



**Appendix 4E (rule 4.3A) – Preliminary Final Report for the year ended 31 July 2020**

<b>Name of Entity:</b>	Funtastic Limited
<b>ABN:</b>	94 063 886 199
<b>Current Financial Period Ended:</b>	Year ended 31 July 2020
<b>Previous Corresponding Reporting Period:</b>	Year ended 31 July 2019

**Results for Announcement to the Market**

	\$ '000	Up/Down	% Movement
Revenue from ordinary activities from continuing operations	24,597	Down	(18%)
Net profit/(loss) from ordinary activities before tax from continuing operations	(9,205)	Down	(221%)
Net profit/(loss) from ordinary activities after tax from continuing operations	(9,205)	Down	(223%)
Net profit/(loss) from ordinary activities after tax from discontinued operations	(108)	Down	(220%)
Net profit/(loss) from ordinary activities after tax from continuing and discontinued operations (all attributable to members of Funtastic Limited)	(9,313)	Down	(223%)
<b>Dividend Information</b>	<b>Amount per Share (cents)</b>	<b>Franked amount per Share (cents)</b>	<b>Tax rate for Franking Credit</b>
Interim Dividend – Current reporting period	nil	nil	n/a
Final Dividend – Current reporting period	nil	nil	n/a
<b>Final Dividend Dates</b>			
Ex-dividend date		Not applicable	
Record date		Not applicable	
Payment date		Not applicable	
Details of any dividend reinvestment plan (DRP) in operation		Not applicable	
The last date for receipt of an election notice for participation in any dividend reinvestment plan		Not applicable	
<b>Net Tangible Liabilities</b>		<b>Jul-2020</b>	<b>Jul-2019</b>
<b>Net tangible liabilities per security</b>		(3.63) cents	(0.23) cents
<b>Other information</b>	This report is based on the consolidated financial statements which are in the process of being audited by Grant Thornton Audit Pty Ltd.		
Further details regarding the results above can be found in the attached announcement.			

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30<sup>th</sup> September 2020

Funtastic Limited

ABN 94 063 886 199

Preliminary Final Report

### Announcement of results for the year ended 31 July 2020

Funtastic Limited (ASX: FUN) today released its preliminary results for the year ended 31 July 2020, with reported preliminary net loss after tax from continuing operations of \$(9.2)m (unaudited). This compares to the previous years' result of a net profit after tax from continuing operations of \$7.5m.

Funtastic's operating EBITDA is \$(3.3)m, this compares to the previous years' result of an operating EBITDA of \$(4.2)m.

Key Financials AUD 'm	FY20	FY19 <sup>3</sup>	% Change
Revenue	24.6	30.0	(17.9%)
EBITDA	(7.7)	8.7	(188.9%)
Profit/(Loss) before Tax	(9.2)	7.6	(221.1%)
Net profit/(loss) after tax	(9.2)	7.5	(222.6%)
Basic EPS (cents) from continuing operations	(3.9)	3.6	(207.9%)
Dividend per share (cents)	N/A	N/A	
ROE <sup>1</sup>	(4.13%)	3.40%	(7.5%)
Net Debt (\$m)	8.5	4.9	75.4%
Gearing <sup>2</sup>	(0.99)	(15.21)	(93.5%)

<sup>1</sup> - NPAT/average shareholder equity;

<sup>2</sup> - Net debt/shareholder equity;

<sup>3</sup> - FY19 results include a one-off gain of \$15.7m related to debt write off

### Reconciliation of Statutory EBITDA to Operating EBITDA

	FY20	FY19
	\$'000	\$'000
<b>Statutory EBITDA of continuing operations</b>	<b>(7,733)</b>	<b>8,704</b>
Bank Debt Forgiveness net of costs	-	(15,710)
Disposal/Impairment of intangible assets	94	702
Redundancy and restructuring costs	444	-
Write down of inventory related to exit of toy distribution division	1,925	-
Provision for license guarantee commitments	111	2,364
Non-recurring significant legal costs	814	283
Provision for inventory to be returned to supplier	-	493
Provision for disputed liabilities	209	-
Provision for shut down of discontinued operations	220	-
Unrealised FX losses/(gains)	925	(1,029)
Government subsidies related to Covid-19	(300)	-
<b>Operating EBITDA</b>	<b>(3,291)</b>	<b>(4,193)</b>

## The Period in Review

It has been a year of change for the Company. As outlined at last year's Annual General Meeting, the Board and management identified three key strategic initiatives to drive the turnaround of the business and the year has been highly focused on executing these initiatives.

