Candy Club Holdings Limited

ACN 629 598 778

Annual Report - 31 December 2023

Candy Club Holdings Limited
Corporate directory
31 December 2023

Directors	Gary Simonite Greg Starr James Walker
Company secretary	Catriona Glover
Registered office	Level 2, 350 Kent Street, SYDNEY, NSW, AUSTRALIA, 2000
Principal place of business	Level 2, 350 Kent Street, SYDNEY, NSW, AUSTRALIA, 2000
Share register	Automic Group Level 5, 126 Phillip Street Sydney NSW 2000, Australia
Auditor	HLB Mann Judd (Vic) Partnership Level 9, 550 Bourke Street, Melbourne VIC 3000, Australia
Stock exchange listing	Candy Club Holdings Limited shares are currently suspended on the Australian Securities Exchange (ASX code: CLB) The company's shares are currently suspended from trading.
Corporate Governance Statement	Refer to www.candyclublimited.com.au

Candy Club Holdings Limited
Directors' report
31 December 2023

The directors present their report, together with the financial statements, of Candy Club Holding Limited ("the Company") for the year ended 31 December 2023.

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, and then re-appointed on 6 February 2024)
Richard Brien (appointed 6 February 2023 and resigned 25 May 2023)
Gary Simonite (appointed 25 May 2023)
Lester Gray (appointed 25 May 2023 and resigned 6 February 2024)
Don Dickie (appointed 25 May 2023 and resigned 6 February 2024)
James Walker (appointed 6 February 2024)

Principal activities

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. Since that time the Company has been assessing new project opportunities that would meet ASX re-quotation requirements.

Dividends

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

Review of operations

The profit for the Company after providing for income tax amounted to $987,202 (31 December 2022: loss of $1,771,955).

On 11 October 2022 the shares of Candy Club Holdings Limited ("the Company" or “Candy Club”) were suspended, pending the outcome of its former subsidiary’s 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 directors announced they had appointed an Administrator (“Administrator”) and placed the Company into voluntary administration (“Administration”). On 31 January 2023 the Administrators signed a sales agreement to formally dispose of the Company’s 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 Administrators retired and new directors were appointed. The new directors subsequently resigned following the general meeting held on 25 May 2023 (“Meeting”).

At that Meeting, shareholders approved a consolidation of shares and options on a 1:24 basis, the issue of shares to a related party, namely a company controlled by a proposed new director, Mr Gary Simonite, and the appointment of three new directors, namely Mr Simonite, Mr Don Dickie and Mr Jim Wilson. The Company subsequently announced that Mr Wilson would not be taking up his appointment and Mr Les Gray was appointed as a director. Mr Starr, who had been appointed as a director and company secretary following the creditors’ meeting in early 2023, resigned as a director but continued as company secretary.

On 2 June 2023, the Company announced that a total of 80,453,836 unlisted options had expired.

On 6 June 2023, the Company announced the completion of the share and option consolidation, approved by shareholders at the Meeting. On 8 June 2023, the Company announce the expiry of a total of 67,237 unlisted options. On 8 June 2023, the Company issued 84,688,918 fully paid ordinary shares to Annerley Property Holdings Pty Ltd, a company controlled by Mr Gary Simonite a director of Candy Club, in accordance with the approvals obtained at the Meeting. On 12 September 2023 and 25 October 2023, a total of 28,129 options expired on a post consolidation basis.

Significant changes in the state of affairs

On 31 January 2023, 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 $102,923.

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 was accounted for as an adjusting post balance date event at 31 December 2022, 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 to1 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.

On 11 September 2023, 24,796 unlisted options over ordinary shares expired.

On 25 October 2023, a further 3,333 unlisted options over ordinary shares expired.

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.

Matters subsequent to the end of the financial year
The Company announced on 20 February 2024 the appointment of Mr James Walker and Mr Gregory Starr as Directors. Mr Starr resigned as Company Secretary and Ms Catriona Glover was appointed as Company Secretary.

On 6 May 2024, the company announced that it has entered into a binding Head of Agreement to acquire 100% of Scalare Partners Pty Ltd. The completion of the transaction is subject to a number of conditions including approval from the company's shareholders and re-compliance with Chapters 1 and 2 of the ASX listing rules. As part of the transaction the company will seek to complete a capital raise of between $4 million and $8 million before costs.

