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**funtastic**  
LIMITED

**Welcome**  
**2015 Annual General Meeting**



# Chairman's Address

Shane Tanner

# Key Financials

	FY15H1	FY15H2	FY15
<b>Revenue</b> (Continuing Operations)	<b>\$50.4M</b>	<b>\$55.5M</b>	<b>\$105.9M</b>
<b>EBITDA</b> (Excluding Impairment)	<b>(\$4.2M)</b>	<b>(\$2.5M)</b>	<b>(\$6.7M)</b>
<b>NPAT</b>	<b>(\$28.5M)</b>	<b>(\$9.1M)</b>	<b>(\$37.6M)</b>

- Softer than expected International sales, mainly in the first half
- Lower domestic margins due to ongoing clearance of excess stock at cost
- Higher overhead costs due to rationalisation process post Madman sale
- Taking longer to establish own distribution model in the USA
- Impairment (including impact on tax) and losses from sale of assets (mostly Madman) was \$24.5M of the \$37.6M loss

# Key Highlights

- ④ Business restructure is now completed
- ④ Cost savings initiatives now implemented
- ④ Inventory levels normalised
  - Physical reduction in pallet spots from 11k to 6k
- ④ Improved margins, materialising in FY16
  - GM 28% to 32% over past 12 months
- ④ Greater depth of product

# Key Strategic Focus

- ④ Continue to develop and enhance our own brands
- ④ Continue Global expansion and in particular the US
- ④ Continue to broaden portfolio of brands in Australia by increasing our own and agency brands in:
  - Toys, Sporting and Party Items
  - Confectionery and Health Foods
  - Homewares

# Formal Business

## Notice of Meeting

# Formal Business

- ④ Item 1 – Financial Statements & Reports
- ④ Item 2 – Remuneration Report
- ④ Item 3 – Re-election of Director, Mr Stephen Heath
- ④ Item 4 – Re-election of Director, Ms Linda Norquay
- ④ Item 5 – Refresh Approval of Funtastic Employee Share Loan Plan
- ④ Item 6 – Cancellation of Shares Issued to Executive Directors, Mr Nir Pizmony & Mr Grant Mackenzie
- ④ Item 7 – Approval of Issue of Shares to Mr Nir Pizmony under the Employee Share Loan Plan
- ④ Item 8 – Approval of Issue of Shares to Mr Grant Mackenzie under the Employee Share Loan Plan

# Item 1

## Financial Statements & Reports

To received and consider:-

- (a) the financial statements
- (b) the Directors' report; and
- (c) The auditor's report

in respect of the year ending 31 July 2015



## Item 2

# Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'In accordance with Section 250R of the Corporations Act, the Company adopts the Remuneration Report as set out in the Directors' report on pages 20 to 30 of the 2015 Annual Report, for the year ending 31 July 2015'.*

Note: The vote on this resolution is advisory only and does not bind the Directors of the Company.

# Item 2

## Remuneration Report

<b>For:</b>	<b>258,111,176</b>	<b>96.79%</b>
<b>Against:</b>	<b>6,373,914</b>	<b>2.39%</b>
<b>Open-Useable:</b>	<b>2,181,797</b>	<b>0.82%</b>
<b>Exclusions:</b>	<b>36,092,721</b>	
<b>Abstain:</b>	<b>9,863,351</b>	

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## Item 3

# Re-election of Director, Mr Stephen Heath

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*‘That Mr Stephen Heath, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.’*

The Chairman intends to vote all undirected proxies in favour of this resolution. The Company will also disregard any votes cast on this resolution in respect of the shares proposed to be cancelled pursuant to the resolution in Item 6.

## Item 3

### Re-election of Director, Mr Stephen Heath

<b>For:</b>	<b>314,876,910</b>	<b>98.10%</b>
<b>Against:</b>	<b>2,900,301</b>	<b>0.90%</b>
<b>Open-Useable:</b>	<b>3,204,108</b>	<b>1.00%</b>
<b>Abstain:</b>	<b>11,041,640</b>	

## Item 4

### Re-election of Director, Ms Linda Norquay

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*‘That Ms Linda Norquay, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.’*

The Chairman intends to vote all undirected proxies in favour of this resolution. The Company will also disregard any votes cast on this resolution in respect of the shares proposed to be cancelled pursuant to the resolution in Item 6.

