

tinybeans

Prospectus

Initial Public Offer

Tinybeans Group Pty Ltd
(to be renamed *Tinybeans Group Limited*)

ACN 168 481 614
www.tinybeans.com

For the offer of 6,500,000 New Shares to Broker Firm Applicants and Priority Offer Applicants to raise \$6,500,000.

This Prospectus also contains the following offers:

- 4,694,665 Conversion Shares to be issued to Convertible Noteholders on conversion of \$2,500,000 of Convertible Notes (**Convertible Noteholder Offer**); and
- 354,840 Options to be issued to the Consultants (**Option Offer**).

Important information

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered highly speculative.

BELL POTTER

AFSL 243480
Lead Manager and Underwriter

WHITTENS & McKEOUGH
LAWYERS AND CONSULTANTS

Australian Legal Adviser

RSM

Investigating Accountant



Important notices

This is an important document that should be read in its entirety. If you are in any doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser.

The Offer Securities offered under this Prospectus should be considered a highly speculative investment.

Offer

This Prospectus is issued by Tinybeans Group Pty Ltd ACN 168 481 614 (**Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Broker Firm Offer and Priority Offer comprise an invitation to apply for 6,500,000 New Shares to raise \$6,500,000 at an issue price of \$1.00 per New Share. This Prospectus also contains the Option Offer and Convertible Noteholder Offer.

Each component of the Offer (which comprises the Broker Firm Offer, the Priority Offer, Option Offer and Convertible Noteholder Offer) is made by the Company.

As at the date of this Prospectus, the Company is a proprietary company. The Company has made an application to ASIC to be converted into a public company (**Conversion**). The Conversion is expected to take place on 28 March 2017.

Following the Conversion, Tinybeans Group Pty Ltd will be renamed Tinybeans Group Limited. Under the *Corporations Act*, the Company must be a public company at the time the Offer is made. Accordingly, no Applications will be accepted until the Conversion is completed.

Lodgement and listing

This replacement prospectus is dated 7 March 2017 (**Prospectus**) and was lodged with ASIC on that date (**Prospectus Date**) and replaces the prospectus lodged with ASIC on 21 February 2017 (**Original Prospectus**). The Company will apply to ASX within seven days of the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry date

No Offer Shares or Options will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

It is important that you read this Prospectus carefully and in its entirety and seek professional advice where necessary before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company prior to deciding whether to invest in the Offer Securities. There are risks associated with an investment in the Offer Securities which must be regarded as a speculative investment. Some of the key risk factors that should be considered by prospective investors are set out in section 5. There may also be risks in addition to these that should be considered in the light of your personal circumstances (including financial and tax issues).

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

No person named in this Prospectus warrants or guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

Financial information presentation

The financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in section 4. Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information. The basis of preparation of that information is also set out in section 4.2. All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$1,000 unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding. Investors should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Company believes this non-IFRS financial information provides useful information to investors in measuring the financial performance and conditions of the Company. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore,

not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in section 3.4 and section 4.2.2.

Forecasts and forward-looking statements

No person is authorised by the Company, to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus may contain forward-looking statements concerning the Company's business, operations, financial performance and conditions as well as the Company's plans, objectives and expectations for its business, operations, financial performance and conditions. Any statements contained in this Prospectus that are not historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believes", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar words that connote predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may prevent these forward-looking statements from being realised or make these statements inaccurate include, but are not limited to, the risk factors described in section 5.

Potential investors and other readers are urged to consider these risk factors carefully in evaluating the forward-looking statements

and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the date of this Prospectus.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Foreign offer restrictions

This Prospectus does not constitute an offer or invitation to apply for Offer Securities in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Offer Securities or the Offer, or to otherwise permit a public offering of the Offer Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Offer Securities in certain jurisdictions outside of Australia please refer to section 7.8.

Exposure Period

The Corporations Act prohibits the Company from processing Applications to subscribe for Offer Securities under the Offer in the seven-day period after the date of lodgement of the Original Prospectus (the **Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The Exposure Period for the Original Prospectus has concluded. The purpose of the Exposure Period was to enable the Original Prospectus to be examined by market participants prior to the raising of funds under the Offer. The Original Prospectus was made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the following website: www.tinybeans.com. Applications received during the Exposure Period will not be processed until the Offer opens. No preference will be conferred on Applications

received during the Exposure Period.