Since 31 December 2023, Scalare Partners Pty Ltd has also lent the company $125,000 via an interest free loan, to pay existing creditors and fund costs associated with the company's readmission to the ASX.

No other matter or circumstance has arisen since 31 December 2023 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 Authorsed Credit Representatives for (FAST) via BLSSA P/L (ACL: 391 237)
Experience and expertise:	As an entrepreneur, with a track record 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:	Greg Starr
Title:	Director (appointed 6 February 2023 and resigned 25 May 2023, and then re-appointed on 6 February 2024)
Experience and expertise:	Mr Starr is an experienced public company director holding senior board positions in a number of ASX listed companies over 20 years. He has been involved in many M&A and debt and equity financial transactions. Mr Starr brings significant corporate governance and investor relations experience in ASX listed companies to the Board.
Other current directorships:	Diatreme Resources Limited and Admiralty Resources Limited
Former directorships (last 3 years):	Investor Centre Limited.
Interests in shares:	Nil

Name:	James Walker
Title:	Director (appointed 6 February 2024)
Experience and expertise:	James is an experienced leader in commercialising technology in new markets, with various roles across many markets and technology sectors. James has over thirty years' executive and board experience building and scaling businesses across a wide range of global industries, including data-driven customer experience transformation, sensor systems, mining technology services, automotive, aviation, biotechnology, agritech, medical devices, hotel telemarketing, drone detection and security sectors. Through his roles, James has completed multiple M&A transactions, IPO listings, follow-on share placements and other capital raisings for private companies as well as ASX and London (AIM) listed companies.
Other current directorships:	Bluglass Limited(ASX:BLG) and Native Mineral Resources Limited (ASX: NMR)
Former directorships (last 3 years):	Kaddy Limited (ASX: KDY resigned June 2023)
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. Greg Starr resigned as company secretary on 20 February 2024, and was replaced by Catriona Glover.

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.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Steve Nicols (appointed 6 February 2023 and resigned 25 May 2023)	2	2
Richard Brien (appointed 6 February 2023 and resigned 25 May 2023)	2	2
Greg Starr (appointed 6 February 2023 and resigned 25 May 2023)	2	2
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)	-	-
Gary Simonite (appointed 25 May 2023)	1	1
Lester Gray (appointed 25 May 2023 and resigned 6 February 2024)	-	1
Don Dickie (appointed 25 May 2023 and resigned 6 February 2024)	1	1

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
- 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 adminstration

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.

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 subsidiaires). 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 6 November 2023 Annual General Meeting ('AGM')
At the 6 November 2023 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022.

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		
2023	Cash salary and fees $	Consulting fees $	Bonus $	Super-annuation $	Long service leave $	Equity-settled options $	Issue of shares $	Total $
Non-Executive Directors:								
Greg Starr *	10,000	-	-	-	-	-	-	10,000
Richard Brien	7,500	-	-	-	-	-	-	7,500
	-	-	-	-	-	-	-	-
	17,500	-	-	-	-	-	-	17,500

* Fees include directors fees $9,000 and $1,000 paid in his capacity as a company secretary.

All other directors were not entitled to remuneration during the year. Other than directors the company did not have any other key management personnel during the year.

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

* Represents remuneration earnt up to the date of appointment of the voluntary administrator
** Represents remuneration earnt up to the date the company lost control of its US based subsidiaries.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
Greg Starr	100%	-	-	-	-	-
Richard Brien	100%	-	-	-	-	-
Chi Kan Tang	-	100%	-	-	-	-
Andrew Clark	-	100%	-	-	-	-
James Baillieu	-	100%	-	-	-	-
Executive Directors						
Keith Cohn	-	100%	-	-	-	-

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2023.

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 2023.

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 2023.

Additional information
The earnings of the Company for the five years to 31 December 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Net profit/(loss) attributable to owners	987,202	(1,771,955)	(12,514,590)	(9,599,547)	(26,317,367)

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

	2023	2022	2021	2020	2019
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) **	1.68	(11.58)	(88.72)	(94.56)	(433.68)
Diluted earnings per share (cents per share) **	1.68	(11.58)	(88.72)	(94.56)	(433.67)

* The Company remains was suspended from trading at 31 December 2023 and 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 was accounted for as an adjusting post balance date event, during the year ended 31 December 2022, 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.

