

ersonal use only

TOYS & SPORTING



2016 Annual General Meeting



LIFESTYLE



2016 Annual General Meeting

ersonal use only



CONFECTIONERY & FOOD



funtastic
LIMITED

2016 Annual General Meeting

ersonal use only



no!no!PRO

DIRECT RESPONSE



LéKUé



audioCube
designed by |allocacoc|

Razor



2016 Annual General Meeting

Chairman

Shane Tanner

Welcome and Introductions

Personal use only



Funtastic Board



Shane Tanner

Chairman & Independent
Non-Executive Director



Nir Pizmony

Managing Director & Chief
Executive Officer



Stephen Heath

Independent Non-
Executive Director



Linda Norquay

Independent Non-
Executive Director



Grant Mackenzie

Chief Operating Officer &
Chief Financial Officer

Personal use only



Agenda

FY16 Financial Results

Managing Director & Chief Executive Officer Address

Formal Business

Close of AGM Formal Business

Refreshments

Personal use only



FY16 Results

	FY16	FY15
Revenue	\$90.9M	\$105.9M
EBITDA (Pre Impairment)	(\$8.2M)	(\$6.6M)
NPAT (Post Impairment)	(\$23.9M)	(\$37.5M)

FY16 Summary

Lower than expected result due to three key factors:

1. Conclusion of Leapfrog distribution partnership which resulted in:
 - Sale of Leapfrog products at lower margins
 - Higher than anticipated inventory write-down
2. Slowdown of international sales - particularly USA
3. Delay of key product launches due to regulatory hurdles – now finalised

FY16 & FY17 Initiatives Implemented

- Embarked on an extensive cost reduction strategy that has created savings in fixed, warehousing and office expenses
 - ✓ Will result in \$5.2 million savings in FY17 and a further \$1.5 million in FY18
- Reduced senior management salaries between 10% - 20%
 - ✓ Applied from 1 June 2016
- Improvement in Gross Profit Margins – FY15 27%, FY16 28%, FY17 (YTD) 35%
- Owned brand development continues lead by Messi range
- Restructured the company's banking facilities with National Australia Bank
 - ✓ Now extended through until November 2018
- Capital raising of \$1,249,000
 - ✓ Share Placement \$1,050,000
 - ✓ Share Purchase Plan \$199,000

Managing Director & Chief Executive Officer

Nir Pizmony

Personal use only



We have implemented strategies to ensure the company is significantly more stable

- ✓ Broader portfolio in more categories
- ✓ Better distribution channels

During FY16 the initiatives we have and continue to implement to ensure the above, include:

