

# Notice of Annual General Meeting and Explanatory Notes

Funtastic Limited ACN 063 886 199

---

Date: Thursday 29 November 2018  
Time: 11.00 am (Melbourne time)  
Place: Seasons Botanic Gardens Hotel  
348 St Kilda Road Melbourne VIC

## Important notice

In this document you will find:

1. Notice of Annual General Meeting; and
2. Explanatory Notes containing an explanation of, and information about, the resolutions to be put to the meeting.

A Proxy Form is also enclosed with the Notice of Annual General Meeting and Explanatory Notes.

The Explanatory Notes contain an explanation of, and information about, the matters to be considered at the Annual General Meeting of Funtastic Limited. The Explanatory Notes are given to Funtastic Limited's shareholders to help them determine how to vote on the resolutions set out in the accompanying Notice of Meeting.

Shareholders should read this document in full.

If you are in any doubt about the action you should take, please consult your stockbroker, solicitor, accountant or other professional adviser without delay.

This document is dated 30<sup>th</sup> October 2018.

# Notice of Annual General Meeting

---

Notice is hereby given that the annual general meeting of shareholders of Funtastic Limited ACN 063 886 199 (**Funtastic** or the **Company**) will be held on Thursday, 29 November 2018 at Seasons Botanic Gardens Hotel, 348 St Kilda Road Melbourne VIC, commencing at 11.00 am (Melbourne time) (**Annual General Meeting**).

## Ordinary Business

### 1. Financial statements and 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 2018.

### 2. Remuneration Report

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

*'In accordance with section 250R of the Corporations Act 2001 (Cth) (**Corporations Act**), the Company adopts the Remuneration Report as set out in the Directors' report of the Annual Report, for the year ending 31 July 2018.'*

**Note:**

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

**Voting Exclusion Statement:**

- (a) The Company's key management personnel and their closely related parties must not cast a vote on the Remuneration Report unless the vote is cast as a proxy on behalf of a person who is entitled to vote on this resolution and either:
  - (i) the Proxy Form specifies the way the proxy is to vote on this resolution; or
  - (ii) the proxy is the Chairman and the appointment of the Chairman as proxy:
    - (A) does not specify the way the proxy is to vote on this resolution; and
    - (B) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.
- (b) The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of this resolution. If you wish to vote against this resolution or you wish to abstain from voting on this resolution you should mark the relevant box in the attached Proxy Form. Please see the directions on the Proxy Form relating to authorisation of the Chairman to vote undirected proxies.

### 3. Re-election of Director, Mr Shane Francis Tanner

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

*'That Mr Shane Francis Tanner, being a Director since March 2009 and the Chairman since May 2010 be re-elected as a Director of Funtastic in accordance with the Company's constitution.'*

The Directors (other than Mr Tanner) recommend that shareholders vote in favour of the resolution in Item 3.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 3.

### 4. Re-election of Director, Mr Stephen Michael Heath

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

*'That Mr Stephen Michael Heath, being a Director since October 2010 be re-elected as a Director of Funtastic in accordance with the Company's constitution.'*

The Directors (other than Mr Heath) recommend that shareholders vote in favour of the resolution in Item 4.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 4.

### 5. Election of Director, Mr Steven Douglas Leighton

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

*'That Mr Steven Douglas Leighton, being the Managing Director since 1 June 2018 be elected as a Director of Funtastic in accordance with the Company's constitution.'*

The Directors (other than Mr Leighton) recommend that shareholders vote in favour of the resolution in Item 5.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 5.

### 6. Election of Director, Mr John Tripodi

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

*'That Mr Giovanni Antonio (John) Tripodi, being a Director appointed on 25 October 2018 be elected as a Director of Funtastic in accordance with the Company's constitution.'*

The Directors (other than Mr Tripodi) recommend that shareholders vote in favour of the resolution in Item 6.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 6.

### 7. Election of Director, Ms Nicki Anderson

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

*'That Ms Nicole Elizabeth (Nicki) Anderson, being a Director appointed on 25 October 2018 be elected as a Director of Funtastic in accordance with the Company's constitution.'*

The Directors (other than Ms Anderson) recommend that shareholders vote in favour of the resolution in Item 7.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 7.

## 8. Grant of Performance Rights to the Chief Executive Officer & Managing Director

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

*'That the prior grant of 1,800,000 performance rights and 1,643,836 service rights in each case under the Funtastic Long Term Incentive Plan to Mr Steven Douglas Leighton is ratified pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes (including Exception 9(b) in ASX Listing Rule 7.2 (i.e. in relation to future non-related party grants under the Funtastic Long Term Incentive Plan) on the terms and conditions in the Explanatory Memorandum.'*

The Chairman intends to vote all undirected proxies in favour of this resolution.

### **Voting Exclusion Statement:**

Funtastic will disregard any votes cast on this resolution by Mr Leighton and any other Director (other than by a Director who is ineligible to participate in any employee incentive plan of the Company) and any of their respective associates. However, Funtastic will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of this resolution.

In accordance with section 250BD of the Corporations Act, a vote on this resolution must not be cast by a person appointed as a proxy, where that person is either a KMP or a closely related party of such a person.

However a vote may be cast by such a person if the vote is not cast on behalf of a person who is excluded from voting on this resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person appointed as proxy is the Chairman and the written appointment of the Chairman does not specify the way the Chairman is to vote on this resolution, but expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the KMP.

## Special Business

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

To consider and, if thought fit, 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.'*

### **Voting Exclusion Statement:**

Funtastic will disregard any votes cast on this resolution by any person who is expected to participate in the issue of equity securities under this resolution and any person who will obtain a material benefit as a result of the potential issue, except a benefit solely by reason of being a holder of ordinary securities, if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- For personal use only
- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
  - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of this resolution.

**Note: In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning ASX Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no shareholders are currently excluded from voting on this resolution.**

# 2018 Voting

## Entitlement to vote

The Directors have determined that for the purpose of determining entitlements to vote at the Annual General Meeting, shares will be taken to be held by the persons who are the registered holders at 7.00pm (Melbourne time) on Tuesday, 27 November 2018. Accordingly, shares registered after that time will be disregarded in determining entitlements to vote at the meeting.

