

Appendix 4D

Half-year report

Name of entity:

Tinybeans Group Limited

ABN or equivalent company reference:

46 168 481 614

1. Reporting period

Reporting period:

Half-year ended 31 December 2020

Previous corresponding period:

Half-year ended 31 December 2019

2. Results for announcement to the market

Current Period
2020
\$

2.1	Revenue from ordinary activities	Up	141%	to	5,633,041
2.2	Loss from ordinary activities for the period after tax attributable to members	Down	43%	to	(1,073,749)
2.3	Net loss for the period attributable to members	Down	43%	to	(1,073,749)
2.4	Dividends	Amount per security		Franked amount per security	
	Final dividend	NIL		N/A	
	Interim dividend	NIL		N/A	
2.5	Record date for determining entitlements to the dividends	N/A			

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

The Group acquired Red Tricycle Inc. on 27 February 2020, and its financial statements forms part of the Consolidated Group since the date of acquisition.

The loss for the Group after income tax amounted to \$1,073,749 (31 December 2019: \$1,873,090). The Group has generated total revenue of \$5,633,041 up from \$2,335,853 in the previous year's financial half-year. The increase in revenue mainly came from advertising which increased to \$4,727,777 representing growth of 185% on the previous year. Tinybeans has both renewed and attracted new advertisers on the platform.

Operating expenses amounted to \$7,145,494 (31 December 2019: \$4,205,541). Employee benefits expense increased by \$2,021,858 due to increased headcount including the 20 employees of Red Tricycle Inc. who were converted to Tinybeans USA Ltd's employees in September 2020. Also, the administrative costs were higher by \$604,814, of which \$298,897 was for Red Tricycle Inc., and the remaining increases were mainly due to higher costs in;

- (1) consulting fees for various contract roles,
- (2) online software for various software subscriptions, and
- (3) insurance due to increase in D&O insurance premium and in health benefits associated with the increase in headcount.

Depreciation and amortisation expense amounted to \$614,669 (31 December 2019: \$211,616) mainly for the amortisation of the software platform and content repository which were acquired as part of the Red Tricycle, Inc. acquisition.

3. Net tangible asset backing

	Current Period 2020 \$	Previous Period 2019 \$
Net tangible asset backing per ordinary share	0.0821	0.1144

4. Control gained or lost over entities

N/A

5. Dividends (in the case of a trust, distributions)

Date dividend is payable

N/A

[†]Record date to determine entitlements to the dividend

N/A

If it is a final dividend, has it been declared?

N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
Final dividend: Current year	NIL	N/A	N/A
Interim dividend: Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim *plus* final)

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

6. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

N/A

7. Associate and joint venture entities

N/A

8. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

9. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.
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10. Attachments

The Interim Report of Tinybeans Group Ltd and its controlled entities for the half-year ended 31 December 2020 is attached.



Sign here:

Date: 25 February 2021

Print name: Edward Geller
Chief Executive Officer

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**



INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

CORPORATE DIRECTORY

DIRECTORS

Ms. Andrea Cutright, appointed 28 October 2020
Mr. John Dougall
Ms. Megan Gardner, resigned 10 December 2020
Mr. Edward Geller
Ms. Mary Godfrey, resigned 10 December 2020
Ms. Kathy Mayor, appointed 28 October 2020
Mr. Andrew Whitten

COMPANY SECRETARY

Mr. Dean Jagger

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 5, 126 Phillip Street
Sydney NSW 2000
Email: investors@tinybeans.com
Website: www.tinybeans.com

SHARE REGISTRY

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: 1300 288 664 (within Australia)
Telephone: +61 (2) 9698 5414 (outside Australia)
Email: hello@automic.com.au
Website: www.automicgroup.com.au

AUDITORS

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000
Telephone: (02) 8226 4500
Facsimile: (02) 8266 4501
Website: www.rsm.global/australia

STOCK EXCHANGE LISTING

Tinybeans Group Limited's shares are listed on the Australian Securities Exchange (ASX code: **TNY**).

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

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**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

CHAIRMAN'S MESSAGE

Dear Fellow Shareholder,

I am pleased to present the half year report for the period ended December 2020 for Tinybeans Group Limited and its controlled entities (ASX: TNY) ("Tinybeans" or the "Company"), the technology platform that serves nearly 5 million parents and their families monthly.