Firstly, we rationalised the product portfolio which included the exit of the unprofitable toy distribution and apparel divisions and streamlined the business to focus on product ranges offering growth potential. These included Funtastic own branded products such as Chill Factor, confectionery including our own X-treme range of products and the Razor range of outdoor scooters. As a result of this range review, the Company announced a restructuring of the business that is now largely complete and has delivered significant reductions in the fixed cost base of the business. Further cost reduction activity has included the implementation of a new ERP system delivering process improvement, increased efficiency and additional significant costs savings. Further cost reduction initiatives are ongoing in the drive to return the business to profitability.

The second strategic initiative was to introduce new product ranges, again with strong growth potential, within Funtastic's core market of families with kids. During the year Funtastic successfully launched the Mochies range of smart watches for kids. Mochies provides a child's first mobile phone while giving parents peace of mind and confidence in their child's security. In addition to the traditional sale and distribution of product through retail channels, Mochies provides the Company with a recurring revenue stream. Other new product ranges successfully introduced during the year include the Learning Resources range of kid's educational products and a children's range of arts and crafts products.

The final strategic initiative was to seek new businesses that met strict criteria in emerging growth sectors around families with kids. As recently announced, as part of this initiative the Company is currently in discussions regarding the potential acquisition of certain businesses that align with the Company's strategic direction. If this potential transaction were to proceed, the Company may undertake a capital raising to support the potential transaction. Discussions remain ongoing and there is no certainty whether the potential transaction will proceed. The Company expects to be able to provide an update regarding the potential transaction in the coming weeks.

Highlights for the year ended 31 July 2020 include:

- Restructured product categories:
  - Exit of unprofitable product ranges
  - Focus on product ranges offering margin and growth potential
  - Introduction of new, high potential, product category with reoccurring revenue stream
- Right sizing of the business:
  - Headcount reduction aligned with refreshed product categories
  - Implementation of a new ERP system to reduce costs and improve process efficiency
  - Relentless focus on cost containment and efficiency improvements
- Continued expansion of retail footprint into specialty channels:
  - Reduced concentration in DDS
  - Growth of independent channels
  - Revenue growth via direct to consumer online channels

The Board's key strategic initiatives to improve performance include:

- Driving organic growth through the refreshed product portfolio:
  - Grow confectionery and treats business through range extensions
  - Focus Razor toward the growing kids electric scooter market
  - Continued expansion into the fast-growing kids' wearable tech product sector
  - Expand presence in learning and educational (STEM) products
  - Continue to grow international distribution of lifestyle products
  - Capitalise on the growing direct to consumer ecommerce channel
- Introducing new products:
  - Secure distribution of high margin products complementary to existing portfolios
- Seeking to own wanted brands or popular franchises in the emerging growth sectors of Families with Kids
  - Learning in a fun, engaging and educational way
  - Keeping fit and staying healthy
  - Staying safe
- Seek strategic opportunities for acquisition or merger that will deliver inorganic profit growth

The Group initiated several cost management strategies in the early stages of the COVID-19 pandemic including a reduction in Board salaries and fees, a reduction in employees hours, a cessation of travel as well as rent reductions negotiated with

the landlord. The Group qualified and received \$300,000 in government assistance to ensure that eligible staff received JobKeeper support.

On behalf of the Board I would like to take the opportunity to thank our loyal shareholders who have stood steadfastly behind the company during the past financial year and especially JASZAC Investments Pty Ltd whose loan facility enabled the Company to successfully deliver our strategic initiatives and who have played an invaluable role in the planned acquisition of the Hobby Warehouse Group. We would also like to express our sincere thanks to our valued customers, business partners, suppliers, bankers and advisors for their continued support. We especially thank the management and entire staff of Funtastic for their undivided commitment, dedication and loyalty and notably David Jackson who successfully steered the Company through a period of significant change and transformation and has left the business in a far stronger position than when he joined us. We look forward to your continued support and contribution as we continue to work together to improve the Company's performance and shareholder value moving forwards.