- **Improve operating efficiencies**

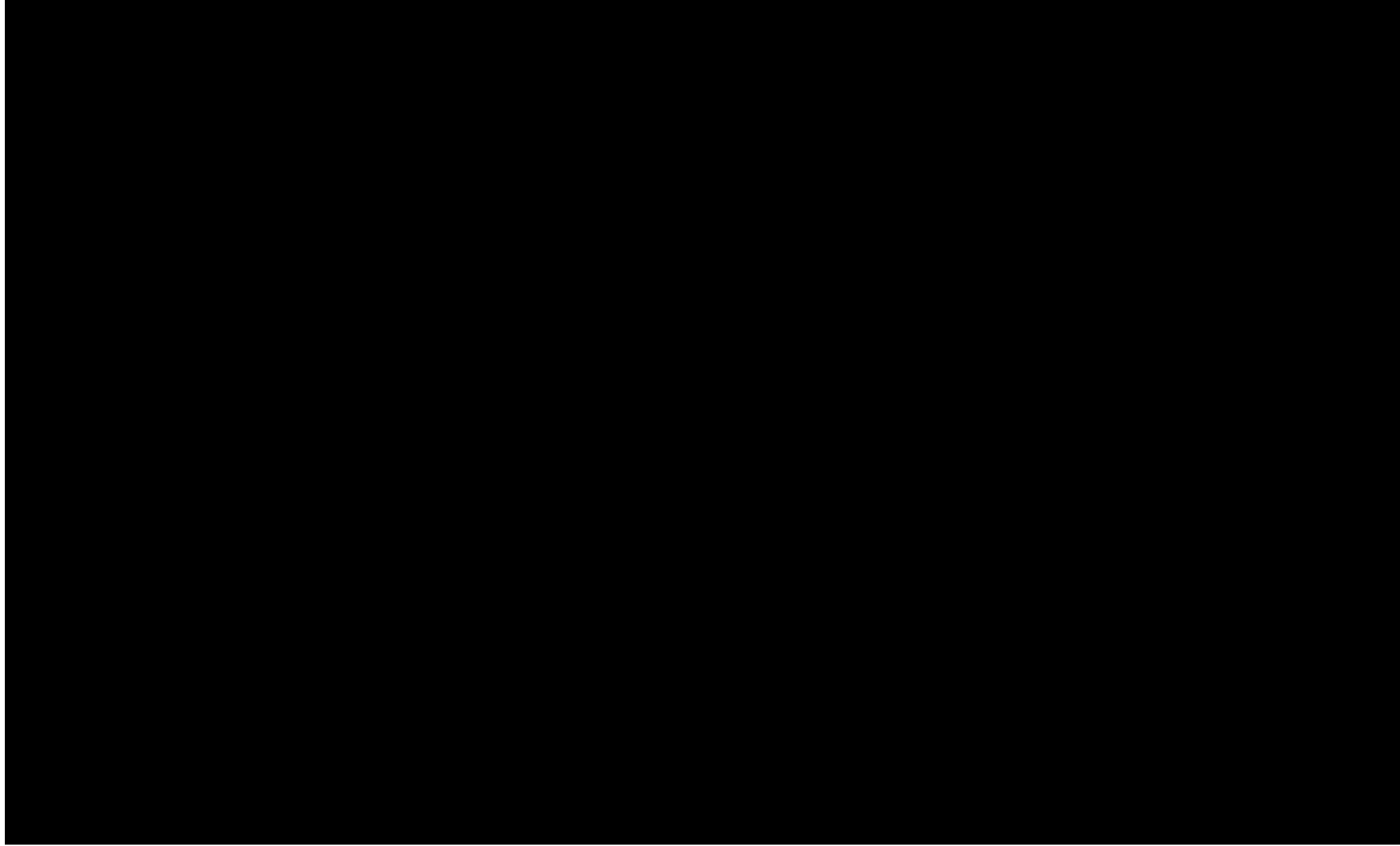
- ✓ Reduced slow moving and excess inventory through a clearance program
- ✓ Improved planning for product cost and pricing controls
- ✓ Reduced fixed overheads

- **Continue the development of our own brands**

- ✓ Messi relationship has progressed following the success of Footbubbles – now implementing a broader range of Messi products including training kits, kids couches and clothing



Personal use only



fantastic

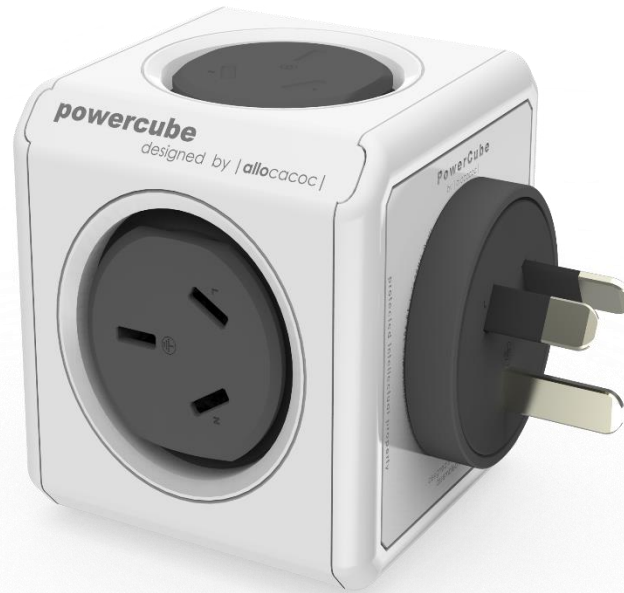
- Continue the development of our own brands

