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13 September 2018

ASX Announcement

Funtastic announces \$8.2 million capital raising and retirement of NAB debt facilities

- \$1.2m Placement to Sophisticated and Professional investors
- \$7.0m Underwritten 1-for-1 Non-Renounceable Entitlement Offer to eligible shareholders
- Proceeds to be used to retire all debt facilities with NAB and for general working capital purposes
- FY19 EBITDA guidance of approximately \$2.8m

Funtastic Limited (**Funtastic** or **Company**) is seeking to raise approximately \$8.2m (**Capital Raising**) at \$0.06 per new share from a \$1.2m share placement (**Placement**) and a \$7.0m Underwritten 1-for-1 Non-Renounceable Entitlement Offer (**Entitlement Offer**). The Capital Raising, together with the full and final settlement of Funtastic's indebtedness to National Australia Bank (**NAB**), is expected to transform the Company's balance sheet and provide it with a solid foundation for future sustainable growth.

Rationale for Capital Raising

The key reason for the Capital Raising is to strengthen Funtastic's balance sheet, with the proceeds being applied towards a debt repayment to NAB in full and final settlement of all liabilities owing to NAB and the provision of additional working capital for the Company.

The Capital Raising, together with the restructuring of Funtastic's debt arrangements, will result in a more appropriate and sustainable capital structure for the Company and will provide it with the balance sheet strength and flexibility to pursue new growth opportunities as well as enhance its position with customers and suppliers.

Placement

The Placement will be conducted at \$0.06 per share, which represents a 13.2% discount to the volume-weighted trading price of the Company's shares during the 15 trading days on which share trades were recorded immediately prior to 7 September 2018.

The new shares to be issued under the Placement (**Placement Shares**) will be fully paid ordinary shares. The Placement Shares will rank equally in all respects with existing fully paid ordinary shares and will carry an entitlement to participate in the Entitlement Offer. The Company expects that approximately 20,562,620 Placement Shares will be issued under the Placement later today. The issue of shares under the Placement will be limited to institutions and other sophisticated and professional investors and will not require prior shareholder approval as the Company will utilise its existing placement capacity under ASX Listing Rules 7.1 and 7.1A.



Entitlement Offer

Under the Entitlement Offer, Funtastic will offer eligible shareholders¹ the opportunity to subscribe for new fully paid ordinary shares in Funtastic (**New Shares**) at \$0.06 per New Share (**Offer Price**) to raise a total of approximately \$7.0 million.

Under the Entitlement Offer, eligible shareholders are entitled to apply for 1 New Share for every 1 existing Funtastic ordinary share (each, a **Share**) held on the record date, being 7.00pm (Melbourne time) on Tuesday, 18 September 2018 (**Record Date**). The Board considers that the pro rata nature of the Entitlement Offer favours existing Funtastic Shareholders in recognition of their continuing support.

The Offer Price of \$0.06 per New Share represents:

- a discount of 16.7% to the last closing market price of Shares on Friday, 7 September 2018; and
- a 6.4% discount to the theoretical ex-rights price (**TERP**).²

New Shares issued under the Entitlement Offer will rank equally with existing Shares from the date of issue.

The Entitlement Offer will open on Monday, 24 September 2018 and close at 5.00pm (Melbourne time) on Tuesday, 2 October 2018.

The Entitlement Offer is underwritten by Bell Potter Securities Limited to \$2.1m and by JASZAC Investments Pty Ltd to \$4.9m. It is a condition precedent to the underwriting of the Entitlement Offer by Bell Potter Securities Limited that JASZAC Investments Pty Ltd fulfils its underwriting obligations.

Eligible shareholders wishing to participate in the Entitlement Offer should carefully read the offer booklet and accompanying personalised entitlement and acceptance form which are expected to be despatched on Friday, 21 September 2018. Copies of the offer booklet will be available on the ASX website and our website at www.funtastic.com.au from Friday, 21 September 2018.

FY19 Guidance

As part of the Capital Raising the Company is pleased to provide FY19 EBITDA guidance of \$2.8m.

Additional Information

Additional information about the Entitlement Offer (including in relation to the debt settlement agreed with NAB as well as in relation to the forecast EBITDA guidance outlined above) is included in the investor presentation which will be lodged separately on the ASX and included in the offer booklet that will be mailed to shareholders.

¹ Eligible shareholders include those shareholders who are registered as a holder of Funtastic shares as at the Record Date, and who have a registered address on Funtastic's share register in Australia or New Zealand.

² The theoretical ex rights price (**TERP**) is the theoretical price at which Shares should trade immediately after the "ex" date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the "ex" date for the Entitlement Offer will depend on many factors and may not be equal to TERP.



Indicative Timetable

Indicative Key Dates for the Entitlement Offer	Date
Trading halt	10/09/2018
Announcement of the Offer	13/09/2018
Issue of the Placement shares	13/09/2018
Shares trade Ex Entitlement	17/09/2018
Record date for Entitlement Offer ("Record Date")	18/09/2018
Offer Booklet and Entitlement & Acceptance Form despatched to shareholders	21/09/2018
Entitlement Offer opens ("Opening Date")	24/09/2018
Entitlement Offer closes ("Closing Date")	02/10/2018
Issue of New Shares under the Entitlement offer	09/10/2018
Despatch of holding statements for New Shares	09/10/2018
Commencement of trading of New Shares on ASX	10/10/2018

The timetable above is indicative only and may be subject to change without notice. Funtastic, with the consent of the underwriters of the Entitlement Offer, reserves the right, subject to the *Corporations Act 2001* (Cth), ASX Listing Rules and other applicable laws to amend or vary any or all of the dates and times without notice. In particular, Funtastic reserves the right to extend the closing date of the Entitlement Offer, accept late applications (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

ENDS

Important Information

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit an offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the New Shares may not be offered, sold or resold to, persons in the United States or to persons who are acting for the account or benefit of a person in the United States, unless such entitlements or New Shares have been registered under the Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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