#### **Audit report**

While the accounts are in the process of being audited, the accounts are likely to contain an independent audit report that is subject to an emphasis of matter in relation to the material uncertainty related to going concern. The ability for the Group to continue as a going concern is dependent upon the following factors:

- Sustaining the improved financial results through normal trading and achieving budgeted results
- Implementation of strategic initiatives to drive profitable growth
- Securing additional funding either through debt, equity or a combination of both
- Continued support of creditors and customers through appropriate trading terms

The directors believe that the Group will be able to achieve the improved results and deliver the strategic initiatives and are satisfied that the Group will continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

**Bernie Brookes AM**  
Chairman of the Board



30 September 2020

## Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 July 2020

	Note	31-Jul-20 \$'000	31-Jul-19 \$'000
Revenue	4	24,597	29,959
Cost of Goods Sold		(21,067)	(25,054)
<b>Gross profit</b>		<b>3,530</b>	<b>4,905</b>
Investment Income		3	1
Other income		300	-
Warehouse and Distribution Expenses		(2,205)	(2,310)
Marketing and Selling Expenses		(1,027)	(599)
Administration Expenses		(3,723)	(2,361)
Staff Expenses		(4,611)	(5,940)
Bank Forgiveness		-	15,710
Impairment of Goodwill and Intangible Assets		-	(702)
<b>Earnings before interest, taxation, amortisation and depreciation (EBITDA)</b>		<b>(7,733)</b>	<b>8,704</b>
Finance Costs		(1,152)	(703)
Depreciation Expenses		(263)	(88)
Amortisation Expenses		(57)	(311)
<b>Profit/(Loss) before income tax</b>		<b>(9,205)</b>	<b>7,602</b>
Income tax (expense)/benefit	5	-	(96)
<b>Profit/(Loss) for the period from continuing operations</b>		<b>(9,205)</b>	<b>7,506</b>
<b>Discontinued operations</b>			
Profit/(Loss) from Discontinued Operations	3	(108)	90
<b>Profit/(Loss) for the year</b>		<b>(9,313)</b>	<b>7,596</b>
<b>Other comprehensive income (net of tax)</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		886	(980)
<b>Other comprehensive income/(loss) for the year (net of tax)</b>		<b>886</b>	<b>(980)</b>
<b>Total comprehensive income/(loss) for the year attributable to the members of Funtastic</b>		<b>(8,427)</b>	<b>6,615</b>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)	17	(3.94)	3.64
Diluted earnings per share (cents per share)	17	(3.94)	3.61
<b>Earnings per share - continuing operations</b>			
Basic earnings per share (cents per share)	17	(3.89)	3.60
Diluted earnings per share (cents per share)	17	(3.89)	3.57

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position as at 31 July 2020

	Note	31-Jul-20 \$'000	31-Jul-19 \$'000
<b>Current Assets</b>			
Cash	6	367	465
Receivables	7	1,809	3,460
Inventories	8	1,373	5,037
Tax Receivable		-	19
Other Assets	9	590	1,554
<b>Total Current Assets</b>		<b>4,139</b>	<b>10,535</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	25	40
Right of Use Assets	10	691	-
Other Intangibles	12	102	212
Other Assets	9	50	50
<b>Total Non-Current Assets</b>		<b>868</b>	<b>302</b>
<b>Total Assets</b>		<b>5,007</b>	<b>10,837</b>
<b>Current Liabilities</b>			
Trade Payables		1,154	3,730
Other Payables		171	511
Interest Bearing Liabilities	13	478	1,657
Provisions		241	469
Lease Liabilities	14	211	-
Other Liabilities	15	2,411	1,094
<b>Total Current Liabilities</b>		<b>4,666</b>	<b>7,461</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	13	8,428	3,676
Provisions		13	21
Non-Current Lease Liabilities	14	535	-
<b>Total Non-Current Liabilities</b>		<b>8,976</b>	<b>3,697</b>
<b>Total Liabilities</b>		<b>13,642</b>	<b>11,158</b>
<b>Net Liabilities</b>		<b>(8,635)</b>	<b>(321)</b>
<b>Equity</b>			
Issued capital	16	225,166	224,848
Accumulated Losses		(233,086)	(223,773)
Reserves		(715)	(1,396)
<b>Total Deficiency</b>		<b>(8,635)</b>	<b>(321)</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity for the year ended 31 July 2020