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
Ordinary shares					
Gary Simonite *	-	-	84,688,918	-	84,688,918
Keith Cohn **	9,497,811	-	-	(9,497,811)	-
Chi Kan Tang **	52,372,566	-	-	(52,372,566)	-
James Baillieu **	95,597,309	-	-	(95,597,309)	-
Andrew Clark **	3,138,130	-	-	(3,138,130)	-
	160,605,816	-	84,688,918	(160,605,816)	84,688,918

* Held via Annerley Property Holdings Pty Ltd
** Held when resigned on 6 February 2023.

Other than those holdings disclosed above the directors did not hold shares in the company during the year. Other than directors the company did not have any other key management personnel during the year.

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
Options over ordinary shares					
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)	-
	64,351,224	-	-	(64,351,224)	-

* Held when resigned on 6 February 2023.

Other than those holdings disclosed above the directors did not hold options over ordinary shares in the company during the year. Other than directors the company did not have any other key management personnel during the year.

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. The interest expense for the year ended 31 December 2023 on these loans was $13,021 (2022: $146,589), and the total accrued interest balance was $376,088 at 31 December 2022. 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 which ended on 6 February 2023 and were paid/accrued administration fees of $50,282 (2022: $87,991) in accordance with their schedule of rates.

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:

ASX Code	Number	Expiry	Exercise Price
CLBAG	334,374	Various	Various prices
CLBAQ	44,893	22 December 2025	$3.00
CLBAN	39,494	13 January 2025	$3.12
CLBAO	185,190	4 March 2025	$4.80
CLBAP	3,958	6 May 2025	$4.08
CLBAR	3,333	9 June 2025	$3.24
	611,242		

The above table reflects a 24 to 1 of shares and options consolidation completed on 6 June 2023.

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 2023 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of the Company issued on the exercise of performance rights during the year ended 31 December 2023 and up to the date of this report.

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 lapsed during the year and has not 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.

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.

Candy Club Holdings Limited
Directors' report
31 December 2023

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

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Gary Simonite
Director

3 June 2024

HLB MANN JUDD

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 2023, 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

HLB Mann Judd
Chartered Accountants

Michael Gummery
Partner

Melbourne
3 June 2024

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.

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 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 December 2022. It is for this reason that Company no longer prepares consolidated financial statements and has reverted to only preparing stand-along financial statements of the Company.

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 3 June 2024. 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 2023

	Note	2023 $	2022 $
Revenue and other income			
Interest income		1,089	719
Gain on debt forgiveness		1,200,050	-
Net foreign exchange gain on short term borrowings		49,886	-
Expenses			
Corporate and administration expenses		(238,476)	(578,194)
Marketing and promotional expenses		-	(232,368)
Employee benefits expense		-	(50,508)
Impairment of intercompany receivable		-	(700,000)
Net foreign exchange loss on short term borrowings		-	(82,288)
Other expenses		(12,326)	(10,102)
Finance costs		(13,021)	(146,589)
Profit/(loss) before income tax expense from continuing operations		987,202	(1,799,330)
Income tax expense	4	-	-
Profit/(loss) after income tax expense from continuing operations		987,202	(1,799,330)
Profit after income tax expense from discontinued operations	5	-	27,375
Profit/(loss) after income tax expense for the year attributable to the owners of Candy Club Holdings Limited		987,202	(1,771,955)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the owners of Candy Club Holdings Limited		987,202	(1,771,955)
Total comprehensive income / (loss) for the year is attributable to:			
Continuing operations		987,202	(1,799,330)
Discontinued operations		-	27,375
		987,202	(1,771,955)
		Cents	**Cents**
Earnings/(loss) per share from continuing operations attributable to the owners of Candy Club Holdings Limited			
Basic earnings/(loss) per share	23	1.68	(11.76)
Diluted earnings /(loss) per share	23	1.68	(11.76)
Earnings per share for profit from discontinued operations attributable to the owners of Candy Club Holdings Limited			
Basic earnings per share	23	-	0.18
Diluted earnings per share	23	-	0.18
Earnings/(loss) per share attributable to the owners of Candy Club Holdings Limited			
Basic earnings/(loss) per share	23	1.68	(11.58)
Diluted earnings /(loss) per share	23	1.68	(11.58)