I am also very pleased with what we have achieved and delivered in terms of results in the past 6 months. Your Board has worked hard to support the new Leadership Team as they formulated a new 3-year strategy, transforming what was an app for childhood memories, to a platform that strives to help parents in nurturing their children.

Our entire team of 50+ full and part-timers has proven resilient to the challenges and demands of the past 6 months and ended the half stronger than ever, while still being able to invest in the longer-term potential of the platform.

From a performance perspective, we are proud of having achieved \$5.6 million in sales revenue for H1, representing growth of over 141% on the same period 12 months earlier. This strong growth emulates the momentum continuing to build, the acquisition of Red Tricycle and the enhanced value proposition. At the close of the half, we had achieved 5 million registered users and operational cash flow positive. An incredible achievement given the continued investment in future growth.

The Company continued to perform well with the COVID backdrop on top of the tense U.S. cultural unrest. The teams' overall performance continues to deliver across many key metrics.

Advertising revenues increased to over \$4.72 million representing growth of 185% on the period 12 months prior. More brands are signing up for direct advertising deals plus more advertisers are increasing their investments across the programmatic platform. These results demonstrate the value to advertisers in the Tinybeans/RedTricycle audience and our targeting capabilities based on the unique data set to get to the right people with the right message.

I am proud of the continued investment in high quality product culminating with a strategic partnership with Apple by incorporating high quality parenting content into Apple Maps and Guides products. Also, our new app onboarding experience and doubled activation rates have made it possible for more registered users experience the app features faster.

With over \$4.46 million in cash at the end of December 2020 the company is positioned well for further growth.

I would like to thank my fellow Directors as well as our management team and staff for their efforts over what has been an incredibly busy but rewarding first half of FY21 at Tinybeans. Particularly, the two board members (Megan Gardner and Missy Godfrey), who came off the board during this time. I also thank our Shareholders for your support and belief in our ability to achieve the goals we have set out for our Company.

As we continue to grow the Company, we are making strong progress in building scale to drive growth across all major metrics. I look forward to having you share in Tinybeans' success.



John Dougall
Non-executive Director and Chairman



**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

CEO's MESSAGE

I am proud to present the half year report ended December 2020 for Tinybeans Group Limited and its controlled entities ("Tinybeans" or the "Company").

In our first two quarters of FY21, we have delivered record results across revenues, cashflows and all audience metrics. The team we have put together have done an incredible job in not only integrating two operating companies during what was a difficult time, but also deliver above and beyond with incredible results.

The team continues to focus on our enhanced value proposition which heightens our ability to drive revenue growth. One team, single focus has proven to be successful as it has expanded on the products we offer to our partners.

Some of the H1-FY21 highlights include:

- Operational revenues totalled over \$5.63 million, an increase of 141% pcp;
- Advertising revenue reaching over \$4.72 million, an increase of 185% pcp;
- Subscription revenues increased to \$570k, an increase of 18% pcp;
- Monthly Active Users (MAU) reached over 4.80 million, an increase of 253% pcp; and
- Cash balance of \$4.46 million as at December 31, 2020

Over the past 12 months, Tinybeans has both renewed and attracted new advertisers on the platform. Some of the new brands include Apple TV+, Netflix, Amazon, Walmart & Reckitt Benckiser, plus we renewed business with many more. 12-month retention across the Tinybeans premium subscription audience grew to a record 92%. This high retention rate shows the value of the platform to our families.

As previously shared, the Company is at the early stages of an exciting strategic growth phase. Through most of 2020, the product strategy has been evolving to grow beyond a photo sharing app to a platform for parents to use daily. The first phase of this strategy was the acquisition of Red Tricycle, followed by transitioning the product team to the U.S. and then selecting the right leaders to take the product to the next level.

As announced to the market at the [Innovation event](#), the product roadmap is ambitious, so the right balance of capital investment is needed to ensure its success. Since July 2020, the Company has ramped its capital investment to nearly \$1 million per quarter to begin executing on this vision but it is important to note that this is being done prudently with the right balance of revenue growth and cash management.

The last few months have demonstrated our ability to withstand challenges and maximize opportunities. I am excited by the new talent on the leadership team as we embark on a fresh 3-year strategy that leverages what we have achieved to date and looks to accelerate the opportunities with parents and larger partners into the future.

We face another exciting and promising year ahead as we continue to deliver on our mission to partner with parents through the journey of nurturing tiny humans together.