- ✓ Identified select licensors, such as Paw Patrol to extend the Pillow Pets range
- ✓ Expanded Chill Factor concept to Magic Kidchen



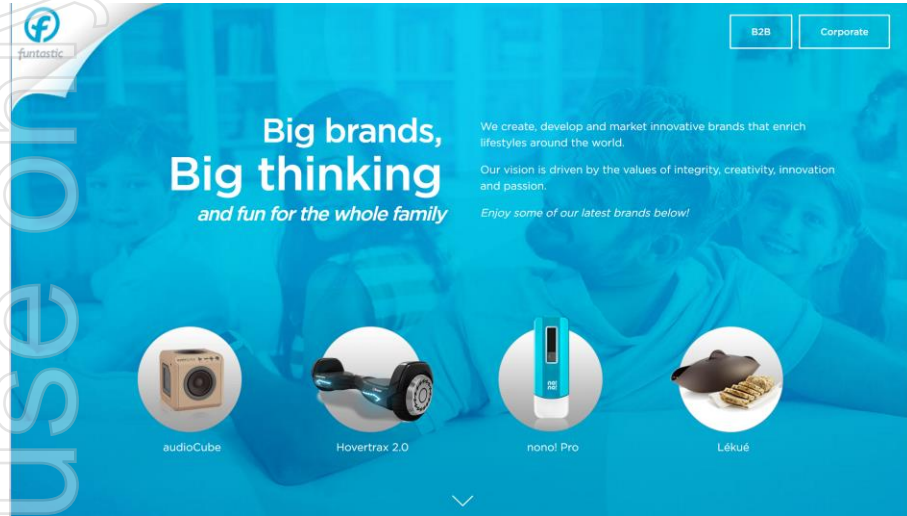
- Strengthen our relationships with key agency partners

- ✓ Razor, Allocacoc, Beacon and Zaini

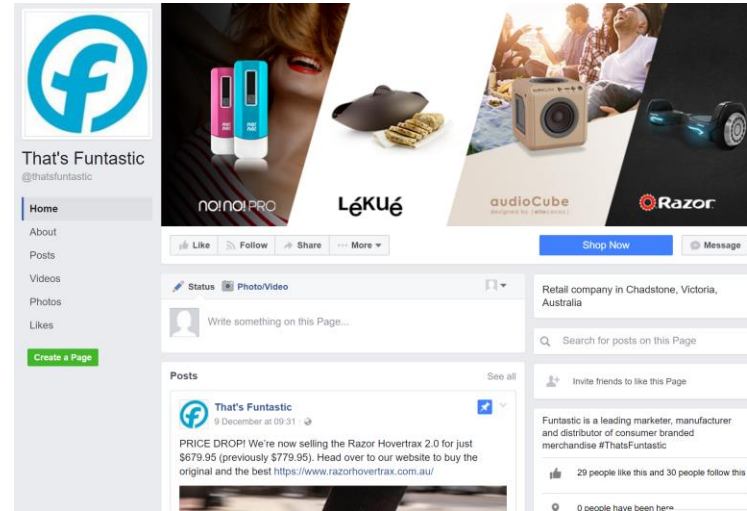


- Expand our customer base including second tier retailers, online and direct to consumer channels

WEBSITE



SOCIAL

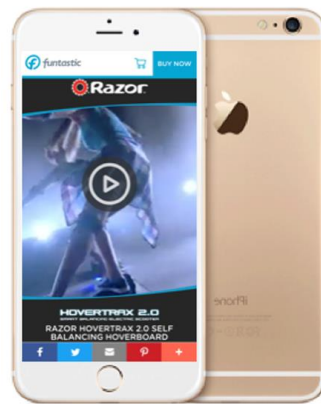


EDM

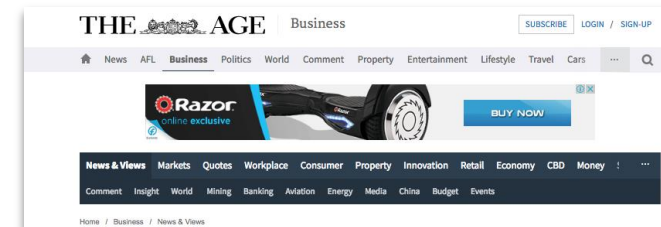
(ELECTRONIC DIRECT MAIL)