## Item 4

### Re-election of Director, Ms Linda Norquay

<b>For:</b>	<b>316,535,071</b>	<b>98.48%</b>
<b>Against:</b>	<b>1,658,504</b>	<b>0.52%</b>
<b>Open-Useable:</b>	<b>3,206,444</b>	<b>1.00%</b>
<b>Abstain:</b>	<b>10,622,940</b>	

## Item 5

# Refresh Approval of Funtastic Employee Share Loan Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*‘That, for the purposes of section 260C(4) of the Corporations Act and Exception 9 of ASX Listing Rule 7.2, and for all other purposes, the Company approves the “Funtastic Employee Share Loan Plan” (ESLP) a summary of which is set out in the Explanatory Notes, and the issue of securities under the ESLP, as an exception to ASX Listing Rule 7.1.’*

## Item 5

# Refresh Approval of Funtastic Employee Share Loan Plan

<b>For:</b>	<b>254,171,218</b>	<b>94.74%</b>
<b>Against:</b>	<b>10,931,647</b>	<b>4.07%</b>
<b>Open-Useable:</b>	<b>3,191,802</b>	<b>1.19%</b>
<b>Exclusions:</b>	<b>36,092,721</b>	
<b>Abstain:</b>	<b>8,235,571</b>	



## Item 6

# **Cancellation of Shares issued to the Executive Directors (Mr Nir Pizmony and Mr Grant Mackenzie under the Funtastic Employee Share Loan Plan on 31 July 2015 and 19 October 2015**

To consider and, if thought fit, to pass the following resolution as a special resolution:

*‘That, for the purposes of section 256C of the Corporations Act, the Constitution, and for all other purposes, approval is given for the Company to make a selective reduction of capital and cancel a total of 18,800,000 full paid ordinary shares with effect from the dates that is 14 days after this Resolution is lodged with ASIC on the terms and conditions set out in the Explanatory Notes.’*

## Item 6

### **Cancellation of Shares issued to the Executive Directors (Mr Nir Pizmony and Mr Grant Mackenzie under the Funtastic Employee Share Loan Plan on 31 July 2015 and 19 October 2015**

<b>For:</b>	<b>266,157,673</b>	<b>98.75%</b>
<b>Against:</b>	<b>162,939</b>	<b>0.06%</b>
<b>Open-Useable:</b>	<b>3,199,355</b>	<b>1.19%</b>
<b>Exclusions:</b>	<b>36,092,721</b>	
<b>Abstain:</b>	<b>7,010,271</b>	

## Item 7

# Approval of Issue of Shares to Mr Nir Pizmony under the Employee Share Loan Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That, subject to and conditional on the passing of the resolution in Item 6, and for the purposes of ASX Listing Rule 10.12 and 10.14 and for all other purposes, approval is given for the issue of 15,500,000 fully paid ordinary shares to Mr Nir Pizmony or his nominee, as set out in the Explanatory Notes and pursuant to the ESLP and in accordance with the terms and conditions of the ESLP, a summary of which is set out in the Explanatory Notes.'*

## Item 7

# Approval of Issue of Shares to Mr Nir Pizmony under the Employee Share Loan Plan

<b>For:</b>	<b>252,763,635</b>	<b>94.55%</b>
<b>Against:</b>	<b>11,411,468</b>	<b>4.27%</b>
<b>Open-Useable:</b>	<b>3,159,316</b>	<b>1.18%</b>
<b>Exclusions:</b>	<b>36,092,721</b>	
<b>Abstain:</b>	<b>9,195,819</b>	

## Item 8

# Approval of Issue of Shares to Mr Grant Mackenzie under the Employee Share Loan Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*'That, subject to and conditional on the passing of the resolution in Item 6, and for the purposes of ASX Listing Rule 10.12 and 10.14 and for all other purposes, approval is given for the issue of 3,300,000 fully paid ordinary shares to Mr Grant Mackenzie or his nominee, as set out in the Explanatory Notes and pursuant to the ESLP and in accordance with the terms and conditions of the ESLP, a summary of which is set out in the Explanatory Notes.'*