Tinybeans expects continued growth in audience and revenues as the return on investment of our product roadmap continues to take shape and launch publicly. We are delighted for you to join us on the journey as we accelerate revenue growth, expand our offering across consumer subscriptions and continue to add value to our user base and brand partners.

Thank you for your continued support as a Tinybeans member and shareholder.



Edward Geller
Chief Executive Officer



**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

DIRECTOR'S REPORT

The Directors of Tinybeans Group Limited submit the financial report of the company for the half year ended 31 December 2020, which comprises the results of Tinybeans Group Limited and the entities it controlled (the "Group") during the period.

Directors

The following persons were directors of Group during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ms. Andrea Cutright, appointed 28 October 2020
Mr. John Dougall
Ms. Megan Gardner, resigned 10 December 2020
Mr. Edward Geller
Ms. Mary Godfrey, resigned 10 December 2020
Ms. Kathy Mayor, appointed 28 October 2020
Mr. Andrew Whitten

Principal Activities

The principal activities of the Group during the course of the reporting period consisted of providing mobile and web-based platforms that allow parents to securely record and share digital data privately and securely. It connects parents with the most trusted tools and resources to help every family thrive. There were no significant changes in the nature of those activities during the reporting period.

Review of Operations

The Group acquired Red Tricycle Inc. on 27 February 2020, and its financial statements forms part of the Consolidated Group since the date of acquisition.

The loss for the Group after income tax amounted to \$1,073,749 (31 December 2019: \$1,873,090). The Group has generated total revenue of \$5,633,041 up from \$2,335,853 in the previous year's financial half-year.

Operating expenses amounted to \$7,145,494 (31 December 2019: \$4,205,541). Employee benefits expense increased by \$2,021,858 due to increased headcount including the 20 employees of Red Tricycle Inc. who were converted to Tinybeans USA Ltd's employees in September 2020. Also, the administrative costs were higher by \$604,814, of which \$298,897 was for Red Tricycle Inc., and the remaining increases were mainly due to higher costs in;

- (1) consulting fees for various contract roles,
- (2) online software for various software subscriptions, and
- (3) insurance due to increase in D&O insurance premium and in health benefits associated with the increase in headcount.

Depreciation and amortisation expense amounted to \$614,669 (31 December 2019: \$211,616) mainly for the amortisation of the software platform and content repository which were acquired as part of the Red Tricycle, Inc. acquisition.

The December reporting period saw continued growth, with monthly active users (MAU) increasing by 253% for the period reaching over 4.8 million users compared last year's MAU of 1.4 million.

The financial half-year cash balance is \$4,464,403 (30 June 2020: \$5,220,229). Cash receipts from customers amounted to \$5,294,006 (31 December 2019: \$2,489,249).

Significant Changes in the State of Affairs

There were no significant changes to the Group's state of affairs.

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
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DIRECTOR'S REPORT

Matters Subsequent to the Reporting Period

On 11 January 2021, the loan of Red Tricycle Inc. under the SBA's Paycheck Protection Program amounting to \$341,971 was forgiven.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not financially affected the Consolidated Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other significant event has arisen after the reporting date that significantly affects, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

Rounding of Amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporate Instrument to the nearest dollar.

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

Signed in accordance with a resolution of the Board of Directors, made pursuant to section 306(3)(a) of the Corporations Act 2001.



Edward Geller
Chief Executive Officer
New York, 25 February 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Tinybeans Group Ltd for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



Anthony Travers
Partner

Sydney, NSW

Dated: 25 February 2021

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	31 DEC 2020 \$	31 DEC 2019 \$
Sales revenue	2	5,633,041	2,335,853
Other income	2	438,644	2,488
Total income		6,071,685	2,338,341
Depreciation and amortisation expense	3	(614,669)	(211,616)
Employee benefits expense	5	(4,328,510)	(2,306,652)
Share based payments expense		(244,628)	(348,158)
Finance costs	3	(9,164)	(9,807)
Administration expenses		(1,527,070)	(922,256)
Marketing expenses		(360,714)	(307,649)
Other expenses		(60,739)	(99,403)
Loss before income tax expense		(1,073,809)	(1,867,200)
Income tax expense		60	(5,890)
Loss after income tax expense for the half-year		(1,073,749)	(1,873,090)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</i>			
Exchange differences on translating foreign operations		(1,086,291)	(3,125)
Total comprehensive loss for the period		(2,160,040)	(1,876,215)
Basic loss per share (cents)	6	(2.64)	(5.05)
Diluted loss per share (cents)	6	(2.64)	(5.05)

These interim financial statements should be read in conjunction with the accompanying notes.