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 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	6	1,636	182,611
Trade and other receivables	7	1,927	29,366
Other	8	-	6,115
Total current assets		3,563	218,092
Total assets		3,563	218,092
Liabilities			
Current liabilities			
Trade and other payables	9	53,315	195,983
Borrowings	10	82,600	1,339,838
Total current liabilities		135,915	1,535,821
Total liabilities		135,915	1,535,821
Net liabilities		(132,352)	(1,317,729)
Equity			
Issued capital	11	45,329,811	45,131,636
Reserves	12	3,811,908	3,811,908
Accumulated losses		(49,274,071)	(50,261,273)
Total deficiency in equity		(132,352)	(1,317,729)

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 2023

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
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)
Transactions with owners in their capacity as owners:				
Transfer on conversion of performance rights (note 11)	177,768	(177,768)	-	-
Balance at 31 December 2022	45,131,636	3,811,908	(50,261,273)	(1,317,729)

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2023	45,131,636	3,811,908	(50,261,273)	(1,317,729)
Profit after income tax expense for the year	-	-	987,202	987,202
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	987,202	987,202
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 11)	198,175	-	-	198,175
Balance at 31 December 2023	45,329,811	3,811,908	(49,274,071)	(132,352)

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 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Interest received		1,089	719
Payments to suppliers and employees (inclusive of GST)		(387,291)	(897,813)
Net cash (used) in operating activities	21	(386,202)	(897,094)
Cash flows from investing activities			
Proceeds from disposal of subidiary		27,375	-
Loans to related parties		-	(700,000)
Net cash from/(used in) investing activities		27,375	(700,000)
Cash flows from financing activities			
Proceeds from issue of shares and options	11	200,000	-
Proceeds from borrowings		82,600	-
Share issue transaction costs	11	(1,825)	-
Repayment of borrowings		(102,923)	-
Net cash from financing activities		177,852	-
Net decrease in cash and cash equivalents		(180,975)	(1,597,094)
Cash and cash equivalents at the beginning of the financial year		182,611	1,779,705
Cash and cash equivalents at the end of the financial year	6	1,636	182,611

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

Note 1. Material accounting policy information

As at 31 December 2023 and 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.

The accounting policies that are material to the Company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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 profit from ordinary activities of $987,202 for the year ended 31 December 2023, which included a gain on debt forgiveness of $1,200,050 (2022: loss of $1,771,955), had negative cash from operating activities of $386,202 (2022: $897,094), and had net liabilities of $132,352 (2022: net liabilities of $1,317,729).

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 6 May 2024, the company announced that it has entered into a binding Head of Agreement to acquire 100% of Scalare Partners Pty Ltd. The completion of the transaction is subject to a number of conditions including approval from the company's shareholders and re-compliance with Chapters 1 and 2 of the ASX listing rules. As part of the transaction the company will seek to complete a capital raise of between $4 million and $8 million before costs;
- Since 31 December 2023, Scalare Partners Pty Ltd has also lent the company $125,000 via an interest free loan, to pay existing creditors and fund costs associated with the company's readmission to the ASX;
- A cash flow forecast has been prepared for the next 12 months which is dependant on further fundraising; and
- The company has received a letter of financial support from an entity associated with its majority shareholder, Annerley Property Holdings Pty Ltd (“Annerley Property”), where Annerley Property has guaranteed to provide on-going financial support to the Company sufficient for the Company to pay its debts as and when they fall due and payable. This financial support remains in place for a minimum of 12 months following the signing of the 31 December 2023 annual report, and will be required in the event that the proposed acquisition of Scalare Partners Pty Ltd does not proceed.

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').

Note 1. Material accounting policy information (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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.

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.

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.

Note 1. Material accounting policy information (continued)

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.

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.

Note 1. Material accounting policy information (continued)

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.

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.

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 2023. 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.