	Issued Capital \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserve \$'000	Equity settled Employee Benefits Reserve \$'000	Total \$'000
<b>Balance at 1 August 2018</b>	<b>217,400</b>	<b>(231,369)</b>	<b>(621)</b>	<b>324</b>	<b>(14,266)</b>
Profit for the year	-	7,596	-	-	7,596
Other comprehensive income	-	-	(980)	-	(980)
Total comprehensive profit	-	7,596	(980)	-	6,615
Issue of ordinary shares	7,448	-	-	-	7,448
Forfeit of share rights	-	-	-	(119)	(119)
<b>Balance at 31 July 2019</b>	<b>224,848</b>	<b>(223,773)</b>	<b>(1,601)</b>	<b>205</b>	<b>(321)</b>
Profit/(Loss) for the year	-	(9,313)	-	-	(9,313)
Other comprehensive income	-	-	886	-	886
Total comprehensive profit/(loss)	-	(9,313)	886	-	(8,427)
Issue of ordinary shares	113	-	-	-	113
Transfer of share-based payments/expenses	205	-	-	(205)	-
<b>Balance at 31 July 2020</b>	<b>225,166</b>	<b>(233,086)</b>	<b>(715)</b>	<b>-</b>	<b>(8,635)</b>

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## Consolidated Statement of Cashflows for the year ended 31 July 2020

	Note	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		27,741	31,119
Receipts from other income		300	-
Payments to suppliers		(25,785)	(32,687)
Payments to employees		(4,656)	(5,929)
Cash (utilised)/generated from operations		(2,400)	(7,497)
Income taxes refunded/(paid)		19	29
Interest and other costs of finance paid		(341)	(562)
<b>Net cash outflow from operating activities</b>		<b>(2,722)</b>	<b>(8,030)</b>
<b>Cash Flows from Investing Activities</b>			
Interest and other investment income received		3	1
Payments for plant and equipment		(35)	(5)
Payments for other intangible assets		(42)	(147)
<b>Net cash outflow from investing activities</b>		<b>(74)</b>	<b>(151)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		2,763	5,666
Repayment of commercial bills		-	(5,136)
Repayment of lease liabilities		(178)	-
Security deposit paid		-	(50)
Proceeds from share issue		132	8,232
Costs from share issue		(19)	(784)
<b>Net cash inflow from financing activities</b>		<b>2,698</b>	<b>7,928</b>
<b>Net increase/(decrease) in Cash Held</b>		<b>(98)</b>	<b>(253)</b>
Cash and cash equivalents at the beginning of the year		465	718
<b>Cash and cash equivalents at the end of the year</b>	6	<b>367</b>	<b>465</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



## Notes to the Financial Statements 31 July 2020

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### **NOTE 1: Basis of preparation**

This preliminary final report has been prepared in accordance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This preliminary final report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary final report covers the consolidated group of Funtastic Limited and its controlled entities (Consolidated Group). Funtastic Limited is a public company, incorporated and domiciled in Australia.

The preliminary final report of Funtastic Limited and its controlled entities complies with all International Financial Reporting Standards (IFRS) in their entirety.

#### **Going concern basis**

The financial report has been prepared on the going concern basis which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business.

The loss for the period from continuing operations is \$9.2 million.

As at 31 July 2020 the current net liability position is \$0.5 million. Non-current liabilities of \$8.4 million are a long-term loan with no covenants and a due date of 31 December 2023.

The Group has entered into a secured loan agreement with Jaszac Investments Pty Ltd (Jaszac), for Jaszac to provide funding to the company of an amount up to AUD\$12.2 million for the purpose of general working capital. The final repayment date of the loan is 31 December 2023. As at 31 July 2020 the balance of loan drawn was \$7.5 million with interest owing of \$0.9m giving a total liability of \$8.4 million and the available loan limit as per the loan agreement was \$10.4 million. Additionally, the Group has a working capital facility of AUD5.0 million plus USD5.0 million with Scottish Pacific Business Finance secured by the debtor assets of the business.

Should the Group be unable to continue as a going concern, it may be required to realise assets and extinguish liabilities at amounts different to those recorded in the financial statements.

The ability for the Group to continue as a going concern is dependent upon the following factors:

- Sustaining the improved financial results through current trading
- Implementation of strategic initiatives to drive profitable growth
- Securing additional funding either through debt, equity or a combination of both
- Continued support of creditors and customers through appropriate trading terms

The Directors believe that the Group will be able to achieve the improved results and deliver the strategic initiatives and are satisfied that the Group will continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

#### **Reporting basis and conventions**

The preliminary final report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which fair value accounting has been applied.

