate risk*

The company is not exposed to significant interest rate risk. Its only borrowings were short term bridging finance with a fixed interest rate.

**Credit risk**

The company is not exposed to significant credit risk.

**Liquidity risk**

Vigilant liquidity risk management requires the company 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 company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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**Note 15. Financial instruments (continued)**

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

*Remaining contractual maturities*

The following tables detail the company'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.

| <b>2022</b>                          | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|--------------------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| <b>Non-derivatives</b>               |                                  |                   |                          |                          |                 |                                     |
| <i>Non-interest bearing</i>          |                                  |                   |                          |                          |                 |                                     |
| Trade and other payables             | -                                | 195,983           | -                        | -                        | -               | 195,983                             |
| <i>Interest-bearing - fixed rate</i> |                                  |                   |                          |                          |                 |                                     |
| Bridging finance                     | 12.00%                           | 1,339,838         | -                        | -                        | -               | 1,339,838                           |
| Total non-derivatives                |                                  | <u>1,535,821</u>  | <u>-</u>                 | <u>-</u>                 | <u>-</u>        | <u>1,535,821</u>                    |

| <b>2021</b>                          | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|--------------------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| <b>Non-derivatives</b>               |                                  |                   |                          |                          |                 |                                     |
| <i>Non-interest bearing</i>          |                                  |                   |                          |                          |                 |                                     |
| Trade and other payables             | -                                | 241,358           | -                        | -                        | -               | 241,358                             |
| <i>Interest-bearing - fixed rate</i> |                                  |                   |                          |                          |                 |                                     |
| Bridging finance                     | 12.00%                           | 1,100,961         | -                        | -                        | -               | 1,100,961                           |
| Total non-derivatives                |                                  | <u>1,342,319</u>  | <u>-</u>                 | <u>-</u>                 | <u>-</u>        | <u>1,342,319</u>                    |

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

**Note 16. Key management personnel disclosures**

*Compensation*

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

|                              | <b>2022</b><br>\$ | <b>2021</b><br>\$ |
|------------------------------|-------------------|-------------------|
| Short-term employee benefits | 705,411           | 1,264,909         |
| Post-employment benefits     | 4,675             | 5,362             |
| Share-based payments         | -                 | 843,125           |
|                              | <u>710,086</u>    | <u>2,113,396</u>  |



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**Note 17. Remuneration of auditors**

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

|   | 2022   | 2021   |
|---|--------|--------|
|   | \$     | \$     |
| <i>Audit services - HLB Mann Judd (Vic) Partnership</i> |        |        |
| Audit or review of the financial statements             | 51,325 | 44,000 |

**Note 18. Contingent liabilities/assets**

The company had no contingent assets or liabilities at the end of the current or prior financial years.

**Note 19. Commitments**

The company had no commitments at the end of the current or prior financial years.

**Note 20. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

|  | 2022    | 2021       |
|--|---------|------------|
|  | \$      | \$         |
| Other expenses:  |         |            |
| Finances costs to key management personnel and their related entities. | 146,589 | 132,042    |
| Impairment of loan with former subsidiaries                            | 700,000 | 10,320,310 |
| Expense of administrator payable to administrators                     | 87,991  | -          |

*Receivable from and payable to related parties*

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

|  | 2022   | 2021    |
|--|--------|---------|
|  | \$     | \$      |
| Current payables:                        |        |         |
| Fees payable to key management personnel | 52,500 | 171,187 |
| Fees payable to administrators           | 87,991 | -       |

*Loans to/from related parties*

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

|  | 2022      | 2021      |
|--|-----------|-----------|
|  | \$        | \$        |
| Current borrowings:  |           |           |
| Loans from key management personnel and their related entities * | 1,339,838 | 1,100,961 |

\* The bridging finance includes loans with face value of \$US650,000 with interest being accrued at 1% per month. These loans may be converted into fully paid ordinary shares at the discretion of the lender. On 31 January, the company negotiated the full settlement of the bridging finance, via a third party associated with Steve Nicols where the third party assumed the liability of \$1,388,385 and the third party settled the debt for \$102,933.

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**Note 21. Events after the reporting period**

On 31 January 2023, the company negotiated the full settlement of the bridging finance, via a third party associated with Steve Nicols where the third party assumed the liability of \$1,388,385 and the third party settled the debt for \$102,933.