## Proxies

1. A shareholder who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. If you require an additional Proxy Form, please contact Boardroom Pty Limited at the address below.
2. If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
3. Where a shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands.
4. A proxy need not be a shareholder of Funtastic.
5. To be effective, Funtastic must receive the completed Proxy Form and, if the form is signed by the shareholder's attorney, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 11.00 am (Melbourne time) on Tuesday, 27 November 2018.
6. Proxies may be lodged with the Company's share registry, Boardroom Pty Limited using the reply-paid envelope provided or:
  - BY MAIL -** Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia
  - BY FAX -** +61 2 9290 9655
  - IN PERSON -** Share Registry – Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 Australia
- ONLINE by visiting:** [www.votingonline.com.au/funtasticagm2018](http://www.votingonline.com.au/funtasticagm2018) and entering your Postcode or Country of Residence (if outside of Australia) and your Voting Access Code (**VAC**), which are provided on your proxy form.
7. Proxies given by corporate shareholders must be executed in accordance with their constitutions or signed by a duly authorised officer or attorney.
8. A proxy may decide whether to vote on any motion except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business the proxy may vote as he or she thinks fit.
9. If a shareholder appoints the Chairman of the meeting as the shareholder's proxy using the attached Proxy Form and does not specify how the Chairman is to vote on an item of business, the Chairman will be authorised to vote as he decides on all resolutions. The Chairman intends

to vote all such proxies in favour of all resolutions. However, the Chairman will not vote such proxies to the extent that the shareholder is restricted by law from voting on any resolutions.

10. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provides satisfactory evidence of the appointment of its corporate representative.
11. Please refer to other notes appearing on the enclosed Proxy Form.


## Corporate representatives

A shareholder that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise all or any of the powers that the body corporate may exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at Funtastic's share registry (details above) or handed in at the meeting when registering.

The accompanying Explanatory Notes form part of this Notice of Meeting.

### By order of the Board

Date	30 <sup>th</sup> October 2018
Signed	
Name	Howard Abbey Company Secretary

# Explanatory Notes

---

These Explanatory Notes are intended to provide shareholders of Funtastic with information to assess the merits of the proposed resolutions in the accompanying Notice of Meeting.

The Directors recommend that shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions.

## Ordinary Business

### 1. Financial statements and reports

The Corporations Act requires the Company's financial report (which includes the financial statements and Directors' declaration), the Directors' report and auditor's report to be laid before the Annual General Meeting. However, there is no requirement either in the Corporations Act or the Company's constitution for shareholders to approve the financial report, the Directors' report or the auditor's report.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports, and on the business and operations of Funtastic. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, Grant Thornton Australia Limited (**Grant Thornton**), questions about the auditor's report, the conduct of its audit of the Company for the year ended 31 July 2018, the preparation and content of the auditor's report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of Grant Thornton in relation to the conduct of the audit.

The financial report and the Directors' and auditor's reports relate to the year ending 31 July 2018.

### 2. Remuneration Report

As required by the Corporations Act, the Board is presenting the Remuneration Report to shareholders for consideration and adoption by a non-binding vote.

The Remuneration Report is included in the Directors' report in the 2018 Annual Report. It is also available from the Company's website ([www.funtastic.com.au](http://www.funtastic.com.au)).

The Remuneration Report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between remuneration and the Company's performance;
- sets out the remuneration arrangements in place for each Director and for specified senior executives of the Company; and
- explains the difference between the basis for remunerating non-executive Directors and executives, including executive Directors.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of Funtastic.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.



The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of adopting the Remuneration Report.

### **3. Re-election of Director, Mr Shane Francis Tanner**

Mr Shane Francis Tanner was appointed to the Board on 19 March 2009 as an Independent Non-Executive Director and appointed as Chairman of the Board effective from the AGM on 21 May 2010. Mr Tanner is Chairman of the Nomination Committee and a member of the Remuneration and Evaluation Committee and the Audit, Risk and Compliance Committee.

Mr Tanner is also Chairman of Zenitas Healthcare Limited, Rhythm Biosciences Limited and Paragon Care Limited. He is a former CEO of Mayne Nickless Diagnostic Services and Chairman of Sterihealth Limited. Mr Tanner has vast commercial and financial experience.

The Directors (other than Mr Tanner) recommend that shareholders vote in favour of the resolution in Item 3.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 3.

### **4. Re-election of Director, Mr Stephen Michael Heath**

Mr Stephen Michael Heath was appointed to the position of Independent Non-Executive Director on 18 October 2010. Mr Heath is Chairman of the Audit, Risk and Compliance Committee, Chairman of the Remuneration and Evaluation Committee and a member of the Nomination committee.

Mr Heath has extensive retail experience comprising 18 years across iconic Australian retail brands including Harvey Norman, Rebel Sport, Godfreys, International Cleaning Solutions Holdings and Fantastic Holdings Limited. Mr Heath was CEO of Rebel Sport during its public listing on the ASX. He also spent 5 years with Sharp Corporation managing the retail accounts of major retailers such as Harvey Norman, Myer, David Jones and Kmart. Mr Heath is seeking reappointment on a short term basis to facilitate an orderly transition with the new Board members.

The Directors (other than Mr Heath) recommend that shareholders vote in favour of the resolution in Item 4.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 4.

### **5. Election of Director, Mr Steven Douglas Leighton**

Mr Stephen Douglas Leighton was appointed to the Board on 1 June 2018 as Managing Director and has held the role of Chief Executive Office since 24th July 2017.

Mr Leighton has extensive experience with major FMCG companies including major licensing entities working internationally across Australasia, Europe, Asia Pacific, USA and Latin America. He has held senior roles including CEO and EVP with companies including Twentieth Century Fox, Dulux, Heinz Wattie's and Hawthorn Football Club.

The Directors (other than Mr Leighton) recommend that shareholders vote in favour of the resolution in Item 5.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 5.

## 6. Election of Director, Mr John Tripodi

Mr John Tripodi (BComm/BBus(Hons)) was appointed to the position of Independent Non-Executive Director on 25 October 2018.