## Notes to the Financial Statements 31 July 2020

### NOTE 2: Segment information

Based on the reports reviewed by the Chief Executive Officer to make strategic and operating decisions, management has determined that the Group has one operating segment.

#### *Geographical Information*

The Group operates in one principal geographical area – Australia/NZ. The Group's revenue from external customers and information by geographical location is as follows:

	Revenue from External Customers		Non-Current Assets	
	Year ended	Year ended	Year ended	Year ended
	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19
	\$'000	\$'000	\$'000	\$'000
Australia/NZ	24,597	29,959	868	302
	<b>24,597</b>	<b>29,959</b>	<b>868</b>	<b>302</b>

#### *Information about major customers*

Included in revenues of Australia/NZ of \$24,597,000 are revenues of approximately \$7,333,218 (2019: \$15,877,647), which arose from sales to the largest customer (2019: two largest customers).

#### *Information about products and services*

The Group generates all their revenue from the sale of consumer products (toys, sporting, confectionery, apparel and lifestyle products).

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## Notes to the Financial Statements 31 July 2020

### NOTE 3: Discontinued operations

	Year ended 31 July 2020 \$'000	Year ended 31 July 2019 \$'000
<b>Results of discontinued operation</b>		
Revenue	-	-
Expenses	(108)	90
<b>Profit/(Loss) before tax</b>	<b>(108)</b>	<b>90</b>
Attributable income tax expense	-	-
<b>Result from operating activities, net of tax</b>	<b>(108)</b>	<b>90</b>
Comprising:		
Discontinued operation – USA	(8)	90
Discontinued operation – Fun International Limited	(25)	-
Discontinued operation – Fun Toy Products Consulting (Shenzhen) Company Limited	(75)	-
<b>Profit/(Loss) for the year from discontinued operations</b>	<b>(108)</b>	<b>90</b>
Basic Profit/(Loss) per share (cents per share)	(0.05)	0.04
Diluted Profit/(Loss) per share (cents per share)	(0.05)	0.04

	Year ended 31 July 2020 \$'000	Year ended 31 July 2019 \$'000
<b>Cashflow used in discontinued operations</b>		
Net cash produced/(used) in operating activities	(108)	(14)

### NOTE 4: Revenue

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>Revenue from the sale of goods</b>		
Gross revenue	27,200	33,538
Less settlement discounts and rebates	(2,774)	(3,666)
	<b>24,426</b>	<b>29,872</b>
Other revenue	172	87
	<b>172</b>	<b>87</b>
Total revenue	<b>24,597</b>	<b>29,959</b>

## Notes to the Financial Statements 31 July 2020

### NOTE 5: Income tax

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>(a) Income tax benefit/(expense) relating to continuing operations</b>		
Tax expense comprises:		
Current tax benefit/(expense) in respect of the current year	2,121	(2,080)
Adjustments recognised in the current year in relation to the current tax expense of prior years	-	96
	<b>2,121</b>	<b>(1,984)</b>
Deferred tax expense comprises:		
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	<b>(2,121)</b>	2,080
<b>Total tax benefit/(expense) relating to continuing operations</b>	<b>-</b>	<b>96</b>

### *Tax Losses and temporary differences*

As at 31 July 2020 the Group has carried forward revenue tax losses of approximately \$62,474,699 (2019: \$54,840,827) and capital tax losses of approximately \$7,004,253. As at 31 July 2020 a deferred tax asset of \$nil (2019: \$nil) has been booked relating to revenue tax losses and deferred assets relating to temporary differences of \$nil (2019: \$nil). The Company has made losses in previous reporting periods. Following the assessment of the probability of recovery, having considered forecast future taxable income and current tax legislation with respect to carrying forward tax losses and temporary differences, the full balance of tax losses available at 31 July 2020 of \$69,478,952 has not been booked as a deferred tax asset in these financial statements.