On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries. The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered a mere formality of disposal arrangements that commenced after the Company entered voluntary administration.

On 7 February 2023, the Voluntary Administration ended, and new directors were appointed to constitute a new board.

On 25 May 2023, shareholders approved a 24 to 1 consolidation of shares and options, the issue of new shares, and appointment of new directors.

On 26 June 2023, the company issued 84,688,918 fully paid ordinary shares valued at \$0.00236 per share, raising \$200,000, before costs.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 22. Reconciliation of loss after income tax to net cash (used) in operating activities**

|   | 2022<br>\$       | 2021<br>\$         |
|---|------------------|--------------------|
| Loss after income tax expense for the year      | (1,771,955)      | (12,514,590)       |
| Adjustments for:                                |                  |                    |
| Share-based payments                            | -                | 823,219            |
| Foreign exchange differences                    | 82,288           | 68,246             |
| Accrued interest                                | 146,589          | 132,042            |
| Gain from disposal of investment                | (27,375)         | -                  |
| Impairment of loan to related parties           | 700,000          | 10,320,310         |
| Change in operating assets and liabilities:     |                  |                    |
| Decrease in trade and other receivables         | 3,797            | 5,701              |
| Decrease/(increase) in other operating assets   | 14,937           | (18,178)           |
| Increase/(decrease) in trade and other payables | (45,375)         | 46,178             |
| Net cash (used) in operating activities         | <u>(897,094)</u> | <u>(1,137,072)</u> |

**Note 23. Non-cash investing and financing activities**

During the prior year, the company issued 16,044,256 fully paid ordinary shares settling liabilities valued at \$2,407,929.

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**Note 24. Changes in liabilities arising from financing activities**

|   | Bridging<br>loans<br>\$ | Total<br>\$      |
|---|-------------------------|------------------|
| Balance at 1 January 2021                 | 1,798,435               | 1,798,435        |
| Interest accrued                          | 132,042                 | 132,042          |
| Settled through issue of shares (note 12) | (887,762)               | (887,762)        |
| Exchange differences                      | 68,246                  | 68,246           |
|   | <hr/>                   | <hr/>            |
| Balance at 31 December 2021               | 1,110,961               | 1,110,961        |
| Interest accrued                          | 146,589                 | 146,589          |
| Exchange differences                      | 82,288                  | 82,288           |
|   | <hr/>                   | <hr/>            |
| Balance at 31 December 2022               | <u>1,339,838</u>        | <u>1,339,838</u> |

**Note 25. Earnings /(loss) per share**

|   | 2022<br>\$         | 2021<br>\$          |
|---|--------------------|---------------------|
| <i>Loss per share for loss from continuing operations</i>                                 |                    |                     |
| Loss after income tax attributable to the owners of Candy Club Holdings Limited           | <u>(1,799,330)</u> | <u>(12,514,590)</u> |
|   | <hr/>              | <hr/>               |
|   | <b>Number</b>      | <b>Number</b>       |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>15,295,553</u>  | <u>14,106,473</u>   |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>15,295,553</u>  | <u>14,106,473</u>   |
|   | <hr/>              | <hr/>               |
|   | <b>Cents</b>       | <b>Cents</b>        |
| Basic loss per share  | (11.76)            | (88.72)             |
| Diluted loss per share  | (11.76)            | (88.72)             |
|   | <hr/>              | <hr/>               |
|   | <b>2022<br/>\$</b> | <b>2021<br/>\$</b>  |
| <i>Earnings per share for profit from discontinued operations</i>                         |                    |                     |
| Profit after income tax attributable to the owners of Candy Club Holdings Limited         | <u>27,375</u>      | <u>-</u>            |
|   | <hr/>              | <hr/>               |
|   | <b>Number</b>      | <b>Number</b>       |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>15,295,553</u>  | <u>14,106,473</u>   |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>15,295,553</u>  | <u>14,106,473</u>   |
|   | <hr/>              | <hr/>               |
|   | <b>Cents</b>       | <b>Cents</b>        |
| Basic earnings per per share  | 0.18               | -                   |
| Diluted earnings per share  | 0.18               | -                   |
|   | <hr/>              | <hr/>               |
|   | <b>2022<br/>\$</b> | <b>2021<br/>\$</b>  |
| <i>Loss per share for loss</i>  |                    |                     |
| Loss after income tax attributable to the owners of Candy Club Holdings Limited           | <u>(1,771,955)</u> | <u>(12,514,590)</u> |