## Item 8

# Approval of Issue of Shares to Mr Grant Mackenzie under the Employee Share Loan Plan

<b>For:</b>	<b>253,157,735</b>	<b>94.55%</b>
<b>Against:</b>	<b>11,419,068</b>	<b>4.27%</b>
<b>Open-Useable:</b>	<b>3,151,716</b>	<b>1.18%</b>
<b>Exclusions:</b>	<b>36,092,721</b>	
<b>Abstain:</b>	<b>8,801,719</b>	

# CEO's Address

Nir Pizmony

# We are on the way

Over the last 12 months the key challenges have been to:

- Deal with a number of legacy issues
- Manage the continuous day-to-day challenges in a tough retail environment
- Maintain focus on our long term strategic intent of:
  - Developing and enhancing our own brands
  - Continue our global expansion
  - Broaden portfolio of brands in Australia by increasing our own and agency brands in:
    - Toys, Sporting and Party Items
    - Confectionery and Health Foods
    - Homewares

In order to return the company to profit.



# How are we progressing so far?

# Key Priorities

Build our own brands and products by creating unique and innovative products that enrich lives around the world.

Increase sales of own brands from 25% of total sales to 32% in FY16 and **greater than 50%** by FY20.



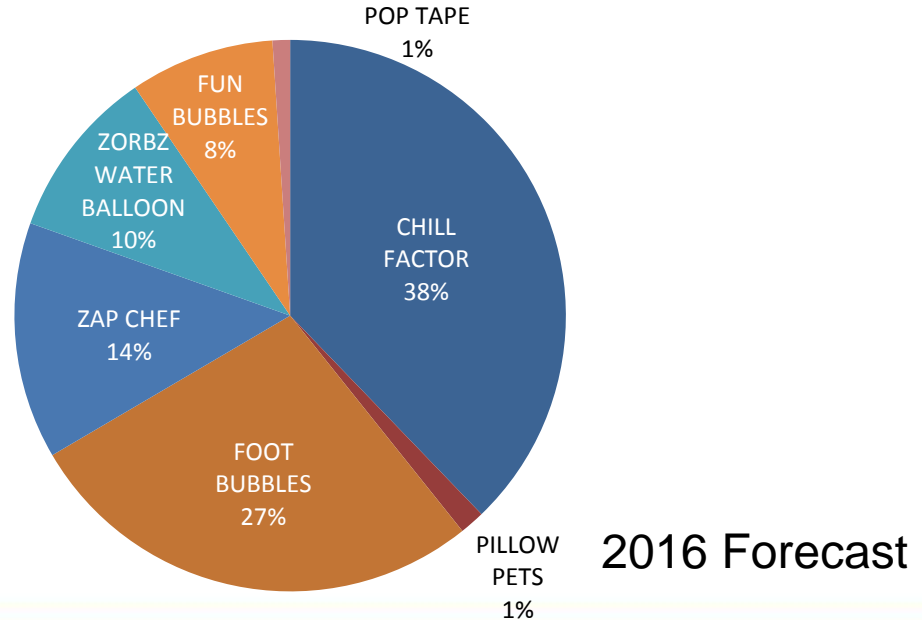
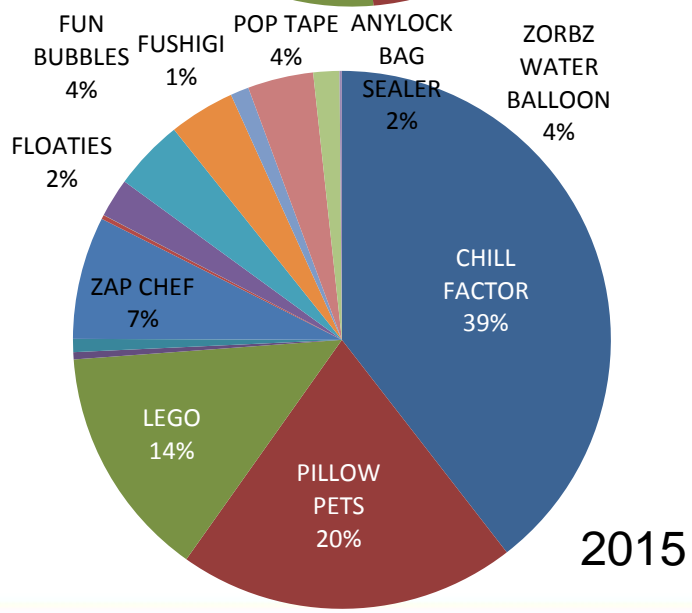
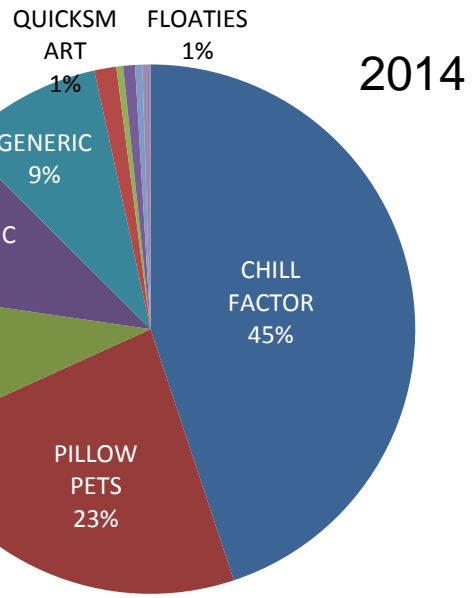
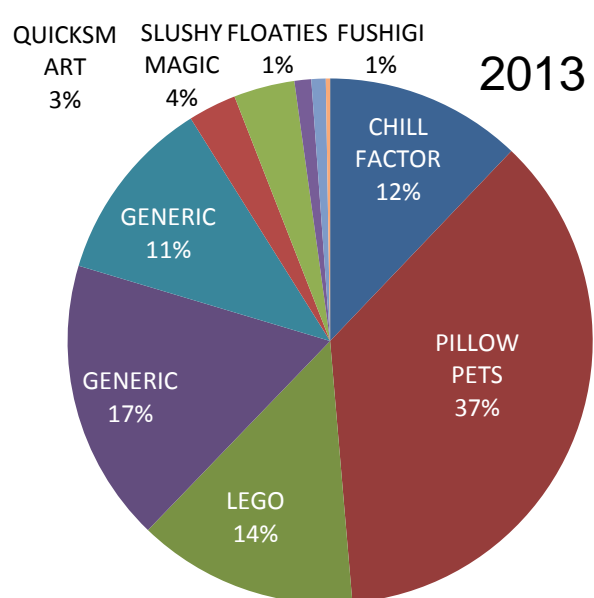
*get cooking!*



