



22 March 2018

Australian Securities Exchange
Rialto Tower
525 Collins Street
MELBOURNE VIC 3000

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

On 31 July 2017, Funtastic Limited (**Funtastic**) announced the appointment of Steven Leighton as Chief Executive Officer (**CEO**). At the time of the announcement, certain key terms of Mr Leighton's employment were subject to finalisation. Those terms have now been agreed.

Accordingly, Funtastic now makes the following disclosures in respect of the key terms of the employment agreement entered into between it and Mr Leighton in accordance with Listing Rule 3.16.4.

Commencement date and term

Mr Leighton was appointed CEO of Funtastic on 24 July 2017 and will continue in his appointment on an ongoing basis until it is terminated by either party in accordance with the agreement.

Remuneration

Fixed remuneration

Mr Leighton's fixed annual remuneration (**FAR**) will be a total of \$450,000. For the first year of his employment, this will comprise the following components:

- A cash salary of \$244,520.55 comprising a base salary of \$205,479.45 plus statutory superannuation of \$19,520.55 and additional superannuation of \$19,520.55. This will be reviewed by the Board on an annual basis (with effect from 1 August).
- A one-off grant of 1,643,836 service rights as a sacrifice of \$205,479.45 of Mr Leighton's cash salary (at an implied price of \$0.125 (12.5 cents) per share).

Each service right can be exercised for one fully paid ordinary share for nil consideration. The service rights vest on 31 October 2018 provided Mr Leighton has been in continuous employment with Funtastic from the commencement of his employment until the vesting date (the **Service Condition**). The service rights expire on 31 December 2021.

Mr Leighton's FAR will revert to normal terms from 1 August 2018 (i.e. no service rights are expected to be issued).



Grant of Performance Rights

Mr Leighton has been granted 1,800,000 performance rights (implied value of \$225,000 based on a share price of \$0.125 (12.5 cents) per share) each of which can be exercised for one fully paid ordinary share for nil consideration from the vesting date subject to the vesting conditions.

The vesting date of the performance rights is 31 October 2018 and the performance rights expire on 31 December 2021. Vesting of the performance rights is conditional on Mr Leighton meeting the Service Condition and approval of Funtastic's FY 2018 accounts.

The number of performance rights to vest will be determined by the earnings per share (**EPS**) of Funtastic for the financial year ended 30 June 2018 (excluding the effects of Funtastic's debt restructure), as follows:

- EPS of at least \$0.0059 – 80% of performance rights to vest.
- EPS of at least \$0.0158 – 100% of performance rights to vest.

The performance rights and service rights have been granted under Funtastic's 2017 Employee Incentive Plan.

Long term incentive

The grant of Performance Rights described above represents Mr Leighton's LTI opportunity for FY 2018. The LTI can be paid in either options or performance rights, on terms determined by the Board. The terms of any annual LTI may vary from year to year.

Termination

Either party may terminate the employment on 6 months' notice. Funtastic may terminate without notice for serious misconduct.

Post-employment restraint

Mr Leighton is restrained from competing with Funtastic's business for up to 12 months following cessation of his employment.

For further information, please contact:

Stephen Heath

Non-Executive Director – Remuneration Committee Chair

+61414232051