Mr Tripodi is the current CEO of the Twenty3 Group and is an award-winning marketer and strategist having held senior marketing and strategy positions at Mars Inc, before moving into general management with the L'Oreal Group.

Mr Tripodi has extensive FMCG experience, championing innovative brand strategies and solutions and challenging conventional marketing practices. He is a true strategist and visionary.

The Directors (other than Mr Tripodi) recommend that shareholders vote in favour of the resolution in Item 6.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 6.

## 7. Election of Director, Ms Nicki Anderson

Ms Nicki Anderson was appointed to the position of Independent Non-Executive Director on 25 October 2018.

Ms Anderson is an accomplished leader and director with deep experience in strategy, sales, marketing, licensing and innovation within branded food, beverage and consumer goods businesses both in Australian and Internationally (including Coca Cola Amatil, Cadbury Schweppes, Nestle and Kraft). Ms Anderson has held senior positions in marketing and innovation within world class FMCG companies and was most recently Managing Director within the Blueprint Group concentrating on sales, marketing and merchandising within the retail and pharmacy sales channels. She has an Executive MBA from AGSM, a Bachelor of Business and is a graduate of the Australian Institute of Company Directors. Ms Anderson is currently a Director on the Board of Mrs Mac's, Australia Made Campaign Limited, Skills Impact and ASX Listed Select Harvests and is Chair of the Monash University Advisory Board for the marketing faculty and Chair of the Audit and Risk Committee for Skills Impact. She is a member of the Remuneration and Nomination Committee on all boards.

The Directors (other than Ms Anderson) recommend that shareholders vote in favour of the resolution in Item 7.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 7.

## 8. Ratification of prior grant of performance rights and service rights to Mr Steven Douglas Leighton under ASX Listing Rule 7.4

As disclosed to ASX on 22 March 2018, the Company granted Mr Leighton:

- 1,800,000 performance rights; and
- 1,643,836 service rights,

in each case under the Funtastic Long Term Incentive Plan (**LTIP**).

As a consequence of these securities not being issued with shareholder approval under either ASX Listing Rule 7.1 or Exception 9(B) of ASX Listing Rule 7.2 (because the LTIP was only recently adopted by the Board), the issue of these securities have had the effect of reducing Funtastic's placement capacity by 3,443,836. Accordingly, the Company is now seeking ratification of these prior grants of equity securities to Mr Leighton under ASX Listing Rule 7.5 and Exception 9(B) of ASX Listing Rule 7.2 such that:

- the grant of these securities no longer reduces Funtastic's placement capacity under ASX Listing Rule 7.1; and
- future grants of performance rights or other securities under the LTIP do not reduce Funtastic's placement capacity under ASX Listing Rule 7.1 in accordance with Exception 9(B) of ASX Listing Rule 7.1.

### Information required by ASX Listing Rule 7.5 and Exception 9(B) of ASX Listing Rule 7.2

Listing Rule	Disclosure requirement	Detail
7.5.1	The number of securities issued	1,800,000 performance rights and 1,643,836 service rights were granted to Mr Leighton on 22 March 2018.
7.5.2	The price at which the securities were issued	The 1,800,000 performance rights were granted to Mr Leighton for nil cash consideration.  The 1,643,836 service rights were granted to Mr Leighton in lieu of \$205,479.45 of Mr Leighton's cash salary which he agreed to sacrifice. In this light, each service right has a deemed price of \$0.125.
7.5.3	The terms of the securities	Please see below
7.5.4	The names of those persons to whom the entity issued the securities	Mr Steven Douglas Leighton
7.5.5	The use (or intended use) of the funds raised	No funds were raised as a result of the grant of performance rights or service rights to Mr Leighton.

### The terms of the performance rights and service rights

#### Performance rights

On 22 March 2018, Mr Leighton was granted 1,800,000 performance rights each of which can be exercised for one fully paid ordinary share in the Company. Subject to the vesting conditions being achieved, each performance right is exercisable for nil cash consideration.

The vesting date and the expiry date of the 1,800,000 performance rights is 31 October 2018 and 31 December 2021, respectively. Vesting of the performance rights is conditional on Mr Leighton meeting the Service Condition (which requires him to have been in continuous employment with the Company from the commencement of his employment until the vesting date) and the passing of the resolution in Item 1 of the Annual General Meeting.

Furthermore, the number of performance rights that will actually vest on the vesting date will be determined by Funtastic's reported earnings per share (adjusted to exclude the effect of Funtastic's debt restructure) for the year ended 31 July 2018, with 80% of the rights vesting if Funtastic's EPS is at least \$0.0059 and 100% if Funtastic's EPS is \$0.0158.

### Service rights

As noted above, Mr Leighton was granted 1,643,836 service rights on 22 March 2018. Each service right is exercisable into one fully paid ordinary share in the Company for no cash consideration subject to the Service Condition being satisfied.

### Exception 9B of ASX Listing Rule 7.2

So as to entitle future grants and issues under the LTIP come within the requirements of Exception 9B of ASX Listing Rule 7.2 (i.e. such that any such future issue does not reduce the Company's placement capacity under ASX Listing Rule 7.1), the Company advises that (i) no (other than the securities the subject of this resolution which were granted to Mr Leighton) have previously been issued under the LTIP and (ii) the full terms of the LTIP is annexed to these meeting documents in Annexure B.

### Further information

Funtastic notes that the performance rights and service rights referred to in this resolution were granted to Mr Leighton before he became a Director (which occurred on 1 July 2018), meaning that prior shareholder approval of the grant of the performance rights and service rights referred to above was not required.

## Special Business

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

#### **Introduction**

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities of up to an additional 10% of its issued capital over a period of up to 12 months after its annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the capacity to issue 15% of its issued capital over a 12-month period without shareholder approval under ASX Listing Rule 7.1.

If shareholders approve the resolution in Item 9, the number of equity securities Funtastic may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to the next section below).

The resolution in Item 9 is a **special resolution**. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of the resolution in Item 9 for it to be passed.