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 DEC 2020 \$	30 JUN 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,464,403	5,220,229
Trade and other receivables		2,098,927	2,138,436
Other assets		410,546	380,622
TOTAL CURRENT ASSETS		6,973,876	7,739,287
NON-CURRENT ASSETS			
Property, plant and equipment		37,341	36,678
Right-of-use assets		267,535	397,156
Intangible assets	8	9,371,584	10,782,469
TOTAL NON-CURRENT ASSETS		9,676,460	11,216,303
TOTAL ASSETS		16,650,336	18,955,590
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,601,159	1,169,420
Contract liabilities		823,665	892,330
Lease liabilities		184,557	246,936
Employee benefits		13,351	130,690
Borrowings		345,971	846,677
TOTAL CURRENT LIABILITIES		2,968,703	3,286,053
NON-CURRENT LIABILITIES			
Contract liabilities		414,481	554,866
Lease liabilities		112,584	178,215
Employee benefits		6,997	5,849
TOTAL NON-CURRENT LIABILITIES		534,062	738,930
TOTAL LIABILITIES		3,502,765	4,024,983
NET ASSETS		13,147,571	14,930,607
EQUITY			
Issued capital	9	31,984,495	31,826,088
Reserves	10	(576,625)	408,076
Accumulated losses		(18,260,299)	(17,303,557)
TOTAL EQUITY		13,147,571	14,930,607

These interim financial statements should be read in conjunction with the accompanying notes.

**TINYBEANS GROUP LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Shares on Issue \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2019		13,000,412	531,074	(12,872,386)	659,100
Change for change in accounting policy				13,363	13,363
Balance at 1 July 2019 - restated		13,000,412	531,074	(12,859,023)	672,463
Loss for the period		-	-	(1,873,090)	(1,873,090)
Other comprehensive loss		-	(3,125)	-	(3,125)
Total comprehensive loss for the period		-	(3,125)	(1,873,090)	(1,876,215)
Transactions with owners, as owners					
Shares issued during the period		5,000,000	-	-	5,000,000
Shares issued on the exercise of options		125,368	(23,368)		102,000
Shares issued to directors		350,993			350,993
Costs of capital raising		(179,375)	-	-	(179,375)
Movements in options reserve	10	-	329,076	19,082	348,158
Balance at 31 December 2019		18,297,398	833,657	(14,713,031)	4,418,024
Balance at 1 July 2020		31,826,088	408,076	(17,303,557)	14,930,607
Loss for the period		-	-	(1,073,749)	(1,073,749)
Other comprehensive loss		-	(1,086,291)	-	(1,086,291)
Total comprehensive loss for the period		-	(1,086,291)	(1,073,749)	(2,160,040)
Transactions with owners, as owners					
Shares issued on the exercise of options		158,407	(26,031)		132,376
Movements in options reserve	10	-	127,621	117,007	244,628
Balance at 31 December 2020		31,984,495	(576,625)	(18,260,299)	13,147,571

These interim financial statements should be read in conjunction with the accompanying notes.

**TINYBEANS GROUP LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 DEC 2020 \$	31 DEC 2019 \$
OPERATING ACTIVITIES			
Receipts from customers		5,294,006	2,489,249
Payments to suppliers and employees		(5,955,726)	(3,429,365)
Government grants and Research and Development Tax Offset Incentive		85,874	-
Interest received		6,160	10,650
Interest and other finance costs paid		(9,163)	(9,807)
Net cash used in operating activities		<u>(578,849)</u>	<u>(939,273)</u>
INVESTING ACTIVITIES			
Receipts from disposal of (payments to acquire) property, plant and equipment		(15,241)	(12,276)
Net cash used in investing activities		<u>(15,241)</u>	<u>(12,276)</u>
FINANCING ACTIVITIES			
Proceeds from issue of shares		132,375	5,102,000
Cost of raising share capital		-	(179,375)
Repayment of lease liabilities		(189,228)	(199,701)
Net cash (used in)/ provided by financing activities		<u>(56,853)</u>	<u>4,722,924</u>
Net (decrease)/increase in cash held		(650,943)	3,771,375
Cash and cash equivalents at beginning of financial half-year		5,220,229	982,018
Effects of foreign currency exchange		(104,883)	2,085
Cash and cash equivalents at end of financial half-year		<u><u>4,464,403</u></u>	<u><u>4,755,478</u></u>

These interim financial statements should be read in conjunction with the accompanying notes.