CHILLFACTOR™

changes everything





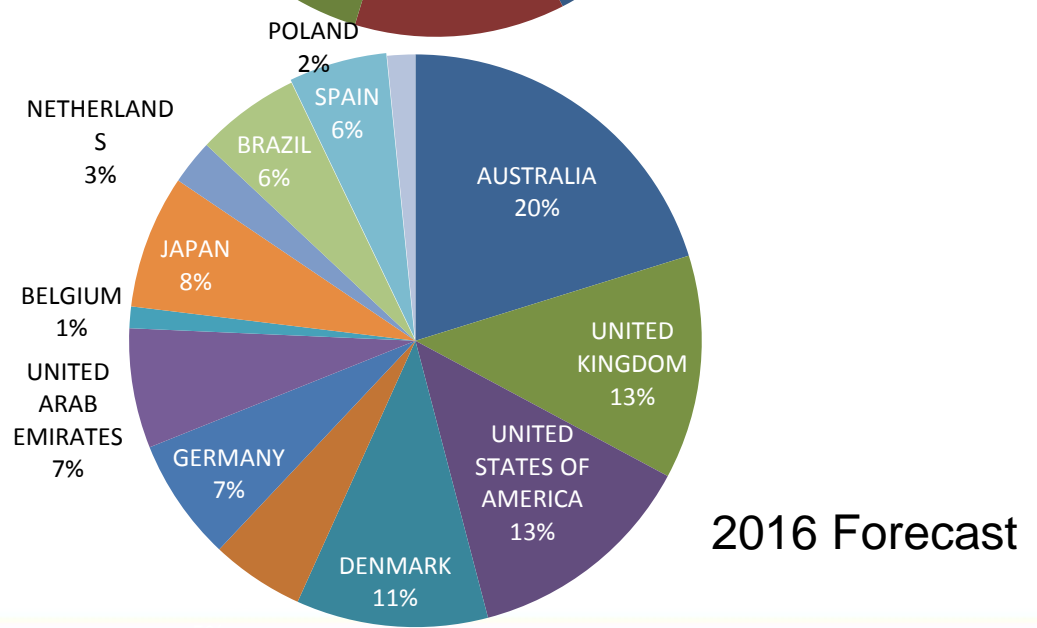
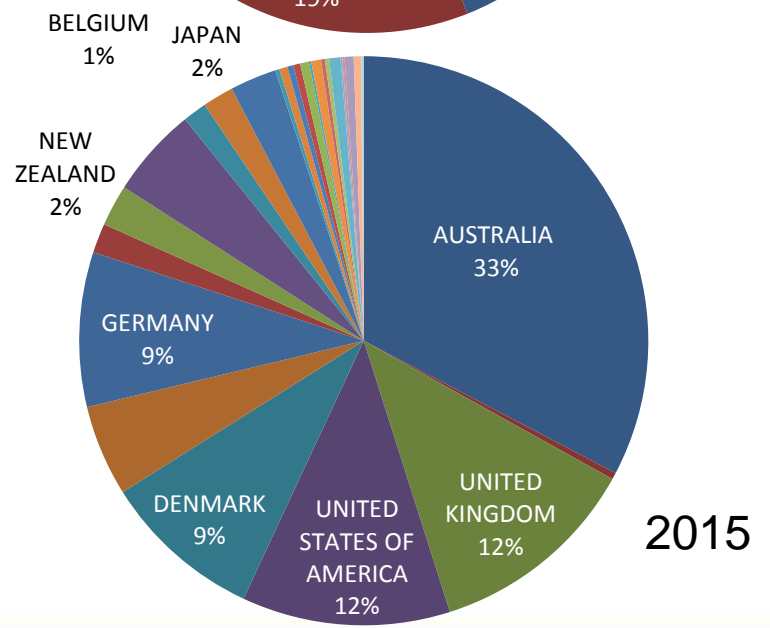
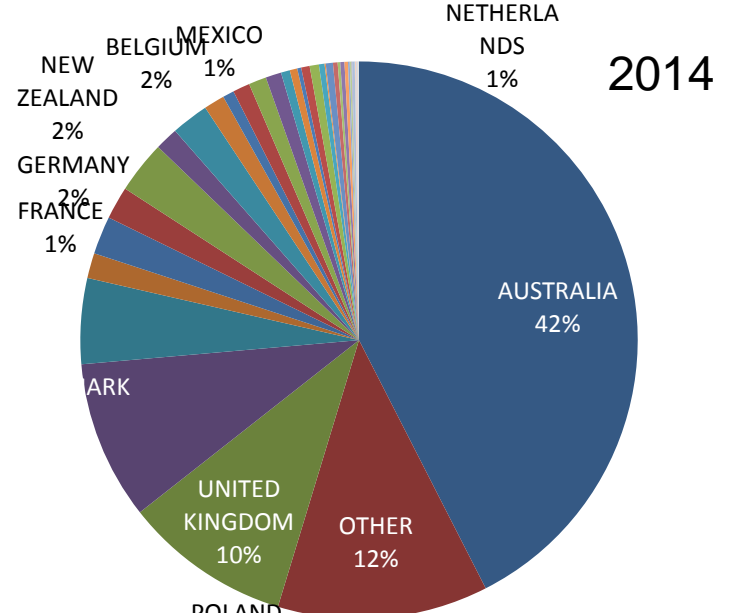
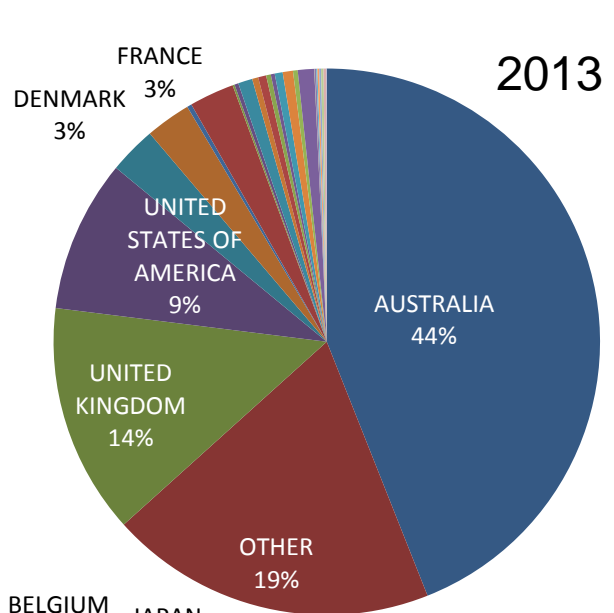
# Key Priorities

## Continue Global expansion

- US
- Europe
- Asia, Middle East, Africa
- Latin America

Increase International sales from 18% of total sales to 25% in FY16 and **greater** than 40% by FY20.