#### **ASX Listing Rule 7.1A**

The ASX Listing Rules provide that an entity that satisfies both of the following tests may seek shareholder approval under ASX Listing Rule 7.1A:

- (a) the entity is not included in the S&P/ASX 300 Index; and
- (b) the entity's market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) is not greater than \$300,000,000.

Funtastic is not included in the S&P/ASX 300 Index and has a market capitalisation, as at 25 October 2018 of \$16,089,207. The calculation of the Company's market capitalisation will be based on the closing price of the Company's shares on the last trading day on which trades in the shares were recorded before the date of the Annual General Meeting, multiplied by the

number of the Company's shares on issue (but excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity and able to seek shareholder approval at the annual general meeting for an additional 10% Placement Capacity under Listing Rule 7.1A.

Any equity securities issued in reliance of ASX Listing Rule 7.1A must be in the same class as an existing class of quoted equity securities. Funtastic currently has one class of equity securities on issue which are quoted, being fully paid ordinary shares.

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

**(A x D) – E**

Where:

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of shares issued in the previous 12 months with the approval of shareholders under ASX Listing Rules 7.1 and 7.4; and
- (d) less the number of shares cancelled in the previous 12 months.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of shares under ASX Listing Rule 7.1 or 7.4.

**Information required by ASX Listing Rule 7.1A**

*Minimum Price*

The minimum price at which the equity securities may be issued is 75% of the volume weighted average price of shares, calculated over the 15 ASX trading days on which trades in shares were recorded immediately before:

- (a) the date on which the price at which the equity securities are to be issued is agreed; or
- (b) if the equity securities are not issued within 5 ASX trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

*10% placement period*

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the annual general meeting and expiring on the first to occur of:

- (a) 12 months after the date of the annual general meeting; or
- (b) the date of approval by shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX.

### *Risk of economic and voting dilution*

Any issue of shares under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any shares under the issue.

If the resolution in Item 8 is approved by shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing shares would be as shown in the table below, in the circumstances set out in the table below.

The table below shows the dilution of existing shareholders on the basis of the closing price of the shares on the ASX on 25 October 2018 and the number of shares for variable A, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the date of the Notice of Meeting.

The table also shows the voting dilution impact where the number of shares on issue (variable A in the formula) has increased by 50% and by 100% and the economic dilution where the issue price of shares issued under the 10% Placement Capacity is 50% less than the closing price of the shares on the ASX on 25 October 2018 and 100% greater than the closing price of the shares on the ASX on 25 October 2018.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
		\$0.0345	\$0.069	\$0.138
<b>Current Variable A</b> <b>233,176,894 shares</b>	<b>10% voting dilution</b>	23,317,689 shares	23,317,689 shares	23,317,689 shares
	<b>Funds raised</b>	\$804,460.27	\$1,608,920.54	\$3,217,841.08
<b>50% increase in Current Variable A</b> <b>349,765,341 shares</b>	<b>10% voting dilution</b>	34,976,534 shares	34,976,534 shares	34,976,534 shares
	<b>Funds raised</b>	\$1,206,690.42	\$2,413,380.85	\$4,826,761.69
<b>100% increase in Current Variable A</b> <b>466,353,788 shares</b>	<b>10% voting dilution</b>	46,635,378 shares	46,635,378 shares	46,635,378 shares
	<b>Funds raised</b>	\$1,608,920.54	\$3,217,841.08	\$6,435,682.16

The number of shares on issue (variable A in the formula) could increase as a result of the issue of shares that do not require shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above has been prepared on the basis of the following assumptions:

- The Issue Price set out in the table is the closing price of the Company's shares on the ASX on 25 October 2018;
- The Company issues the maximum possible number of equity securities under the 10% Placement Capacity;
- No rights convertible into shares are exercised;
- The Company has not issued any equity securities in the 12 months prior to the date

of the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or which were not approved under ASX Listing Rule 7.1 or 7.4;

- (e) The table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1;
- (f) The issue of equity securities under the 10% placement facility consists only of shares.

Shareholders should note that there is a risk that:

- (a) the market price for the shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (b) the equity securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for the shares on the date of issue or the equity securities may be issued as part of the consideration for the acquisition of an asset,

which may affect the amount of funds raised by the issue.

Shareholders should also note that the calculations in the table do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

#### *Purpose of Issue under 10% Placement Capacity*

The Company may issue equity securities under the 10% Placement Capacity for the following purposes:

- (a) as cash consideration where the Company intends to use funds raised for either or both of working capital purposes or to take advantage of acquisition opportunities; or
- (b) as non-cash consideration for the acquisition of businesses or product lines to grow the business of the Company. In such circumstances the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with ASX Listing Rule 7.1A.3.

#### *Allocation under the 10% Placement Capacity*

The places of the equity securities to be issued under the 10% Placement Capacity have not been determined as at the date of this Notice of Meeting. Such places will depend on prevailing market conditions and will be determined on a case by case basis. However, the places of equity securities could consist of current shareholders, new investors or both. Places may also include vendors of assets into the Company.

The Company will determine the places at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- (c) the effect of the issue of the equity securities on the control of the Company;
- (d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (e) prevailing market conditions; and

- (f) advice from corporate, financial and broking advisers (if applicable).

*Previous Approval under ASX Listing Rule 7.1A*

The Company previously obtained shareholder approval under Listing Rule 7.1A at the Annual General Meeting held on 11 December 2017.

As the Company has previously obtained shareholder approval under Listing Rule 7.1A, the following information is provided to shareholders, in accordance with Listing Rule 7.3A.6, regarding the equity securities issued by the Company in the 12 months preceding the date of the Annual General Meeting:

- (a) Listing Rule 7.3A.6(a): Total equity securities issued in previous 12 months:

Number of equity securities on issue at commencement of 12-month period	96,308,827
Equity securities issued in prior 12-month period	137,151,067
Percentage previous issues represent of total number of equity securities on issue at commencement of 12-month period	142%

- (b) Listing Rule 7.3A.6(a): Details of equity securities issued in previous 12 months:

The details of equity securities issued during the previous 12 months preceding the date of the Annual General Meeting are set out in Annexure A of these meeting documents.