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 was accounted for as an adjusting post balance date event, in the prior financial year, 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 prior year.

Note 3. 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 4. Income tax expense

	2023 $	2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense from continuing operations	987,202	(1,799,330)
Profit before income tax expense from discontinued operations	-	27,375
	987,202	(1,771,955)
Tax at the statutory tax rate of 30%	296,161	(531,587)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impact of other temporary and permanent differences	(82,438)	(32,777)
Non assessable income	(360,015)	-
Tax losses not recognised	146,292	354,364
Impairment of intercompany receivable	-	210,000
Income tax expense	-	-

	2023 $	2022 $
Australian tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	-	4,852,130
Potential tax benefit @ 30%	-	1,455,639

Note 4. Income tax expense (continued)

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. During the year, the company completed a restructure and the disposal of its investment in Candy Club LLC, meaning that both continuity of ownership and same business tests have been failed. As a result the unused tax losses from previous years are no longer available.

Note 5. 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 was accounted for as an adjusting post balance date event, in the prior year financial statements, 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 was recognised as other income from discontinued operations in the prior year despite being received in the current year.

Financial performance information

	2023 $	2022 $
Other income	-	27,375
Profit before income tax expense	-	27,375
Income tax expense	-	-
Profit after income tax expense from discontinued operations	-	27,375

Note 6. Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash on hand	200	200
Cash at bank	1,436	-
Cash held by company's administrator	-	182,411
	1,636	182,611

On 7 February the Voluntary Administration ended, and the balance in the administrator's account was transferred to company's bank account.

Note 7. Trade and other receivables

	2023 $	2022 $
Current assets		
Consideration for disposal of investment (net of transaction costs)	-	27,375
BAS receivable	1,927	1,991
	1,927	29,366

Note 7. Trade and other receivables (continued)

Refer to note 14 for information on credit risk. No allowance for credit loss has been recognised as none of the balances are considered impaired.

Note 8. Other

	2023 $	2022 $
Current assets		
Prepayments	-	6,115

Note 9. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	25,183	66,481
Other payables	28,132	129,502
	53,315	195,983

Refer to note 14 for further information on financial instruments.

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

Note 10. Borrowings

	2023 $	2022 $
Current liabilities		
Bridging finance - from entities related to former directors	-	1,339,838
Loan from director related entity	52,600	-
Loan from an entity related to a former director	30,000	-
	82,600	1,339,838

Refer to note 14 for further information on financial instruments.

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 $102,923.

The loans from current and former director related entities are interest free, unsecured and have no fixed term for repayment.

Note 11. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	99,999,733	367,465,931	45,329,811	45,131,636

Note 11. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2022	365,465,931		44,953,868
Shares issued upon conversion of performance rights	9 March 2022	2,000,000	$0.08880	177,768
Balance	31 December 2022	367,465,931		45,131,636
Share consolidation (24 to 1 basis)	6 June 2023	(352,155,116)	$0.00000	-
Issue of shares	26 June 2023	84,688,918	$0.00236	200,000
Cost of capital raising		-	$0.00000	(1,825)
Balance	31 December 2023	99,999,733		45,329,811

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 12. Reserves

	2023 $	2022 $
Share-based payments reserve	3,811,908	3,811,908

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 payment $
Balance at 1 January 2022	3,989,676
Transferred to issued capital on conversion of performance shares (note 11)	(177,768)
Balance at 31 December 2022	3,811,908
Balance at 31 December 2023	3,811,908

Note 13. Dividends

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

Note 14. Financial instruments

Financial risk management objectives
Since coming out of 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.

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	
	2023 $	2022 $	2023 $	2022 $
US dollars	-	-	-	1,339,838

	AUD strengthened			AUD weakened		
2023	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US Dollars	-	-	-	-	-	-

	AUD strengthened			AUD weakened		
2022	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US Dollars	10%	133,984	133,984	10%	(133,984)	(133,984)

Price risk
The Company is not exposed to any significant price risk.

Note 14. Financial instruments (continued)

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.

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.