Applications

Applications may be made only during the Offer Period on the appropriate application form (**Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.tinybeans.com. By making an Application under this Prospectus, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

Electronic Prospectus

The Company proposes to make this Prospectus available on its website at www.tinybeans.com.

The information on www.tinybeans.com does not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in other jurisdictions (including persons in the United States or US Persons). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print copy of it, you should contact the Company. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting the Tinybeans Offer Information Line on:

- 1300 880 732 (within Australia); or
- +61 1300 880 732 (outside Australia),

between 8:30am and 5:30pm (AEDT), Monday to Friday.

Applications for Offer Shares may only be made on either a printed copy of the Application Form attached to, or accompanying this Prospectus, or via the electronic Application Form attached to the electronic version of this Prospectus, available at www.tinybeans.com.

If this Prospectus is found to be deficient, any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

No cooling-off rights

Cooling-off rights do not apply to an investment in Offer Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in section 11.

Time

All references to time in this Prospectus refer to Australian Eastern Daylight Time (AEDT) unless stated otherwise.

Currency

Unless otherwise noted in this Prospectus, all references to "\$", "A\$" or "dollars" are to Australian dollars and references to "US\$" are to United States dollars.

Timetable

Notwithstanding any provision of this Prospectus, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date referred to in this Prospectus for such period or to such later date as the Company thinks fit, whether or not the period to be extended has expired, or the date to be varied has passed.

Privacy

The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you hold). Under the Corporations Act some of this information must be included in the Company's share register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Registry may not be able to process your Application.

The Company may also share your personal information with service providers of the

Company or others who provide services on the Company's behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's privacy policy located at www.tinybeans.com/privacy (Privacy Policy). Alternatively, you can contact the Tinybeans Offer Information Line on 1300 880 732 (within Australia); or +61 1300 880 732 (outside Australia), or by email at capitalmarkets@linkmarketservices.com.au and the Company will send you a copy of the Privacy Policy free of charge. It is recommended that you obtain a copy of the Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Privacy Policy.

The Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of Australian privacy laws, and how the Company will deal with your complaint.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Offer management

The Offer is lead managed, and the Broker Firm Offer and Priority Offer are fully underwritten, by Bell Potter Securities Limited ABN 25 006 390 772.

Further queries

Call the Tinybeans Offer Information Line on 1300 880 732 (within Australia) and +61 1300 880 732 (outside Australia) between 8:30am and 5:30pm (AEDT), Monday to Friday if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer.

If you are unclear in relation to any matter or are uncertain as to whether Offer Securities is a suitable investment for you, you should seek professional advice from your solicitor,

stock broker, accountant, tax adviser or other independent and qualified professional adviser before deciding whether or not to invest.

Summary of amendments made to the Original Prospectus

This Prospectus incorporates the following amendments made to the Original Prospectus:

- a. in the "Important notices" section, disclosure has been inserted to clarify that the Company will not accept any applications under the Offer, and the Offer will not open, until Conversion has taken place; and
- b. in the "Key offer information" section, the important dates were amended to effect paragraph (a), above.

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Key offer information

Important dates*

Prospectus Date	7 March 2017
Conversion effected	28 March 2017
Broker Firm Offer and Priority Offer open	29 March 2017
Broker Firm Offer and Priority Offer close	7 April 2017
Allotment of Shares under the Offer	11 April 2017
Expected date for dispatch of holding statements	11 April 2017
Trading of Shares commences on ASX (on a normal settlement basis)	18 April 2017

* The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable requirements. In particular, the Company reserves the right to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any of the Applicants. Applicants are encouraged to submit their Applications as early as possible after the Offer opens.