*Voting exclusion statement*

A voting exclusion statement is included in this Notice of Meeting. At the date of the Notice of Meeting, the proposed places under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue.

Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Placement Capacity), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

**Recommendation**

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 9.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 9.

**By order of the Board**

Date 30<sup>th</sup> October 2018

Signed 

Name Howard Abbey  
Company Secretary



## ANNEXURE A

### DETAILS OF EQUITY SECURITIES ISSUED FOR THE PURPOSES OF LISTING RULE 7.3A.6

	Date of issue	Number issued	Class/Type of equity security and summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price and discount to market price (if any)	Issue for cash consideration, cash spent, intended use for remaining cash	Issue for non-cash consideration and current value of non-cash consideration
1.	13 September 2018	20,562,620	Fully paid ordinary shares ranking parri passu with all existing shares of the Company from the date of issue	Issued under a placement to sophisticated and professional investors that was announced on ASX on 13 September 2018	\$0.06 per share. A discount of 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	All net proceeds from the placement (plus net proceeds from the entitlement offer announced on the same date) have been used to settle the company's outstanding indebtedness with its financier and for additional working capital for the Company	N/A
2.	9 October 2018	116,588,447	Fully paid ordinary shares ranking parri passu with all existing shares of the Company from the date of issue	Issued under a fully underwritten 1-for-1 Non-Renounceable Entitlement Offer to existing shareholders that was announced on ASX on 13 September 2018	\$0.06 per share. A discount of a 16.7% to the last closing market price of Shares on 7 September 2018	All net proceeds from the entitlement offer (plus net proceeds from the placement announced on the same date) have been used to settle the company's outstanding indebtedness with its financier and for additional working capital for the Company	N/A

**ANNEXURE B**  
**FUNTASTIC'S LONG TERM INCENTIVE PLAN**



**Funtastic Limited**

ACN 063 886 199

**Funtastic Employee Incentive Plan Rules 2018**

For personal use only

**Contents**

---

1. **Introduction** ..... 3

2. **Definitions and Interpretation**..... 3

3. **Awards that may be made under the Plan**..... 6

4. **Offers of Awards**..... 8

5. **Dilution limit** ..... 9

6. **Vesting and Exercise of Awards** ..... 10

7. **Election of Board to settle Awards in cash**..... 10

8. **Allotment of Shares on exercise or vesting of Awards**..... 10

9. **Rights attaching to Shares** ..... 11

10. **Restricted Awards**..... 11

11. **Change of Control**..... 12

12. **Hedging unvested Awards** ..... 12

13. **Adjustments** ..... 12

14. **Power of attorney** ..... 13

15. **Tax or social security contributions** ..... 13

16. **Powers of the Board** ..... 13

17. **Commencement, suspension, termination and amendment of Plan**..... 14

18. **Connection with other schemes** ..... 14

19. **General provisions**..... 14

For personal use only

## Funtastic Employee Incentive Plan Rules

### 1. Introduction

---

#### 1.1 Purpose of plan

The Company has established this Plan to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.

#### 1.2 Advice

There are legal and tax consequences associated with participation in the Plan. Employees should ensure that they understand these consequences before accepting an invitation to participate in the Plan.

Any advice given by or on behalf of the Company is general advice only, and Employees should consider obtaining their own financial product advice from an independent person who appropriately qualified and/or licensed in their country to give such advice.

### 2. Definitions and Interpretation

---

#### 2.1 Definitions

In these Rules unless the contrary intention appears, terms defined in the Corporations Act or Listing Rules have the same meaning in these Rules, and:

**Application** means a written acceptance of an Offer for, or an application for, Awards in a form approved by or acceptable to the Board.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited or the securities market which it operates, as the context requires.

**Award** means:

- (a) an Option,
- (b) a Performance Right,
- (c) a Service Right,
- (d) a Deferred Share Award,
- (e) an Exempt Share Award,
- (f) a Cash Right,
- (g) a Stock Appreciation Right,

as applicable.

**Board** means the Board of Directors of the Company.

**Cash Right** means a cash based performance right issued under clause 3.1.

**Change of Control** means, in relation to the Company, either:

- For personal use only
- (a) any person, either alone or together with any associate (as defined in the Corporations Act), who did not have a relevant interest (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, acquires a relevant interest in more than 50% of the issued Shares in the Company; or
  - (b) the Board concludes that there has been a change in the Control of the Company.

**Company** means Funtastic Limited (ACN 063 886 199).

**Control** has the meaning given to that term in section 50AA of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Deferred Share Award** means a Share issued under clause 3.5.

**Employee** means a person who is a full-time or permanent part-time employee or officer, or director of the Company or any related body corporate of the Company.

**Exempt Share Award** means a Share issued under clause 3.7.

**Exercise** means exercise of an Award in accordance with its terms, and includes automatic exercise in accordance with these Rules.

**Exercise Price** means the price payable (if any) per Share to exercise an Award.

**Expiry Date** means the date on which an Award lapses, being the date specified in an Offer as the Expiry Date, or fixed by a method of calculation set out in an Offer.

**Fair Market Value** means the closing sales price per Share for the relevant date on the ASX, or, if there is no such sale on the relevant date, then on the last previous day on which such a sale is reported.

**Issue** of a Share includes the transfer of an existing Share in accordance with clause 0.

**Issue Price** means the price (if any) to be paid for the issue of a Share as stated in the Offer.

**Listed** means the Company being and remaining admitted to the official list of the ASX.

**Listing Rules** means the Listing Rules of ASX and any other rules of the ASX which are applicable while the Company is Listed each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX.

**Market Price** means the weighted average sale price of Shares on the ASX over the five trading days immediately preceding the day the Offer is made, or another pricing method determined by the Company.

**Offer** means an offer or issue of Awards made to an Employee under clause 4. Where Awards are issued without the need for acceptance, an Offer includes the document setting out the terms of the Award.

**Option** means an option to acquire Shares issued under clause 3.2.

**Participant** means an Employee to whom Awards are issued.

**Performance Right** means a right to acquire a Share issued under clause 3.3.

**Plan** means the Funtastic Employee Incentive Plan.

**Plan Shares** means the Shares allotted and issued, or transferred, by the Company to a Participant in respect of an Award.