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial report includes the condensed consolidated financial statements and notes of Tinybeans Group Limited and controlled entities ('Consolidated Entity' or 'Group'). The separate financial statements and notes of Tinybeans Group Limited as an individual parent entity ('Company') have not been presented within the financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 25 February 2021 by the Directors of the Company.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
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NOTE 2: INCOME

	31 DEC 2020	31 DEC 2019
	\$	\$
Sales revenue		
Advertising revenue	4,727,777	1,659,472
Photobook revenue	192,031	180,773
Subscription revenue	569,669	484,110
Other revenue	143,564	11,498
Total sales revenue	5,633,041	2,335,853
Other income		
Interest received	6,058	10,069
Research and development grant income	(47,181)	(7,654)
Gain on disposal of assets	129	-
Other income	479,638	73
Total other income	438,644	2,488
Total income	6,071,685	2,338,341

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

31 DEC 2020

	USA	Australia	Total
	\$	\$	\$
Sales revenue			
Advertising revenue	4,727,777	-	4,727,777
Photobook revenue	173,988	18,043	192,031
Subscription revenue	569,669	-	569,669
Other revenue	143,564	-	143,564
Total sales revenue	5,614,998	18,043	5,633,041

31 DEC 2019

	USA	Australia	Total
	\$	\$	\$
Sales revenue			
Advertising revenue	1,641,981	17,491	1,659,472
Photobook revenue	161,022	19,751	180,773
Subscription revenue	484,110	-	484,110
Other revenue	11,498	-	11,498
Total sales revenue	2,298,611	37,242	2,335,853

**TINYBEANS GROUP LIMITED
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NOTE 3: RESULTS FOR THE YEAR

	31 DEC 2020	31 DEC 2019
	\$	\$
Expenses		
Rent	6,483	4,260
Depreciation	187,759	211,616
Amortisation of intangible assets	426,910	-
Finance costs		
Interest and finance charges paid/payable on payables	5,883	8,094
Interest and finance charges paid/payable on lease liabilities	3,281	1,713
Total finance costs	9,164	9,807

NOTE 4: OPERATING SEGMENTS

Identification of reportable operating segments

The Consolidated Entity is organised into operating segments based on geographical location, USA and Australia.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

Operating segment information

31 DEC 2020

	USA	Australia	Total
	\$	\$	\$
Revenue and Other Income			
Sales to external customers	5,614,998	18,043	5,633,041
Other income	276,279	162,365	438,644
Total revenue and other income	5,891,277	180,408	6,071,685
EBITDA	287,651	(743,685)	(456,034)
Depreciation and amortisation	(567,294)	(47,375)	(614,669)
Finance costs	(1,736)	(7,428)	(9,164)
Interest revenue	122	5,936	6,058
Profit before income tax expense	(281,257)	(792,552)	(1,073,809)
Income tax expense	60	-	60
Profit after income tax expense	(281,197)	(792,552)	(1,073,749)

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
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NOTE 4: OPERATING SEGMENTS (CONT.)

Assets	13,406,405	3,243,931	16,650,336
Liabilities	10,571,265	(7,068,500)	3,502,765
Intersegment eliminations	(8,053,990)	8,053,990	-
Net Liabilities	2,517,275	985,490	3,502,765

31 DEC 2019

	USA	Australia	Total
	\$	\$	\$
Revenue and Other Income			
Sales to external customers	2,298,611	37,242	2,335,853
Other income	(7,557)	10,045	2,488
Total revenue and other income	2,291,054	47,287	2,338,341
EBITDA	(124,339)	(1,531,507)	(1,655,846)
Depreciation and amortisation	(156,776)	(54,840)	(211,616)
Finance costs	(4,871)	(4,936)	(9,807)
Interest revenue	28	10,041	10,069
Profit before income tax expense	(285,958)	(1,581,242)	(1,867,200)
Income tax expense	(5,890)	-	(5,890)
Profit after income tax expense	(291,848)	(1,581,242)	(1,873,090)
Assets	2,096,976	4,886,175	6,983,151
Liabilities	7,806,991	(5,241,864)	2,565,127
Intersegment eliminations	(6,074,593)	6,074,593	-
Net Liabilities	1,732,398	832,729	2,565,127