Key offer statistics

Company	Tinybeans Group Pty Ltd (to be renamed Tinybeans Group Limited) ACN 168 481 614
Proposed ASX code	TNY
Description of Offer Shares	Fully paid ordinary shares
Offer Price per New Share	\$1.00
Total number of New Shares to be issued	6,500,000
Number of New Shares to be issued under the Broker Firm Offer	5,500,000
Number of New Shares to be issued under the Priority Offer	1,000,000
Number of Conversion Shares to be issued under the Convertible Noteholder Offer	4,694,665
Number of Existing Shares on issue prior to Listing	14,950,495
Total number of Shares on issue on Listing ^[1]	26,145,160
Indicative market capitalisation at the Offer Price ^[2]	\$26,145,160
Number of Options to be issued under the Option Offer	354,840

1. The total number of Shares on issue on Listing includes:
 - 14,950,495 Shares held by Existing Shareholders;
 - 4,694,665 Conversion Shares to be issued under the Convertible Noteholder Offer; and
 - 6,500,000 Shares, New Shares issued under the Broker Firm Offer and the Priority Offer.
2. Calculated as the total number of Shares on issue on Listing multiplied by the Offer Price.

Chairmans Letter

7 March 2017

Dear Investor,

On behalf of the Board of Directors, it is my pleasure to invite you to become a security holder of Tinybeans Group Ltd (**Company**). The Company owns and operates a globally trusted social media platform called Tinybeans.

Tinybeans is a mobile and web based social media platform that allows parents to record and share precious moments and milestones with family and friends privately and securely. Over the past 4 years Tinybeans has built an engaged customer base and currently has more than 540,000 monthly active users and over 1,500,000 registered users. This is because Tinybeans provides a trusted platform for parents to share their children's lives in a private setting. Tinybeans provides parents with rich content about developmental milestones, whilst offering products and services to parents based on the age and developmental stage of their child.

The Company generates revenues from premium subscriptions, advertising from brands predominantly (in the infant space including Huggies and Babies-R-Us), the sale of printed products and the sale of targeted usage data and market analytics.

The Company is seeking to issue 5,500,000 New Shares to raise \$5,500,000 from Broker Firm Applicants at an Offer Price of \$1.00 per New Share (**Broker Firm Offer**). In addition, this Prospectus also contains the following offers of:

- 1,000,000 New Shares offered to Priority Applicants to raise \$1,000,000 at an Offer Price of \$1.00 per New Share (**Priority Offer**);
- 4,694,665 Conversion Shares to be issued to Convertible Noteholders on conversion of approximately \$2,500,000 of Convertible Notes (**Convertible Noteholder Offer**); and
- 354,840 Options to be issued to the Consultants (**Option Offer**).

The Offer is an important next step in the evolution of our Company and the Board believes it is an integral part of our long-term growth strategy. The Offer provides an opportunity for you to share in our exciting future.

This Prospectus contains detailed information about the Offer and the financial and operating performance of the Company. It also includes a description of the key risks associated with an investment in the Offer Securities and the Company. I encourage you to read the Prospectus carefully, and in its entirety, before making your investment decision. You should seek professional advice if required.

On behalf of the Board, I look forward to welcoming you as an investor.

Yours sincerely,



Eddie Geller

Executive Chairman and Chief Executive Officer

Section 1: Investment overview



1. Investment overview

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Offer Securities, you should read this Prospectus carefully and in its entirety.

If you are in doubt as to the course you should follow, please consult your professional advisers.