### NOTE 6: Cash

For the purposes of the statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows:

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
Cash and cash equivalents	367	465

### NOTE 7: Current Assets – Trade and Other Receivables

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
Trade receivables	4,671	6,189
Allowance for impairment	(1,915)	(1,863)
Allowance for credit notes, rebates & settlement discounts	(947)	(866)
<b>Total Current Receivables</b>	<b>1,809</b>	<b>3,460</b>

## Notes to the Financial Statements 31 July 2020

### NOTE 8: Current assets – Inventories

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
Stock at cost	2,277	6,346
Obsolescence provision	(904)	(1,309)
<b>Stock at Net Realisable Value</b>	<b>1,373</b>	<b>5,037</b>

### NOTE 9: Other Assets

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>Current other assets</b>		
Prepaid royalties	114	213
Prepayments	68	456
Prepaid inventory	408	747
Currency Hedge	-	138
	<b>590</b>	<b>1,554</b>
<b>Other non-current assets</b>		
Bonds and Deposits	50	50
	<b>50</b>	<b>50</b>

### NOTE 10: Right of Use Assets

	Property 31-Jul-20 \$'000	Equipment Hire 31-Jul-20 \$'000	Total 31-Jul-20 \$'000
Right of Use Assets- at cost	904	20	924
Less: accumulated depreciation	(223)	(10)	(233)
	<b>681</b>	<b>10</b>	<b>691</b>
<b>Reconciliation</b>			
Opening Balance at 1/8/2019 (upon adoption of AASB 16 Leases)	904	20	924
Depreciation	(223)	(10)	(233)
	<b>681</b>	<b>10</b>	<b>691</b>

### NOTE 11: Non-current assets – Plant and equipment

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
Plant and equipment – at cost	1,182	1,185
Less: accumulated depreciation	(1,157)	(1,145)
	<b>25</b>	<b>40</b>

## Notes to the Financial Statements 31 July 2020

### Note 12: Non-current Assets – Other Intangibles

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
Brand names	1,015	1,015
Accumulated amortisation and impairment	<u>(1,015)</u>	<u>(1,015)</u>
	-	-
Software costs	2,841	2,935
Accumulated amortisation and impairment	<u>(2,840)</u>	<u>(2,849)</u>
	1	86
Chill Factor – Trademarks and patents	10,495	10,495
Accumulated amortisation and impairment	<u>(10,394)</u>	<u>(10,369)</u>
	101	126
Licenses, trademarks, distribution agreements & supplier relationships	11,164	11,164
Accumulated amortisation and impairment	<u>(11,164)</u>	<u>(11,164)</u>
	-	-
	<u>102</u>	<u>212</u>

As impairment indicators were present for intangible assets, AASB 136 required performance of an impairment assessment of the various other intangibles. This has been performed, based on the royalty relief method by applying a market related royalty rate to the expected future sales and terminal growth rate, which is a level three valuation in the fair value hierarchy.

Projected sales were calculated based on the approved FY2021 budget and management's view of longer-term performance expectations. The estimated product life cycle was included in the calculation.

### NOTE 13: Borrowings

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>Secured – at amortised cost</b>		
<b>Current</b>		
Debtor finance	478	1,657
<b>Total Current</b>	<u>478</u>	<u>1,657</u>
<b>Non-current</b>		
Interest bearing liabilities	8,428	3,676
<b>Total Non-current</b>	<u>8,428</u>	<u>3,676</u>

During the year the Group renewed its debtor factoring facilities with Scottish Pacific. The Group continues to have a bank guarantee to the value of \$155,863 from Scottish Pacific for the purposes of securing its office lease.

On the 15 March 2019, the Group entered into a secured loan agreement with Jaszac to provide funding to the company of an amount up to AUD \$6 million for the purpose of general working capital. On 14 January 2020 the secured loan agreement was amended to increase the maximum loan amount up to \$12.195 million. As at 31 July 2020 the available loan limit as per the loan agreement was \$10.375 million. Interest in the amount of 12% per annum is payable on the final repayment date and security comprises a general security deed between Funtastic and Jaszac entitling Jaszac to a secured interest over Funtastic. The repayment date is 31 December 2023.