MOBILE



BANNER ADS & RETARGETING



DRTVC



Personal use only



H1 FY17

- Solid sales in key products such as Paw Patrol, Hatchimals, Pillow Pets, Razor portfolio, Identity Games, Messi Foot Bubbles and Messi Training Kits
- Hatchimals named one of the most popular Australian Christmas toys *'Parents desperately searching for Hatchimals in toy stores this Christmas'* Sydney Morning Herald 11 Dec 2016
- Commenced online and direct to consumer sales program - Razor Hoverboard first product launched
- Secured a number of new brands predominantly in the lifestyle category - Allocacoc Power Cubes, NoNo and SmarTrike, with a few more under negotiation
- Inventory levels continue to improve with significant reduction in required storage costs and working capital
- Cost savings and margin improvement initiatives materialised

Formal Business

Notice of Meeting

Personal use only



Formal Business

Item 1 – Financial Statements & Reports

Item 2 – Remuneration Report

Item 3 – Re-election of Director, Mr Grant Mackenzie

Item 4 – Re-election of Director, Mr Stephen Heath

Item 5A – Not proceeding

Item 5B – Not proceeding

Item 6 – Approval of additional 10% Placement Capacity under ASX Listing Rule 7.1

Item 7 – Approval of the removal of Deloitte as auditor of the Company

Item 8 – Approval of the appointment of Grant Thornton as the auditor of the Company

Personal use only



Item 1

Financial Statements & Reports

To receive and consider:

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

in respect of the year ending 31 July 2016

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 18 to 28 of the 2016 Annual Report, for the year ending 31 July 2016'.

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

Item 3

Re-election of Director, Mr Grant Mackenzie

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

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



Mr Grant Mackenzie was appointed to the position of Chief Operating Officer in August 2014.

Mr Mackenzie is also the Chief Financial Officer of the Company and is a Chartered Accountant (SA), MBA qualified finance director with a wealth of FMCG experience. He also brings with him a successful record of international, strategic and commercial management such that he is considered a key asset to the Group in executing its long term geographical expansion of own brands.

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, 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.'



Appointed to the Board in October 2010 as an Independent Non-Executive Director.

Stephen has extensive retail experience comprising 17 years across iconic Australian Retail Brands including Harvey Norman, Rebel Sport and Godfreys. Stephen was recently the Managing Director and CEO of Fantastic Holdings Limited, a leading Australian furniture retailer and manufacturer. Previous to this, Stephen was Managing Director of International Cleaning Solutions Holdings.

Stephen was also CEO of Rebel Sport during its public listing on the ASX.

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 6

Approval of Additional 10% Placement Capacity under ASX Listing Rule 7.1A

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

'That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval be given for the issue of equity securities of up to 10% of the Company's share capital calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 on the terms and conditions set out in the Explanatory Notes.'

Item 7

Removal of Auditor

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

'That Deloitte Touche Tohmatsu, the current auditor of the Company, be removed as the auditor of the Company in accordance with the Corporations Act effective from the date of the Annual General Meeting.'

Personal use only



Item 8

Appointment of Auditor

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

'That, subject to the passing of the resolution in Item 7, Grant Thornton Australia Limited, being qualified to act as auditor and having consented to act as auditor of the Company, be appointed as the auditor of the Company in accordance with the Corporations Act effective from the date of the Annual General Meeting and the Directors be authorised to agree the remuneration of Grant Thornton.'

THANK YOU



funtastic
LIMITED