**Restricted Award** means an Award or a Share issued on exercise of an Award in respect of which a restriction on sale or disposal applies under this Plan.

**Restriction Period** means the period during which Awards, or Shares issued on exercise of Awards, must not be sold or disposed of, being the period specified in these Rules in respect of Deferred Share Awards, Exempt Share Awards, Cash Awards and Stock Appreciation Rights, and as specified in the Offer in respect of other Awards.

**Rules** means these rules as amended from time to time.

**Security Interest** means an interest in an asset which provides security for, or protects against default by, a person for the payment or satisfaction of a debt, obligation or liability including a mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance, hypothecation, first right of refusal, voting right or arrangement for the retention of title or any agreement, option or other arrangement to grant such an interest or right.

**Service Right** means a right to acquire a Share issued under clause 3.4.

**Share** means a fully paid ordinary share of the Company.

**Stock Appreciation Right** means a right designated as a stock appreciation right and issued under clause 3.11.

**Tax Act** means the *Income Tax Assessment Act 1997* or any legislation amending or replacing the provisions of that Act relating to the issue and exercise of Awards.

**Vesting Conditions** means any conditions described in the Offer that must be satisfied before an Award can be exercised or before an Award (or Share issued under an Award) is no longer subject to forfeiture.

**Vesting Date** means the date on which an Award is exercisable or is no longer subject to forfeiture following satisfaction of any Vesting Conditions.

## 2.2 Interpretation

In these Rules, unless expressed to the contrary:

- (a) terms defined in the Corporations Act have the same meaning in these Rules;
- (b) words importing:
  - (i) the singular include the plural and vice versa;
  - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;

- For personal use only
- (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, discretion, authority or power;
  - (v) "\$" or "dollars" is a reference to the lawful currency of Australia;
  - (vi) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
  - (vii) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.

### 2.3 Headings

Headings are for convenience only and do not affect the interpretation of these Rules.

## 3. Awards that may be made under the Plan

---

3.1 The Company may, at the discretion of the Board, offer and issue Awards to Employees of the kind set out in this clause 3.

### 3.2 Options

The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:

- (a) Options are Restricted Awards until they are exercised or expire.
- (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Options.
- (c) Options are subject to adjustment under clause 13.

### 3.3 Performance Rights

The Company may offer or issue Performance Rights, which are rights to be issued a Share for nil Exercise Price upon the satisfaction of Vesting Conditions specified in the Offer. These terms apply unless the Offer specifies otherwise:

- (a) Performance Rights are Restricted Awards until they are exercised or expire.
- (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Performance Rights.
- (c) Performance Rights are subject to adjustment under clause 13.

The Performance Rights granted to Australian tax residents under the Plan are tax deferred rights under subdivision 83A-C of the Income Tax Assessment Act 1997 and must not be sold or transferred to another party.

#### 3.4 Service Rights

The Company may offer or issue Service Rights, which are rights to be issued a Share for nil Exercise Price upon the satisfaction of Vesting Conditions specified in the Offer, which Vesting Conditions relate only to the continued employment of the Employee. These terms apply unless the Offer specifies otherwise:

- (a) Service Rights are Restricted Awards until they are exercised or expire.
- (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Service Rights.
- (c) Service Rights are subject to adjustment under clause 13.

The Service Rights granted to Australian tax residents under the Plan are tax deferred rights under subdivision 83A-C of the Income Tax Assessment Act 1997 and must not be sold or transferred to another party.

#### 3.5 Deferred Share Awards

The Company may offer or issue Deferred Share Awards, which are Shares issued to Employees:

- (a) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
- (b) by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment; and
- (c) that may be forfeited if Vesting Conditions specified in the Offer are not satisfied.

#### 3.6 Unless a different Restriction Period is specified in an Offer, the Restriction Period for Deferred Share Awards will expire on the earlier of:

- (a) when a Participant ceases employment within the meaning of section 83A-330 of the Tax Act;
- (b) when there is no risk of forfeiting the Share and there is no restriction on disposing of the Share; and
- (c) 15 years from the date of issue of the Shares.

#### 3.7 Exempt Share Awards

The Company may offer or issue Exempt Share Awards, which are Shares issued for no consideration or at an Issue Price which is a discount to the Market Price with the intention that up to \$1,000 (or such other amount which is exempted from tax under the Tax Act from time to time) of the total value or discount received by each Employee will be exempt from tax.

#### 3.8 The Restriction Period for Exempt Share Awards will expire on the earlier of:

- (a) 3 years from the date of issue of the Shares (or such other period as may be required for tax exemption under Subdivision 83A-B of the Tax Act); and



- (b) the time when a Participant ceases employment within the meaning of section 83A-330 of the Tax Act.

3.9 The Company must offer Exempt Share Awards on a non-discriminatory basis as defined by section 83A-35(6) of the Tax Act.

3.10 Cash Rights

The Company may offer or issue Cash Rights, which are rights to be issued a cash payment for nil Exercise Price upon the satisfaction of specified Vesting Conditions. Unless the Offer specifies otherwise, the Cash Rights are Restricted Awards until they are exercised or expire.

3.11 Stock Appreciation Rights

The Company may offer or issue Stock Appreciation Rights in accordance with this clause. These terms apply to the issue of Stock Appreciation Rights unless the Offer specifies otherwise:

- (a) Stock Appreciation Rights are Restricted Awards until they are exercised or expire;
- (b) an Offer may specify a Restriction Period for Shares issued on the exercise of Stock Appreciation Rights;
- (c) upon exercise of a Stock Appreciation Right, and unless the Board determines otherwise, the Participant exercising the Stock Appreciation Right shall be entitled to receive payment from the Company determined on the basis of the difference between the Fair Market Value on the date of exercise of the Stock Appreciation Right and the Fair Market Value on the date of grant of the Stock Appreciation Right, adjusted as necessary for changes to the Company's capital structure. The full terms of calculation of such payment will be set out in the Offer;
- (d) at the discretion of the Board, the payment upon exercise of a Stock Appreciation Right may be in cash, in Shares of equivalent value, or in some combination of cash and Shares. The Board's determination shall be made at any time on or before exercise of a Stock Appreciation Right; and
- (e) Stock Appreciation Rights are subject to adjustment under clause 13.