**Candy Club Holdings Limited**  
**Notes to the financial statements**  
**31 December 2022**

**Note 25. Earnings /(loss) per share (continued)**

|   | <b>Number</b>            | <b>Number</b>            |
|---|--------------------------|--------------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>15,295,553</u>        | <u>14,106,473</u>        |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u><u>15,295,553</u></u> | <u><u>14,106,473</u></u> |
|   | <b>Cents</b>             | <b>Cents</b>             |
| Basic loss per share  | (11.58)                  | (88.72)                  |
| Diluted loss per share  | (11.58)                  | (88.72)                  |

In accordance with the requirements of AASB 133, due to the company having undertaken a share consolidation (24:1) post 31 December 2022 and prior to the issuance of these financial statements, the EPS have been determined using the post consolidation number of shares and the comparatives have been restated to reflect this.

**Candy Club Holdings Limited**  
**Directors' declaration**  
**31 December 2022**

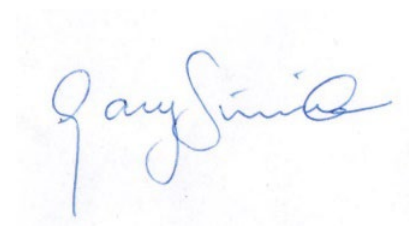
In the directors' opinion:

- 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 company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- notwithstanding that the company is in a net liability position, 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

A handwritten signature in blue ink, appearing to read "Gary Simonite", is written over a horizontal line.

Gary Simonite  
Director

28 September 2023

## **Independent Auditor's Report to the Members of Candy Club Holdings Limited**

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### **Adverse Opinion**

We have audited the financial report of Candy Club Holdings Limited ("the Company") which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* section of our report, the accompanying financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Adverse Opinion**

As explained in Notes 2 and 3, the Company has not consolidated the results and year-end balance sheet amounts of its wholly owned subsidiaries comprising Candy Club Holdings Inc. and other subsidiaries ("the subsidiaries"), on the basis that it concluded that the post year end disposal and settlement of the subsidiaries represented an adjusting event after the reporting period, requiring the Company to account for the disposal of the subsidiaries during the year ended 31 December 2022. The results and balance sheet amounts of the subsidiaries have therefore been omitted from the Company's financial statements and consolidation accounting has not been applied. Under Australian Accounting Standards, the Company should have consolidated the transactions and balances of its subsidiaries for the year ended 31 December 2022 and prepared consolidated financial statements. Had the subsidiaries been consolidated, many elements in the accompanying financial report would have been materially affected. The effects on the financial report of the failure to consolidate have not been determined.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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### **Material Uncertainty Regarding Going Concern**

We draw attention to Note 1 *Going Concern* in the financial report, which indicates that the Company incurred a net loss of \$1,771,955 and had negative cash outflows from operations of \$897,094 during the year ended 31 December 2022 and, as of that date, had a net deficiency of assets over liabilities of \$1,317,729.

As stated in Note 1 *Going Concern*, these events or conditions, along with other matters as set forth in Note 1 *Going Concern*, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

### **Key Audit Matters**

Except for the matters described in the *Basis for Adverse Opinion* and *Material Uncertainty Related to Going Concern* sections, we have determined that there are no other key audit matters to communicate in our report.

### **Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Adverse Opinion* section above, the Company should have consolidated its subsidiaries as at 31 December 2022 and accounted for the financial performance and cashflow of its subsidiaries for the year ended 31 December 2022. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' report affected by the failure to consolidate its subsidiaries.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## REPORT ON THE REMUNERATION REPORT

### Qualified Opinion

We have audited the Remuneration Report included on pages 4 to 10 of the directors' report for the year ended 31 December 2022.