# Own Brands



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# Positive results

As a result of the initiatives undertaken, our [Australian business](#) [has returned to profit](#) driven by:

- Restructure of the business
- Cost saving initiatives implemented
- Normalised inventory levels
- Improved margins
- Greater depth of product in more categories



# Investment will deliver stable sustainable profit

We have been re-investing our resources in Hong Kong, China and the USA in order to deliver steady long term growth with less dependency on the Australian business.

This will ensure that the company has the ability to grow and deliver a stable sustainable profit.

# International Director

Pedro San Gil





**50+** Our distribution network extends to cover 50+ of the world's most lucrative markets.



*We create, develop and market innovative brands that enrich lifestyles around the world. Our vision is driven by the values of integrity, creativity, innovation and passion.*

*The heart of what we do is enriching lives and creating long-term business value, by building world-class lifestyle brands on a global scale.*

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ZapChef - Crackin' Eggs

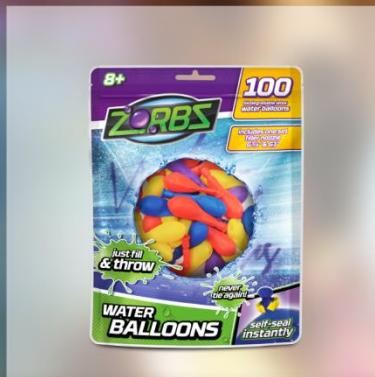


ZapChef - Poppin' Corn



ZapChef - Cuppa Cake

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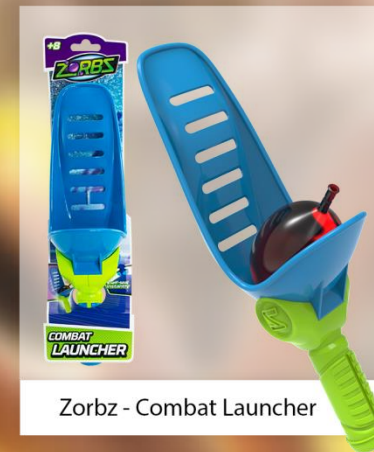
Zorbz - Water Ballons



Zorbz - Color Bombs



Zorbz - Hose Replicator



Zorbz - Combat Launcher

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Fun Bubbles - Fairy Wings



Fun Bubbles - Music Bubbles



Fun Bubbles - Ultra Foamy Bubbles

The world's biggest sporting star signs with Funtastic.

### Guinness World Records



Footballer with the most golden ball awards (4)



Goals record in one natural year (91)

### Argentina National Team



U-20's World Cup  
Netherlands 2005



Gold Medal  
Beijing Olympics 2008



15+ Trophies with FCB



6 Spanish Leagues



3 Champions leagues



2 Spanish Super Cups



2 European Super Cups



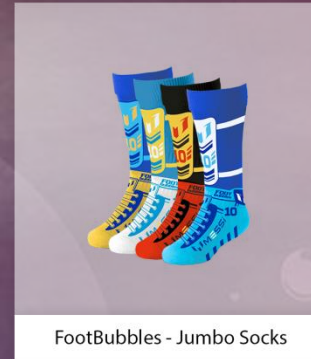
2 FIFA Club World Cups



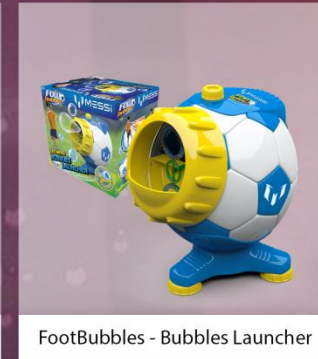
**FUNTASTIC IS  
KICKING GOALS  
WITH LEO  
MESSI**

1.3 million units shipped  
so far.