NOTE 5: EMPLOYEE BENEFITS

	31 DEC 2020	31 DEC 2019
	\$	\$
Salaries and wages	4,318,071	2,255,042
Superannuation	10,439	51,610
Total employee benefits	4,328,510	2,306,652

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NOTE 6: LOSS PER SHARE

	31 DEC 2020	31 DEC 2019
	\$	\$
a. Reconciliation of earnings:		
Loss after tax	<u>(1,073,749)</u>	<u>(1,873,090)</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in calculating		
b. Calculating EPS	40,607,734	37,094,592
	Cents	Cents
c. Basic EPS	<u>(2.64)</u>	<u>(5.05)</u>
d. Diluted EPS	(2.64)	(5.05)

NOTE 7: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		31 DEC 2020	31 JUN 2020
PARENT ENTITY:			
Tinybeans Group Limited	Australia		
SUBSIDIARIES OF TINYBEANS GROUP LIMITED			
Tinybeans Pty Limited	Australia	100	100
Tinybeans Innovations Pty Ltd	Australia	100	100
Tinybeans USA Ltd (Delaware C Corp)	USA	100	100
Red Tricycle Inc.	USA	100	100

** Percentage of voting power is in proportion to ownership*

NOTE 8: INTANGIBLE ASSET

	Goodwill	Software Platform	Content Repository	Total
	\$	\$	\$	\$
Balance at 1 July 2020	6,651,209	2,065,630	2,065,630	10,782,469
Amortisation expense	-	(213,455)	(213,455)	(426,910)
Effects of foreign exchange	(620,257)	(181,859)	(181,859)	(983,975)
Balance at 31 December 2020	<u>6,030,952</u>	<u>1,670,316</u>	<u>1,670,316</u>	<u>9,371,584</u>

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NOTE 9: ISSUED CAPITAL

	31 DEC 2020		30 JUN 2020	
	No of Shares	\$	No of Shares	\$
Ordinary shares				
<i>Fully Paid</i>				
At the beginning of reporting period	45,782,275	31,826,088	33,045,551	13,000,412
Shares issued	-	-	11,885,031	18,770,062
Shares issued on the exercise of options	183,125	158,407	406,265	347,886
Shares issued to directors	-	-	445,428	350,993
Cost of raising capital	-	-	-	(643,265)
Closing balance at reporting date	45,965,400	31,984,495	45,782,275	31,826,088

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, shares and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

NOTE 10: RESERVES

	31 DEC 2020	30 JUN 2020
	\$	\$
Options reserve	923,563	821,972
Foreign currency translation reserve	(1,500,188)	(413,896)
Total	(576,625)	408,076

The options reserve records the fair value of options on issue.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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NOTE 10: RESERVES (CONT.)

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 11 for further details of these plans.

	Option reserve	Foreign currency translation reserve	Total
Balance at 1 July 2020	821,973	(413,897)	408,076
Additions during the half-year	288,861	(1,086,291)	(797,430)
Disposals during the half-year	(161,240)	-	(161,240)
Exercise of options during the half-year	(26,031)	-	(26,031)
Balance at 31 December 2020	923,563	(1,500,188)	(576,625)

NOTE 11: SHARE BASED PAYMENTS

During the half-year period, 941,598 options were issued to key personnel at an issue price of \$0.92 per share and a total transactional value of \$202,326. The Group has also taken up \$86,536 in share based payments for the prorated cost of 796,133 options issued in FY2020 expensed out throughout the vesting period. The expense was reduced by \$44,234 for the 99,375 forfeited unvested options. In addition, \$117,007 was closed to retained earnings for the 564,200 forfeited vested options.

A share option plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the Consolidated Entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted under the plan:

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NOTE 11: SHARE BASED PAYMENTS (CONT.)