In our opinion, except for the possible effects on the Remuneration Report of the matter referred to in the *Basis for Qualified Opinion* section, the Remuneration Report of the Company for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

### Basis for Qualified Opinion

The remuneration details of the Company's executive director were recorded in the books and records of the subsidiaries. As a result of the disposal of the subsidiaries during the year ended 31 December 2022, we were unable to obtain sufficient appropriate audit evidence about the remuneration details of the executive director of the Company during the year ended 31 December 2022 because the subsidiaries accounting records were not made available to us. Consequently, we were unable to determine whether adjustments might have been necessary in respect of executive director's remuneration.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

Melbourne  
28 September 2023



**Jude Lau**  
**Partner**

**Candy Club Holdings Limited**  
**Shareholder information**  
**31 December 2022**

The shareholder information set out below was applicable as at 22 August 2023.

**Distribution of equitable securities**

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

|                                       | <b>Ordinary shares</b>       |   |
|---------------------------------------|------------------------------|---|
|                                       | <b>Number<br/>of holders</b> | <b>% of total<br/>shares<br/>issued</b> |
| 1 to 1,000                            | 178                          | 0.07                                    |
| 1,001 to 5,000                        | 211                          | 0.53                                    |
| 5,001 to 10,000                       | 72                           | 0.51                                    |
| 10,001 to 100,000                     | 100                          | 3.07                                    |
| 100,001 and over                      | 25                           | 95.82                                   |
|                                       | 586                          | 100.00                                  |
| Holding less than a marketable parcel | 1,358,518                    | 1.36                                    |

**Equity security holders**

*Twenty largest quoted equity security holders*

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

|  | <b>Ordinary shares</b> |   |
|--|------------------------|---|
|  | <b>Number held</b>     | <b>% of total<br/>shares<br/>issued</b> |
| ANERLEY PROPERTY HOLDINGS PTY LTD                          | 84,688,918             | 84.69                                   |
| MUTUAL TRUST PTY LTD                                       | 4,068,921              | 4.07                                    |
| CITICORP NOMINEES PTY LIMITED                              | 2,311,831              | 2.31                                    |
| 10 BOLIVIANOS PTY LTD                                      | 486,089                | 0.49                                    |
| VENTURE LENDING & LEASING IX LLC                           | 372,590                | 0.37                                    |
| BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP) | 362,713                | 0.36                                    |
| CHI KAN TANG   | 336,687                | 0.34                                    |
| SOPRIS CREEK PTY LTD                                       | 322,916                | 0.32                                    |
| GINGA PTY LTD (TG KLINGER S/F A/C)                         | 299,762                | 0.30                                    |
| MR BRIAN THOMAS CLAYTON & MRS JANET CLAYTON                | 233,634                | 0.23                                    |
| MR JOHN ANDREW KNIGHTS                                     | 233,310                | 0.23                                    |
| BEDWELL PTY LTD (BEDWELL DISCRETIONARY A/C)                | 229,437                | 0.23                                    |
| KEC VENTURES II LP   | 221,764                | 0.22                                    |
| ATFR PTY LTD (RH SUPER FUND A/C)                           | 166,666                | 0.17                                    |
| GIOVANNI NOMINEES PTY LTD (GIOVANNI FAMILY FUND A/C)       | 166,666                | 0.17                                    |
| FORDHOLM CONSULTANTS PTY LTD (DIANA BOEHME SUPER FUND A/C) | 166,666                | 0.17                                    |
| UBS NOMINEES PTY LTD                                       | 156,868                | 0.16                                    |
| BORRMAN HOLDINGS PTY LTD (THE BROEREN FAMILY A/C)          | 153,789                | 0.15                                    |
| SKYMAKER PTY LTD   | 145,833                | 0.15                                    |
| T G F HOLDINGS (QLD) PTY LTD (T FORD SUPERANNUATION A/C)   | 144,951                | 0.14                                    |
|  | 95,270,011             | 95.27                                   |

**Candy Club Holdings Limited**  
**Shareholder information**  
**31 December 2022**

**Substantial holders**

Substantial holders in the company are set out below:

|                                    | <b>Ordinary shares</b> |                                 |
|------------------------------------|------------------------|---------------------------------|
|                                    | <b>Number held</b>     | <b>% of total shares issued</b> |
| ANNERLEY PROPERTY HOLDINGS PTY LTD | 84,688,918             | 84.69                           |

**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.