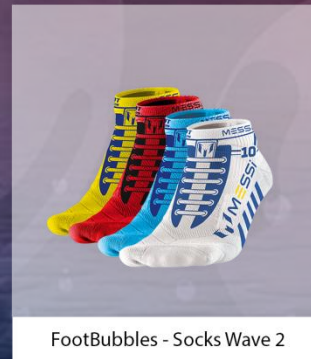
## Products



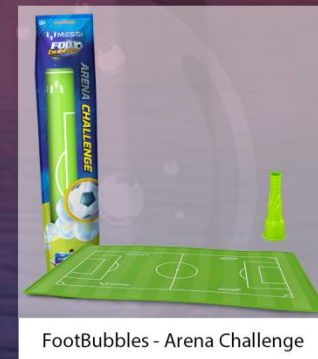
FootBubbles - Jumbo Socks



FootBubbles - Bubbles Launcher



FootBubbles - Socks Wave 2



FootBubbles - Arena Challenge

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# Marketing Director

Ryan Gracie



## Global Audience

- Shared with 81,099,659 Messi Facebook followers
- 1.7 million video views
- 146,176 likes
- 9,166 shares
- 3,953 comments



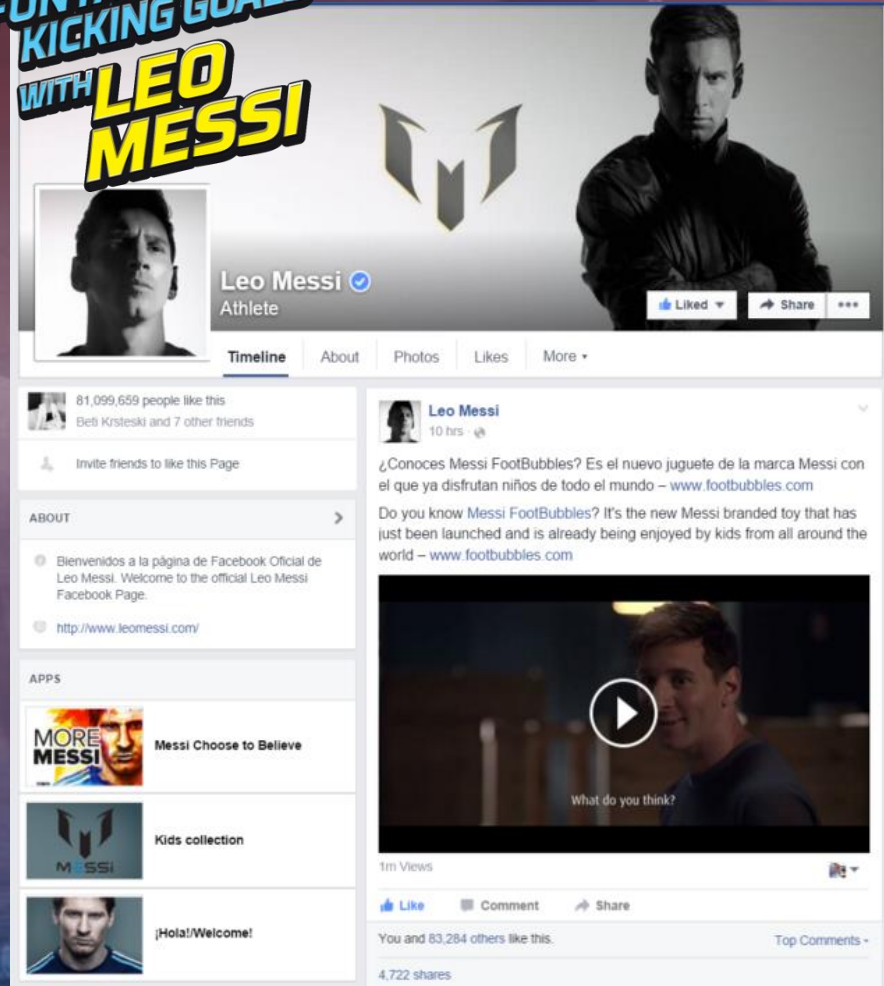
81,409,735 Likes



29,793,434 Followers



FUNTASTIC IS  
KICKING GOALS  
WITH **LEO MESSI**



81,099,659 people like this  
Beti Krsteski and 7 other friends

Invite friends to like this Page

ABOUT

Bienvenidos a la página de Facebook Oficial de Leo Messi. Welcome to the official Leo Messi Facebook Page.  
<http://www.leomessi.com/>

APPS

MORE MESSI  
Messi Choose to Believe

Kids collection

¡Hola!/Welcome!