1.1 About the Company

Question	Answer
Who is the issuer of this Prospectus?	<p>Tinybeans Group Pty Ltd, to be renamed Tinybeans Group Limited, ACN 168 481 614 (Company).</p> <p><i>For more information, see section 3</i></p>
What is the Company's business?	<p>The Company owns and operates Tinybeans, a mobile and web-based social media platform that allows parents to record and share precious moments and milestones with family and friends privately and securely.</p> <p>Through the Tinybeans experience, users can also access rich content, and are offered products and services that are based on the age and stage of development of their child.</p> <p>Tinybeans currently has more than 1,500,000 registered users, over 540,000 monthly active users and over 130,000 users using the Tinybeans "Family Premium" paid subscription service.</p> <p><i>For more information, see section 3.1</i></p>
What is the Offer?	<p>The Offer comprises:</p> <ul style="list-style-type: none">• Broker Firm Offer: the offer of 5,500,000 New Shares to raise \$5,500,000 from Broker Firm Applicants at an Offer Price of \$1.00 per New Share;• Priority Offer: the offer of 1,000,000 New Shares to raise \$1,000,000 from Priority Applicants at an offer price of \$1.00 per New Share;• Convertible Noteholder Offer: the conversion of approximately \$2,500,000 of Convertible Notes into 4,694,665 Conversion Shares; and• Option Offer: the issue of 354,840 Options to Consultants. <p><i>For more information, see section 7.1</i></p>
Why is the Offer being conducted?	<p>The Offer is being conducted to provide the Company with:</p> <ul style="list-style-type: none">• additional working capital which will provide operational flexibility and to meet the demands of planned business growth;• a liquid market for its Shares and an opportunity for new investors to invest in the Company; and• additional flexibility and access to capital markets to pursue future capital raisings to fund possible growth opportunities. <p><i>For more information, see section 7.2</i></p>

1.2 Key features of the Company's business

Question	Answer
How does the Company generate its revenue?	<p>The Company generates revenue across 4 categories:</p> <ol style="list-style-type: none"> 1. premium subscription services (known as "Family Premium"); 2. advertising and marketing; 3. data and insights; and 4. printed products. <p>The Company generates its revenues in various jurisdictions including the United States and Australia. Most of the Company's revenue generated is in US dollars.</p> <p><i>For more information, see section 3.2.1</i></p>
What is unique about the Company's technology?	<p>The Company has developed a secure proprietary platform that operates across all of the major mobile and web-based systems. Tinybeans utilises a user-friendly interface that incorporates a calendar-based layout that makes Tinybeans unique when compared to other social media platforms. The calendar-based user experience encourages daily interaction and builds habit with users. Tinybeans' platform is web-based and can also be accessed via dedicated applications available for both iOS and Android devices via the Apple App Store, Google Play and Amazon App Store. Tinybeans collects and analyses data uploaded to the platform to improve the user experience. This data also provides direct marketing opportunities such as Tinybeans making unique offers to users and collating research based on the target demographic to further monetise the audience on its platform.</p> <p><i>For more information, see section 3.3</i></p>
Which geographical markets does the Company operate in?	<p>As at January 2017, Tinybeans had users in over 200 countries, however the majority of the users originate from United States (62%), Australia (16%), United Kingdom (6%) and Canada (4%).</p> <p><i>For more information, see section 3.1</i></p>
What is the Company's strategy?	<p>The Company has established a comprehensive strategy to deliver continued growth of the Tinybeans platform through:</p> <ul style="list-style-type: none"> • Paid user acquisition – Tinybeans has tested new user acquisition strategies using a variety of online platforms. For example, the Company has successfully trialled new user acquisition by targeting new mothers via Facebook. After Listing, the Company intends to increase its use of Facebook and other paid user acquisition channels. • Partnerships – the Company has existing partnerships in place with parenting portals and blogs (such as Mom365). These partnerships promote awareness of Tinybeans and assist in acquiring new users. A variety of other online businesses have been successful in promoting Tinybeans. Such examples include Babylist (an online gift registry service) and Pregnant Chicken (an online parenting resource). The Company has identified several potential strategic partners to support its growth after Listing. • Product marketing/word of mouth referrals – To date, word of mouth referrals has accounted for over 80% of Tinybeans' new user acquisition. After Listing, the Company intends to invest in further enhancements to its platform. These enhancements will be designed to drive product referrals to increase user acquisition. <p><i>For more information, see section 3.10.1</i></p>
How does the Company expect to fund its operations and growth?	<p>To date, the Company's operations have been funded through shareholder equity, internally generated cashflows and debt financing (i.e. convertible notes).</p> <p>After Listing it is expected that the Company will have access to significant working capital to fund the expected growth of the business.</p> <p><i>For more information, see section 3.10.1</i></p>

Question	Answer
What is the Company's historical financial performance?	The following table provides a summary of the Company's historical consolidated income statements.