2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	53,315	-	-	-	53,315
Other loans	-	82,600	-	-	-	82,600
Total non-derivatives		135,915	-	-	-	135,915

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

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

Note 15. 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:

	2023 $	2022 $
Short-term employee benefits	17,500	705,411
Post-employment benefits	-	4,675
Share-based payments	-	-
	17,500	710,086

Note 16. 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:

	2023 $	2022 $
Audit services - HLB Mann Judd (Vic) Partnership		
Audit or review of the financial statements	47,700	51,325

Note 17. Contingent liabilities/assets

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

Note 18. Commitments

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

Note 19. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 15 and the remuneration report included in the directors' report.

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

	2023 $	2022 $
Other expenses:		
Finance costs to key management personnel and their related entities.	13,021	146,589
Impairment of loan with former subsidiairies	-	700,000
Expense of administrator payable to administrators	50,282	87,991

Note 19. Related party transactions (continued)

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

	2023 $	2022 $
Current payables:		
Fees payable to key management personnel	-	52,500
Fees payable to admininstrators	-	87,991

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

	2023 $	2022 $
Current borrowings:		
Loans from key management personnel and their related entities *	-	1,339,838
Loan from director related entity **	52,600	-

* 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 $102,923.

** The loans from director related entity and other entity are interest free, unsecured and have no fixed term for repayment.

Note 20. Events after the reporting period

The Company announced on 20 February 2024 the appointment of Mr James Walker and Mr Gregory Starr as Directors. Mr Starr resigned as Company Secretary and Ms Catriona Glover was appointed as Company Secretary.

On 6 May 2024, the company announced that it has entered into a binding Head of Agreement to acquire 100% of Scalare Partners Pty Ltd. The completion of the transaction is subject to a number of conditions including approval from the company's shareholders and re-compliance with Chapters 1 and 2 of the ASX listing rules. As part of the transaction the company will seek to complete a capital raise of between $4 million and $8 million before costs.

Since 31 December 2023, Scalare Partners Pty Ltd has also lent the company $125,000 via an interest free loan, to pay existing creditors and fund costs associated with the company's readmission to the ASX.

No other matter or circumstance has arisen since 31 December 2023 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 21. Reconciliation of profit/(loss) after income tax to net cash (used) in operating activities

	2023 $	2022 $
Profit/(loss) after income tax expense for the year	987,202	(1,771,955)
Adjustments for:		
Foreign exchange differences	(49,886)	82,288
Accrued interest	13,021	146,589
Gain from disposal of investment	-	(27,375)
Gain on debt forgiveness	(1,200,050)	-
Impairment of loan to related parties	-	700,000
Change in operating assets and liabilities:		
Decrease in trade and other receivables	64	3,797
Decrease in other operating assets	6,115	14,937
Decrease in trade and other payables	(142,668)	(45,375)
Net cash (used) in operating activities	(386,202)	(897,094)

Note 22. Changes in liabilities arising from financing activities

	Borrowings $	Total $
Balance at 1 January 2022	1,110,961	1,110,961
Interest accrued	146,589	146,589
Exchange differences	82,288	82,288
Balance at 31 December 2022	1,339,838	1,339,838
Net cash used in financing activities	(20,323)	(20,323)
Interest accrued	13,021	13,021
Exchange differences	(49,886)	(49,886)
Gain on debt forgiveness	(1,200,050)	(1,200,050)
Balance at 31 December 2023	82,600	82,600

Note 23. Earnings /(loss) per share

	2023 $	2022 $
Earnings/(loss) per share from continuing operations		
Profit/(loss) after income tax attributable to the owners of Candy Club Holdings Limited	987,202	(1,799,330)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	58,931,408	15,295,553
Weighted average number of ordinary shares used in calculating diluted earnings per share	58,931,408	15,295,553
	Cents	**Cents**
Basic earnings/(loss) per share	1.68	(11.76)
Diluted earnings /(loss) per share	1.68	(11.76)

Note 23. Earnings /(loss) per share (continued)

	2023 $	2022 $
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Candy Club Holdings Limited	-	27,375

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	58,931,408	15,295,553
Weighted average number of ordinary shares used in calculating diluted earnings per share	58,931,408	15,295,553