31 Dec 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Cancelled	Balance at the end of the half-year
21/04/2017	21/04/2021	\$1.2000	53,000				53,000
15/09/2017	15/09/2021	\$1.2000	40,000			(40,000)	-
10/12/2018	10/12/2022	\$0.6000	240,267		(33,125)		207,142
10/12/2018	10/12/2023	\$0.7500	800,000		(150,000)		650,000
10/12/2018	10/12/2023	\$1.0000	800,000			(150,000)	650,000
10/12/2018	10/12/2023	\$1.5000	1,600,000			(300,000)	1,300,000
20/05/2019	20/05/2023	\$0.6000	26,500				26,500
02/04/2019	02/04/2023	\$0.6000	60,000				60,000
02/04/2019	02/04/2023	\$0.6000	60,000				60,000
02/04/2019	02/04/2023	\$0.6000	60,000				60,000
19/08/2019	19/08/2023	\$1.1000	58,000				58,000
19/08/2019	31/08/2020 *	\$1.1000	74,200			(74,200)	-
19/08/2019	19/08/2023	\$1.1000	218,183			(26,500)	191,683
04/09/2019	04/09/2023	\$1.1000	180,000				180,000
19/12/2019	19/12/2023	\$2.2000	53,000			(26,500)	26,500
27/03/2020	27/03/2024	\$1.0000	92,750			(26,500)	66,250
15/07/2020	15/07/2024	\$0.9200	-	623,127		(39,750)	583,377
15/09/2020	15/07/2024	\$0.9200	-	318,471			318,471
			<u>4,415,900</u>	<u>941,598</u>	<u>(183,125)</u>	<u>(683,450)</u>	<u>4,490,923</u>

Weighted average exercise price \$1.13 \$0.92 \$0.72 \$1.29 \$1.07

* original expiry date was 19/08/2023 but adjusted with the employment termination

31 Dec 2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Cancelled	Balance at the end of the half-year
18/04/2017	18/04/2020	\$0.3210	149,158	-	-	-	149,158
18/04/2017	18/04/2020	\$0.5364	109,065	-	-	-	109,065
21/04/2017	21/04/2021	\$1.2000	119,250	-	(26,500)	(39,750)	53,000
15/09/2017	15/09/2021	\$1.2000	40,000	-	-	-	40,000
01/07/2018	01/07/2022	\$0.6000	117,000	-	(117,000)	-	-
10/12/2018	10/12/2022	\$0.6000	516,530	-	-	(102,688)	413,842
10/12/2018	10/12/2022	\$0.7500	800,000	-	-	-	800,000
10/12/2018	10/12/2022	\$1.0000	800,000	-	-	-	800,000
10/12/2018	10/12/2022	\$1.5000	1,600,000	-	-	-	1,600,000
20/05/2019	20/05/2023	\$0.6000	26,500	-	-	-	26,500
23/05/2019	01/03/2023	\$0.6000	26,500	-	-	(26,500)	-
02/04/2019	02/04/2023	\$0.6000	60,000	-	-	-	60,000
02/04/2019	02/04/2023	\$0.6000	60,000	-	-	-	60,000
02/04/2019	02/04/2023	\$0.6000	60,000	-	-	-	60,000
19/08/2019	19/08/2023	\$1.1000	-	248,800	-	-	248,800
19/08/2019	19/08/2023	\$1.1000	-	410,933	-	(100,000)	310,933
04/09/2019	04/09/2023	\$1.1000	-	180,000	-	-	180,000
			<u>4,484,003</u>	<u>839,733</u>	<u>(143,500)</u>	<u>(268,938)</u>	<u>4,911,298</u>

Weighted average exercise price \$1.03 \$1.10 \$0.71 \$0.87 \$1.06

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NOTE 12: DIVIDENDS

No dividend was declared or recommended by the Group during the period.

NOTE 13: CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent assets and liabilities during the period ended 31 December 2020.

NOTE 14: EVENTS AFTER THE BALANCE SHEET DATE

On 11 January 2021, the loan of Red Tricycle Inc. under the SBA's Paycheck Protection Program amounting to \$341,971 was forgiven.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not financially affected the Consolidated Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other significant events after the reporting date that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

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DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Dougall

Non-executive Director and Chairman
Sydney, 25 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

TINYBEANS GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tinybeans Group Ltd which comprises the consolidated statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tinybeans Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Tinybeans Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tinybeans Group Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A stylized, handwritten signature of the RSM firm.

RSM AUSTRALIA PARTNERS

A handwritten signature of Anthony Travers.

Anthony Travers
Partner

Sydney, NSW
Dated: 25 February 2021