1.3 Key strengths

Question	Answer
Brand recognition	<p>Over the past 4 years, Tinybeans has grown globally to over 1,500,000 users (as at January 2017) with over 120,000 of them based in Australia. As the number of users of Tinybeans has grown, word of mouth referrals have helped to promote the Company's brand and satisfied users have also assisted in promoting Tinybeans as a trusted platform for parents and families.</p> <p><i>For more information, see section 3.1</i></p>
Loyal user base and customer service	<p>Tinybeans has managed to develop a loyal user base. As at January 2017, Tinybeans has over 540,000 "monthly active users" (being a registered user who interacts with the Tinybeans platform, whether via a web browser, mobile app or email, at least once per month).</p> <p>Surveys of new customers demonstrate that existing users are highly effective in promoting the Tinybeans platform by word of mouth. During the month of January 2017, on average more than 1,350 new users joined the platform every day on account of word of mouth referrals.</p> <p>Tinybeans' users spend 3 minutes and 40 seconds on average each time they use the platform.</p> <p><i>For more information, see section 3.1</i></p>
The Company's intellectual property	<p>The core intellectual property that comprises the Tinybeans platform was developed by and is owned by the Company. At the core of the Company's ethos is devotion to product design with a focus on user experience that is both engaging and unique. The Company believes this to be a major strength. The Company's product team expends significant effort to continuously improve the platform to help drive engagement and retention of our existing users, but make it a powerful experience for first time users.</p> <p><i>For more information, see section 3.3</i></p>

Question	Answer
The Company has multiple revenue streams	<p>The Company believes that a major strength of the Tinybeans platform is that revenue is generated both from users (through premium subscriptions and printing) <i>and</i> businesses (through advertising and data/insights). In this way, the Company is diversified to ensure maximum opportunities for risk mitigation and scale.</p> <p>Revenue is generated from four distinct strategies:</p> <ol style="list-style-type: none"> 1. premium subscriptions: sales of the “Family Premium” subscription service generates recurring revenue from Tinybeans users; 2. advertising and marketing: which generates revenue from business partners who are seeking to sell their products and services to parents and families; 3. data & insights: which generates revenue from business partners who are seeking data and insights into parents and family groups; and 4. printed products: sales of printed products generates revenue from Tinybeans users. <p><i>For more information, see section 3.10.2</i></p>
Global market opportunity	<p>With over 125 million new babies born globally every year, the Company sees a significant opportunity to scale its business by partnering with global brands in the baby, childcare and family market, through utilising its digital platform to connect parents and families with innovative products and content to assist in raising their children.</p> <p>As brands look to adapt with the growth of in app advertising and the increased engagement it provides, the Company plans to capitalise on this by:</p> <ul style="list-style-type: none"> • integrating trusted brands’ content into Tinybeans milestones and child development features; • undertaking targeted email and social media campaigns to Tinybeans users; • undertaking targeted and relevant content advertising to parents and families at the right time, for example one month before a child’s birthday, content served to the user displaying innovative birthday gifts to aid in the child’s development; and • utilising the Tinybeans audience to provide brands with feedback and insights on their products and the developmental needs of children. <p><i>For more information, see section 3.2</i></p>
Strong market positioning and momentum	<p>The Tinybeans mobile app user experience has been available for over 4 years and is refined constantly. The design around the calendar encourages users to capture “a-moment-a-day” which drives daily engagement. This strategy has been successful as it has grown the monthly active users in recent years from 195,000 in 2015 to, as at January 2017, over 540,000.</p> <p>This user experience has also driven the audience to be extremely passionate about the product. This has driven the premium subscription model and its associated revenues. Given the product is paid for by its users, it further encourages engagement and word of mouth referrals.</p> <p>The data analytics platform has also been developed in recent years to enable the personalisation and targeting that advertisers are looking for. The balance of curated content for users and targeted native advertising by large brands is a strength of the platform.</p> <p><i>For more information, see section 3</i></p>
Data	<p>Tinybeans enables parents to capture photos, videos, milestones and other unique data points around their children.</p> <p>Tinybeans also enables parents to invite their family members to have access to their children’s journal securely. This allows Tinybeans to capture the people and their roles of the family.</p> <p>The Company does not intend to sell this data directly to anyone however it does it plan on using this data to personalise the users’ needs and offer them relevant content/products/services for them and their children.</p> <p>Due to the unique nature of this data that is being collected, the Company believes there are opportunities to harness this data in an aggregated form. This secures the privacy of our users’ information but also allows the company to create new revenue streams harnessing the aggregated data without sharing any of its users’ personal information.</p> <p><i>For more information, see section 3.6</i></p>