**4. Offers of Awards**

---

4.1 Subject to clause 5, the Company may make an Offer to any Employee.

4.2 Form of Offer

Each Offer must be in writing (which includes email), include an Application if acceptance is required, and specify the following to the extent applicable:

- (a) the name and address of the Employee to whom the Offer is made;
- (b) the type of Awards being offered;
- (c) the number of Awards being offered;
- (d) any Vesting Conditions for the Awards;

- For personal use only
- (e) the Issue Price and/or Exercise Price for the Awards, or the manner in which the Issue Price and/or Exercise Price is to be determined;
  - (f) the Expiry Date (if any);
  - (g) any Restriction Period;
  - (h) any other terms or conditions that the Board decides to include; and
  - (i) any other matters required to be specified in the Offer by either the Corporations Act or the Listing Rules.

4.2 If required by applicable laws or the conditions to applicable ASIC relief, the Offer must include an undertaking by the Company to provide to a Participant, if a request is made before the Award is Exercised and within a reasonable period of being so requested, the current market price of the Shares.

#### 4.3 Compliance with laws

No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law.

#### 4.4 Acceptance

If acceptance of an Offer is required, it may be accepted:

- (a) by an Employee completing and returning the Application, as required by the Offer, by not later than the date specified in the Offer; and
- (b) if required, by the Employee making or directing payment of the total amount payable for the Awards (if any) accepted under the Offer, in the manner specified in the Offer.

4.5 An Offer which requires acceptance lapses if it is not accepted by the Employee to whom the Offer is made as required under clause 0.

4.6 For the avoidance of any doubt, an Offer may only be accepted by (and the relevant Award and any subsequent Share issues may only be granted or issued to) the Employee to whom the Offer is made.)

### 5. **Dilution limit**

---

An Offer of Awards in reliance of ASIC CO 14/1000 must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible Awards in a class of underlying Shares that form part of the issued capital of the listed body that have been or may be issued in any of the circumstances covered by clause 5 (a) and clause 5 (b) will not exceed 5% of the total number of underlying Shares in that class on issue:

- (a) Underlying Shares that may be issued under the offer;
- (b) Underlying Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
  - (i) An employee incentive scheme covered by this instrument; or

- (ii) An ASIX exempt arrangement of a similar kind to an employee incentive scheme.

In no circumstances will Awards be granted under this Plan if it is an issue of securities that combined with all other employee share scheme interests outstanding would exceed 15% of the Company's then outstanding issued capital.

## **6. Vesting and Exercise of Awards**

---

### **6.1 Vesting**

The Awards held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer and in accordance with these Rules.

- 6.2 Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award).

### **6.3 Automatic Exercise**

The vesting of an Award on the satisfaction of any Vesting Conditions will not automatically trigger the exercise of the Award unless specified in the Offer.

### **6.4 Exercise of Awards**

A Participant is, subject to this clause 6, entitled to exercise an Award on or after the Vesting Date. Any exercise must be for a minimum number or multiple of Shares (if any) specified in the terms of the Offer.

- 6.5 Awards may be exercised by the Participant delivering to the Company a notice stating the number of Awards to be exercised together with the Issue Price (if any) for the Shares to be issued.

## **7. Election of Board to settle Awards in cash**

---

If the Board determines that for a taxation, legal, regulatory or compliance reason it is not appropriate to issue or transfer Shares, the Company may in lieu and final satisfaction of the Company's obligation to issue or transfer Shares as required upon the exercise of an Award by a Participant, make a cash payment to the Participant equivalent to the Fair Market Value as at the date of exercise of the Award (less any unpaid Exercise Price applicable to the exercise of the Award) multiplied by the relevant number of Shares required to be issued or transferred to the Participant upon exercise of the Award.

## **8. Allotment of Shares on exercise or vesting of Awards**

---

### **8.1 Rights attaching to Shares**

The Shares issued under this Plan will upon allotment:

- (a) be credited as fully paid;
- (b) rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment; and
- (c) be subject to any restrictions imposed under these Rules, and

(d) otherwise rank equally with the existing issued Shares at the time of allotment.

## 8.2 Quotation

If the Company is listed, then as soon as practicable after the date of the allotment of Shares, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX.

## 8.3 New or existing Shares

The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules.

8.4 If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 8.5.

8.5 The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of this Plan.

## 9. Rights attaching to Shares

---

### 9.1 Shares to rank equally

Any Plan Shares allotted and issued, or transferred by the Company, to a Participant will rank equally with all existing Shares on and from the date of issue or transfer.

### 9.2 Dividends

A Participant will have a vested and indefeasible entitlement to any dividends declared and distributed by the Company on Plan Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the Participant.

### 9.3 Dividend reinvestment

The Participant may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares held by the Participant and such participation must be in respect of all Plan Shares held by the Participant. Shares issued under any dividend reinvestment plan operated by the Company will not be subject to any restrictions on dealing.

### 9.4 Voting rights

A Participant may exercise any voting rights attaching to Plan Shares registered in the Participant's name.

## 10. Restricted Awards

---

### 10.1 Restrictions

A Participant must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period.

10.2 The Company may implement any procedures it considers appropriate to ensure that Restricted Awards are not disposed of during the Restriction Period, including applying a holding lock in respect of Shares.

10.3 Without limiting its discretions under these Rules, the Board may at any time in its discretion waive or shorten the Restriction Period applicable to an Award. Bonus issues

10.4 If the Company makes a pro rata bonus issue to holders of Restricted Awards, the Shares issued to Participants under the pro rata bonus issue will be subject to the balance of the Restriction Period that applied to the Restricted Awards.

10.5 Takeovers etc.

If a takeover bid is made to acquire all of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for Shares in the Company, then Participants are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Awards other than Exempt Share Awards notwithstanding that the Restriction Period in respect of such Awards has not expired. The Board may, in its discretion, waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of such a takeover or other transaction.

