



## **FUNTASTIC LIMITED**

### **COMPANY UPDATE**

**31<sup>st</sup> JULY 2017**

Following a recent detailed strategic review of the business, the Board of Funtastic Limited (FUN) is pleased to provide the following update to the market and its shareholders.

#### **1. DEBT RESTRUCTURE AND CAPITAL RAISING**

The strategic review highlighted the need to restructure the capital base of the company. As a consequence, the company has been working with its banker, National Australia Bank, and its Financial Advisors to negotiate a new banking arrangement and a capital raising that will adequately support its future strategy. Further details will be provided once they are finalised, which are expected shortly.

#### **2. RATIONALISATION OF THE INTERNATIONAL BUSINESS**

FUN has entered into a Share Sale Agreement with Balandro Limited, a company incorporated in Hong Kong and associated with the local management team in Hong Kong, pursuant to which all of the shares in Funtastic International Limited (which holds FUN's Hong Kong and Valencia operations, including some of its brands) have been sold to Balandro Limited, effective 31 July 2017. The effective date coincides with the end of FUN's current financial year. The two current key company-owned and internationally sold products of Chill Factor and Pillow Pets are to be retained by Funtastic and managed out of the Melbourne office.

The purchase price for the transaction is \$2.1M, however, the most important aspect of the sale is the immediate reduction of \$3.5M per annum from the company's current operating costs.

FUN will continue to distribute throughout Australia the international brands that have been sold.

Although not required by the Listing Rules or the Corporations Act, an independent expert has reviewed the terms of the transaction on behalf of the FUN board and has concluded that the terms of the transaction are fair and reasonable.

### 3. STRUCTURE AND MANAGEMENT

Following the restructure initiatives outlined in this update, the company's Chief Executive Officer (CEO), Mr Nir Pizmony, has decided to retire from the Company effective today. Nir has agreed to continue his close association with FUN by undertaking a product sourcing role for the next 12 months. The Board would like to express its appreciation to Nir for his 3 years as CEO, particularly the introduction of many new current and growing brands and products he has championed.

The Board is pleased to announce that Mr Steven Leighton has been appointed as the company's new CEO, effective 1<sup>st</sup> August 2017. Steven has a very strong business background, having spent eleven years with Twentieth Century Fox, culminating as Executive Vice President for Northern Europe, Asia Pacific and Latin America during 2011-2016. During his time at Twentieth Century Fox, Steven was involved in the development of several strong licensing initiatives, which bodes well for his future contribution to Funtastic Limited.

The Board of FUN is confident that the rationalisation of the international business and the significant cost reduction initiatives implemented over the past few months will return the Company to a profit. The expected new capital structure and improved working capital position will enable FUN to bring several new brands and distribution lines into the Company, which is expected to provide sustainable long-term growth.



Shane Tanner

Chairman

-ENDS-

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