	Cents	Cents
Basic earnings per share	-	0.18
Diluted earnings per share	-	0.18

	2023 $	2022 $
Earnings/(loss) per share		
Profit/(loss) after income tax attributable to the owners of Candy Club Holdings Limited	987,202	(1,771,955)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	58,931,408	15,295,553
Weighted average number of ordinary shares used in calculating diluted earnings per share	58,931,408	15,295,553

	Cents	Cents
Basic earnings/(loss) per share	1.68	(11.58)
Diluted earnings /(loss) per share	1.68	(11.58)

On 6 June 2023, the company completed a consolidation of all shares and options on 24 to 1 basis. In accordance with the requirements of AASB 133, 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 2023

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 2023 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

Gary Simonite

Gary Simonite
Director

3 June 2024

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 2023, 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 2023 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

The Company has not consolidated the results and cash flows of its formerly wholly owned subsidiaries comprising Candy Club Holdings Inc. and other subsidiaries ("the subsidiaries"), on the basis that it concluded the disposal and settlement of the subsidiaries on 31 January 2023 represented an adjusting event in the preceding year, requiring the Company to account for the disposal of the subsidiaries during the year ended 31 December 2022. The results and cash flows of the subsidiaries have therefore been omitted from the Company's financial report for the year ended 31 December 2023 and consolidation accounting has not been applied. Further, we note that the Company prepared standalone rather than consolidated financial statements for the years ended 31 December 2022 and 2023, contrary to the requirements of Australian Accounting Standards. Under Australian Accounting Standards, the Company should have prepared consolidated financial statements incorporating the transactions and cash flows of its subsidiaries up until loss of control on 31 January 2023. Had the subsidiaries been consolidated, many elements in the accompanying financial report and the comparative information would have been materially affected. The effects on the financial report of the failure to consolidate have not been determined. We further highlight that an adverse audit opinion was issued for the year ended 31 December 2022 due to the same matters outlined above.

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.

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

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 profit of $987,202 which included a non-cash gain on debt forgiveness of $1,200,050 (2022: net loss of $1,771,955) and had net cash outflows from operations of $386,202 (2022: $897,094) during the year ended 31 December 2023 and, as of that date, had a net deficiency of assets over liabilities of $132,352.

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 2023, 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 accounted for the financial performance and cashflows of its former subsidiaries for the years ended 31 December 2023. 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 in the current and prior year.

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 5 to 9 of the directors' report for the year ended 31 December 2023.

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 2023 complies with section 300A of the *Corporations Act 2001*.

Basis for Qualified Opinion

The remuneration details of the Company's former directors were recorded in the books and records of the Company's former subsidiaries. As a result of the disposal of the subsidiaries during the year ended 31 December 2023, which was accounted for as an adjusting post balance date event in the year ended 31 December 2022, we were unable to obtain sufficient appropriate audit evidence about the remuneration details of the former directors of the Company during the year ended 31 December 2023 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 the directors' 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

HLB Mann Judd
Chartered Accountants

Michael Gummery
Partner

Melbourne
3 June 2024

Candy Club Holdings Limited
Shareholder information
31 December 2023

The shareholder information set out below was applicable as at 7 May 2024.

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

	Ordinary shares	
	Number of holders	% of total shares issued
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	101	3.07
100,001 and over	25	95.82
	587	100.00
Holding less than a marketable parcel	-	-

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
ANNERLEY 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	362,713	0.36
(IB AU NOMS RETAILCLIENT)"	336,687	0.34
CHI KAN TANG	322,916	0.32
SOPRIS CREEK PTY LTD	299,762	0.30
GINGA PTY LTD (TG KLINGER S/F A/C)	233,634	0.23
MR BRIAN THOMAS CLAYTON & MRS JANET CLAYTON	233,310	0.23
MR JOHN ANDREW KNIGHTS	229,437	0.23
BEDWELL PTY LTD (BEDWELL DISCRETIONARY A/C)	221,764	0.22
KEC VENTURES II LP	166,666	0.17
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)	156,868	0.16
UBS NOMINEES PTY LTD	153,789	0.15
BORRMAN HOLDINGS PTY LTD (THE BROEREN FAMILY A/C)	145,833	0.15
SKYMAKER PTY LTD	144,951	0.14
	95,270,011	95.27

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
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.

Options
Options have not voting rights.