## Notes to the Financial Statements 31 July 2020

### NOTE 14: Lease Liabilities

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>Current Lease Liabilities</b>	<b>211</b>	-
<b>Non-current Lease Liabilities</b>	<b>535</b>	-
	<b>746</b>	-

### Maturity analysis

	Within 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	After 5 years \$'000	Total \$'000
Lease payments	289	287	296	25	-	-	897
Finance charge	(78)	(52)	(21)	-	-	-	(151)
Discounted Lease Liabilities	211	235	275	25	-	-	746

### NOTE 15: Other Liabilities

	Year ended 31-Jul-20 \$'000	Year ended 31-Jul-19 \$'000
<b>Current</b>		
Accrued royalties	177	358
GST payable	37	8
Payroll accruals	73	53
Currency hedges	38	-
Other accrued expenses	2,086	675
<b>Total Current</b>	<b>2,411</b>	<b>1,094</b>

## Notes to the Financial Statements 31 July 2020

### NOTE 16: Issued Capital

Share Capital	Year ended	Year ended
	31-Jul-20	31-Jul-19
	\$'000	\$'000
240,404,075 fully paid ordinary shares (2019: 233,176,894)	225,166	224,848

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998.

	31-Jul-20		31-Jul-19	
	Number of Shares	Share Capital \$'000	Number of Shares	Share Capital \$'000
<b>Movements in Ordinary Share Capital</b>				
Opening balance	233,176,894	224,848	96,025,827	217,400
Placement Offer 13 September 2018	-	-	20,562,620	1,116
Entitlement Offer 9 October 2018	-	-	116,588,447	6,332
Share Purchase Plan 19 December 2019	5,583,345	113	-	-
Conversion of Service Rights 18 June 2020	1,643,836	205	-	-
<b>Closing balance</b>	<b>240,404,075</b>	<b>225,166</b>	<b>233,176,894</b>	<b>224,848</b>

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## Notes to the Financial Statements 31 July 2020

### NOTE 17: Earnings per share

	31-Jul-20	31-Jul-19
	Cents per	Cents per
	share	share
<b>Basic profit/(loss) per share</b>		
From continuing operations	(3.89)	3.60
From discontinued operations	(0.05)	0.04
<b>Total Earnings per share</b>	<b>(3.94)</b>	<b>3.64</b>
<b>Diluted profit/(loss) per share</b>		
From continuing operations	(3.89)	3.57
From discontinued operations	(0.05)	0.04
<b>Total profit/(loss) per share</b>	<b>(3.94)</b>	<b>3.61</b>
<b>Basic earnings per share calculation:</b>	<b>\$'000</b>	<b>\$'000</b>
Net profit/(loss) after tax for the year – continuing operations	(9,205)	7,506
Net profit/(loss) after tax for the year – discontinued operations	(108)	90
<b>Profit/(Loss) used in the calculation of total basic EPS</b>	<b>(9,313)</b>	<b>7,596</b>
	<b>No. '000</b>	<b>No. '000</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic profit/(loss) per share	236,802	208,339
<b>Diluted earnings per share calculation:</b>		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic profit/(loss) per share	236,802	208,339
Add: Shares deemed to be issued for no consideration in respect of:		
Performance and service rights	-	1,644
<b>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</b>	<b>236,802</b>	<b>209,983</b>

### NOTE 18: Dividends on equity instruments

There were no dividends declared or paid during the financial year (2019: nil). The franking account balance as at 31 July 2020 is \$19,301,903 (2019: \$19,301,903).

## Notes to the Financial Statements 31 July 2020

### NOTE 19: Subsidiaries

Name of Entity	Country of Incorporation	Equity Holding	
		Year ended 31-Jul-20 %	Year ended 31-Jul-19 %
<b>Company</b>			
Funtastic Limited <sup>(i), (iii)</sup>	Australia	100	100
<b>Subsidiaries</b>			
Fun International Limited	Hong Kong	100	100
Funtastic America Inc. (formerly My Paint Box Inc.)	USA	100	100
NSR (HK) Limited <sup>(iii)</sup>	Hong Kong	100	100
Safety Products International Pty Limited <sup>(ii), (iv)</sup>	Australia	-	100
Chill Factor Global Pty Limited <sup>(ii), (iii)</sup>	Australia	100	100
Fun Toy Products Consulting (Shenzhen) Company Limited	China	100	100

(i) Funtastic Limited is the head entity within the tax consolidated Group

(ii) These companies are members of the tax consolidated Group

(iii) These wholly owned subsidiaries have entered into a deed of cross guarantee with Funtastic Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. The subsidiaries became a party to the deed of cross guarantee on 23 July 2008.