Leo Messi  
Athlete

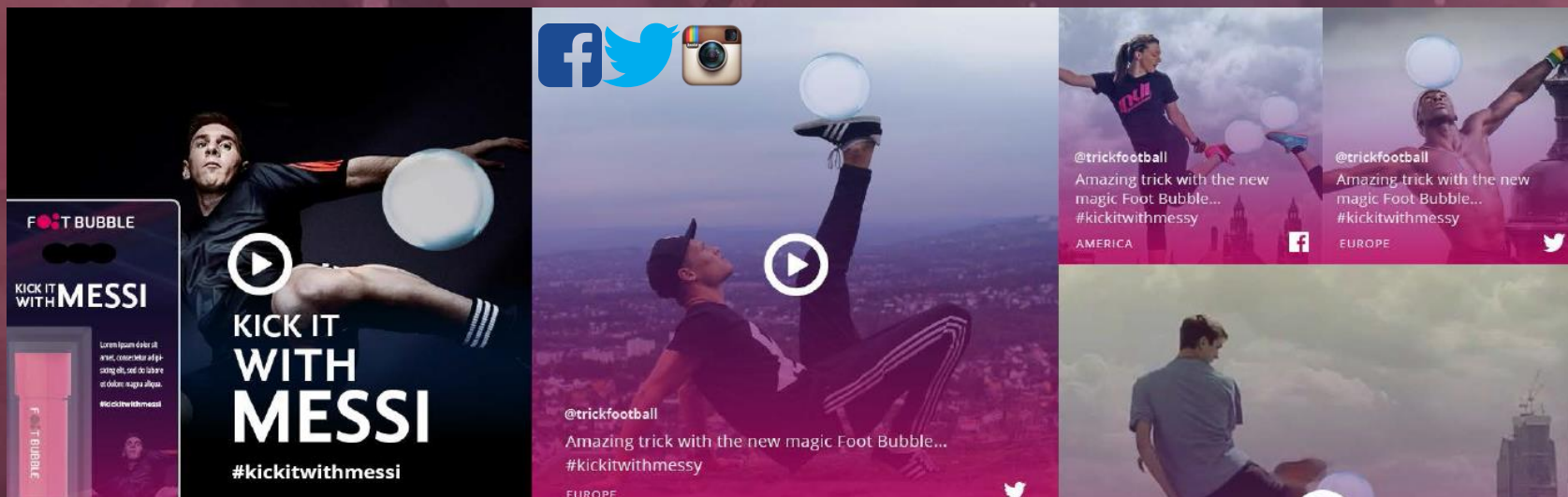
¿Conoces Messi FootBubbles? Es el nuevo juguete de la marca Messi con el que ya disfrutaron niños de todo el mundo – [www.footbubbles.com](http://www.footbubbles.com)  
Do you know Messi FootBubbles? It's the new Messi branded toy that has just been launched and is already being enjoyed by kids from all around the world – [www.footbubbles.com](http://www.footbubbles.com)

1m Views

Like Comment Share

You and 83,284 others like this. 4,722 shares

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**F**OOT BUBBLE

KICK IT WITH **MESSI**

LOREM IPSUM DOLOR SIT AMET, CONSECUTUR ADIPISCING ELIT, SED DO ELORRE ET OLORR, SAGNA ALIQUA.

#kickitwithmessi

**KICK IT WITH MESSI**

#kickitwithmessi

@trickfootball  
Amazing trick with the new magic Foot Bubble...  
#kickitwithmessy  
AMERICA

@trickfootball  
Amazing trick with the new magic Foot Bubble...  
#kickitwithmessy  
EUROPE

@trickfootball  
Amazing trick with the new magic Foot Bubble...  
#kickitwithmessy  
EUROPE

 MESSI



# Chairman

## Shane Tanner

# Outlook

	FY15 H1	FY16 H1
<b>Net Sales</b>	\$50.4m	\$56m to \$58m
<b>Gross Profit %</b>	28.5%	31% to 33%
<b>EBITDA</b>	(4.2m) *	Break-even

\* Pre-goodwill impairment of \$11.1m

**Thank You**