10.6 Death of Participant

If a Participant dies before the end of the Restriction Period or prior to the Vesting Date, the Vesting Conditions and any Restriction Periods applicable to all Awards will cease to apply.

## **11. Change of Control**

---

On the occurrence of a Change of Control, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with.

## **12. Hedging unvested Awards**

---

Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.

## **13. Adjustments**

---

13.1 This clause 13 applies to Options, Performance Rights, Service Rights and other Awards where the Participant may be entitled to acquire Shares in the future on exercise of the Award.

13.2 New issues of shares

A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Awards before the record date for the relevant issue.

13.3 Bonus issues

If, prior to the exercise of an Award, the Company makes a pro-rata bonus issue to the holders of its Shares, and the Award is not exercised prior to the record date in respect of that bonus issue, the Award will, when exercised, entitle the holder to one Share plus the

number of bonus shares which would have been issued to the holder if the Award had been exercised prior to the record date.

#### 13.4 Other reorganisations of capital

If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Awards of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.

#### 13.5 General

Unless otherwise permitted by the Listing Rules, the number of Shares which the Participant is entitled to receive on exercise of an Award will only be adjusted in accordance with this clause 13.

13.6 The Company must give notice to Participants of any adjustment to the number of Shares which the Participant is entitled to receive on exercise of an Award in accordance with the Listing Rules.

### 14. Power of attorney

---

14.1 In consideration of the issue of the Awards, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Award.

14.2 The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

### 15. Tax or social security contributions

---

15.1 Where the Company, or a subsidiary (within the meaning of the Corporations Act) of the Company, must account for any tax or social security contributions (in any jurisdiction) for which a Participant is liable because of the issue or transfer of Shares, payment of cash to the Participant or the vesting or exercise of an Award (the **Amount**), either the Company or subsidiary of the Company may withhold the Amount in its discretion or the Participant must, prior to the Participant's Shares being issued or transferred or cash being paid to the Participant, or the Award vesting or being exercised (as applicable), either:

- (a) pay the Amount to the Company; or
- (b) make acceptable arrangements with the Company for the Amount to be made available to the Company.

### 16. Powers of the Board

---

16.1 The Plan will be administered by the Board, or a committee of the Board, which will have an absolute discretion to:

- (a) determine appropriate procedures for administration of the Plan consistent with these Rules;

- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
- (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions under the Plan or these Rules;
- (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions; and
- (e) amend these Rules, provided that such amendments do not materially prejudice the rights of existing Participants.

16.2 While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.

#### **17. Commencement, suspension, termination and amendment of Plan**

---

17.1 Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Awards, the Plan will take effect when the Board decides.

17.2 The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.

#### **18. Connection with other schemes**

---

18.1 The Company and any related body corporate of the Company are not restricted to using the Plan as the only method of providing incentive rewards to Employees.

18.2 The Company and any related body corporate of the Company may approve other incentive schemes.

18.3 Participation in the Plan does not affect, and is not affected by, participation in any other incentive scheme of the Company or any related body corporate of the Company unless the terms of that incentive scheme provide otherwise.

#### **19. General provisions**

---

19.1 Participants bound

Participants issued Awards under this Plan are bound by these Rules and by the Constitution of the Company.

19.2 Notices

Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or its delegate on behalf of the Company.

19.3 Any notice to be given by the Company may be given by email, and any reference to the Company giving or providing information or documents in writing includes doing so by email.

19.4 Effect on employee entitlements

Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an Employee.

19.5 Participation in the Plan, or the issuing of any Awards, does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of employment.

19.6 Governing law

These Rules are governed by and are to be construed in accordance with the laws of Victoria, Australia.

---



# Additional Information

## Will you be attending?

To assist our planning, please let us know whether you will be attending the Annual General Meeting by informing Sasha Bettess:

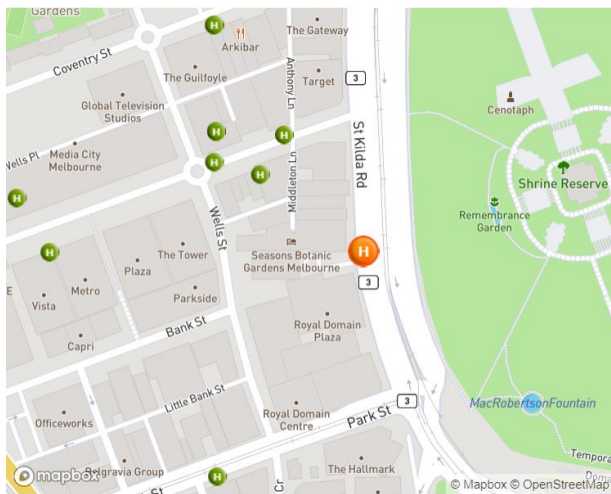
Email: [info@funtastic.com.au](mailto:info@funtastic.com.au)

Telephone: +61 (0) 3 9081 9100

## Location of meeting:

Seasons Botanic Gardens Hotel

348 St Kilda Road Melbourne VIC 3000



**By Car** – The hotel offers limited parking on site.

Public parking is available nearby at:

Secure Parking - 312 St Kilda Road

Secure Parking - 21 Bank Street

**By Public Transport** – Several buses and tram lines stop near the hotel, including routes 3, 5, 6, 16, 55, 64, 67, and 72. The hotel is located between stop 19 – Shrine of Remembrance and stop 20 – Park Street.

For personal use only



#### All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Melbourne Time) on Tuesday, 27 November 2018.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/funtasticagm2018>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Melbourne Time) on Tuesday, 27 November 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/funtasticagm2018>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Funtastic Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Seasons Botanic Gardens Hotel, 348 St Kilda Road Melbourne VIC on Thursday, 29 November 2018 at 11:00am (Melbourne Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 7 and 8, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1,7 and 8 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1,7 and 8). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director, Mr Shane Francis Tanner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director, Mr Stephen Michael Heath	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director, Mr Steven Douglas Leighton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Director, Mr John Tripodi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director, Ms Nicki Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Performance Rights to the Chief Executive Officer & Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Additional 10% Placement Capacity under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018