(iv) This company was deregistered on 28 August 2019

### NOTE 20: Contingent Assets and Liabilities

As of the 31 July 2020, the Group had a contingent liability of \$2.36 million related to a potential claim against unpaid royalties associated with a terminated contract. The Group has sought legal advice in respect to this claim and based on this advice considers there to be a low probability that this claim will be successful in the future.

There are no contingent assets as at 31 July 2020.

### NOTE 21: Subsequent Events

#### Strategic update

The Group continues to undertake a strategic review of the business and seek opportunities, both internally and externally, to grow the business within growth category sectors based around families with kids. As part of this strategy, the Company is currently in discussions regarding the potential acquisition of certain businesses that align with the Company's strategic direction (Potential Transaction). If the Potential Transaction were to proceed, the Group may undertake a capital raising to support the Potential Transaction. Discussions remain ongoing and there is no certainty whether the Potential Transaction will proceed. The Group expects to be able to provide an update regarding the Potential Transaction in the coming weeks.

#### COVID-19

Subsequent to balance date, Victoria has experienced a second wave of the COVID-19 pandemic. The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the impact after the reporting date. The situation continues to develop and the impact will be dependent on measures imposed by both Australian and foreign governments such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

## Notes to the Financial Statements 31 July 2020

### NOTE 22: General Information

Funtastic Limited (the Company) is a limited company incorporated in Australia.

#### Distribution of equity securities as at 28<sup>th</sup> September 2020.

Analysis of numbers of equity security holders by size of holdings:

Range	Fully Paid Ordinary Shares				
	Holders	Securities	%	Options	Rights
1-1,000	2,485	475,468	0.20%	-	-
1,001-5,000	349	792,109	0.33%	-	-
5,001-10,000	116	879,712	0.37%	-	-
10,001-100,000	253	9,828,851	4.09%	-	-
100,001 and over	186	228,427,935	95.01%	-	-
	<b>3,389</b>	<b>240,404,075</b>	<b>100.00%</b>	-	-

Twenty largest quoted equity security holders	Shares	%
JASZAC INVESTMENTS PTY LTD <JASON SOURASIS INVESTMNT A/C>	44,378,105	18.46%
G HARVEY NOMINEES PTY LTD <HARVEY 1995 DISCRETIONARY AC>	22,113,602	9.20%
BOND STREET CUSTODIANS LIMITED <SFPAPL - V38986 A/C>	11,911,000	4.95%
BOND STREET CUSTODIANS LIMITED <SFPAPL - V38983 A/C>	11,741,306	4.88%
PHILRENE PTY LTD <PHILRENE SUPER FUND A/C>	11,555,178	4.81%
UBS NOMINEES PTY LTD	11,204,064	4.66%
APES WITH WINGS PTY LTD <SALOM FAMILY 3 A/C>	9,200,000	3.83%
BT PORTFOLIO SERVICES LIMITED <MR MICHAEL FIRRITO BTML A/C>	8,990,000	3.74%
ANGIE TARAS	5,000,000	2.08%
CITICORP NOMINEES PTY LIMITED	4,288,270	1.78%
VAWDREY NOMINEES PTY LTD <THE VAWDREY FAMILY ACCOUNT>	3,296,324	1.37%
BT PORTFOLIO SERVICES LIMITED <N & D SPARTELS S/F A/C>	3,006,512	1.25%
MRS ANNABEL JANE MACKENZIE	2,850,833	1.19%
BT PORTFOLIO SERVICES LIMITED <LPS INVESTMENT CO UNIT A/C>	2,773,000	1.15%
HEATH NOMINEES (AUST) PTY LTD <THE HEATH FAMILY A/C>	2,640,706	1.10%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,248,000	0.94%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,007,617	0.84%
MR ATHAR JAMEEL BHUTTO	2,000,000	0.83%
BT PORTFOLIO SERVICES LIMITED <JDZ INVESTMENTS A/C>	1,853,630	0.77%
MR STEVEN DOUGLAS LEIGHTON	1,643,836	0.68%
<b>TOTAL</b>	<b>164,701,983</b>	<b>68.51%</b>
BALANCE OF REGISTER	75,702,092	31.49%
<b>GRAND TOTAL</b>	<b>240,404,075</b>	<b>100.00%</b>

#### Voting Rights

The voting rights attaching to each class of equity securities are set out below:

##### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### Options and Share Rights

No voting rights.