Question	Answer
Experienced management team and Board of Directors	<p>The Company's senior management team and Board of Directors includes:</p> <ul style="list-style-type: none"> • Mr Eddie Geller (<i>Executive Chairman and Chief Executive Officer</i>) • Mr Stephen O'Young (<i>Executive Director and Chief Technology Officer</i>) • Mr Kim Heras (<i>Non-Executive Director</i>) • Ms Sarah-Jane Kurtini (<i>Head of Marketing</i>) • Ms Sabine Feldmann (<i>Chief Revenue Officer</i>) <p>Their skills cut across all elements of the Company's business particularly in the business and technology sectors. All four key executives are responsible for driving development of the Tinybeans platform, user growth and engagement, monetisation and managing the expansion of Tinybeans across multiple jurisdictions.</p> <p>The Company's broader management team has been instrumental in the success of the business to date and is well placed to execute further on the business' growth strategy.</p> <p><i>For more information, see section 6.1</i></p>

1.4 Summary of key risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence operating and financial performance in the future. These risks can impact on the value of an investment in the Company.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. Some risks are unforeseen and so the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks that the Company is exposed to. Further general risks associated with an investment in the Company are outlined in section 5.3.

Risks	Description
History of operating losses	<p>Although the Company has experienced significant revenue growth since inception in 2012, it has incurred net losses every year and has yet to turn an operating profit. There is a risk that the Company may not achieve profitability in the future.</p> <p><i>For more information, see section 5.2</i></p>
Growth and profitability dependent on growing monthly active users	<p>In order to achieve profitability, the Company must continue to attract new active users, retain active users and, in particular, paid subscribers to the Tinybeans platform.</p> <p>There is a risk that the Company may not be able to grow its active user base or retain existing active users and, as a result, may fail to become profitable.</p> <p><i>For more information, see section 5.2</i></p>
Technology improvements and development and technical risk	<p>The Tinybeans platform is the subject of continuous technology improvement and development in order to enable the Company to meaningfully improve the platform's usability and to continue to attract new users. There are no guarantees that the Company will be able to undertake such improvement and development successfully. Failure to successfully undertake such improvement and development, anticipate technical problems, or estimate improvement and development costs or timeframes accurately will adversely affect the Company's results and commercial viability.</p> <p><i>For more information, see section 5.2</i></p>
Intellectual property rights	<p>The business of the Company depends on its ability to commercially exploit its technology and intellectual property, including its technological systems. The Company relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary rights.</p> <p><i>For more information, see section 5.2</i></p>

Risks	Description
Government regulation	<p>Changes to laws and regulations that apply to the Company in particular laws relating to privacy could adversely impact its operating activities, compliance costs and financial performance, as well as market sentiments towards the profitability of the industry in general.</p> <p><i>For more information, see section 5.2</i></p>
Foreign exchange	<p>The majority of Tinybeans' users and its infant brand partners originate from the United States. As a result, much of the Company's revenue is denominated in US dollars. Although some of the Company's costs are denominated in US dollars (for example, it has an office and some of its staff are based in New York), the majority of its costs are in Australian dollars. This is because its technology development and administrative staff are based in Australia. In addition, the Company will be listed on ASX and, as such, is expected to incur the majority of its audit, legal and other service provider costs in Australian dollars. Consequently, movements in currency exchange rates may adversely affect the Company's results or cash flows.</p> <p><i>For more information, see section 5.2</i></p>
Loss of key management personnel	<p>The Company's ability to effectively execute its growth strategy depends upon the performance and expertise of its key management personnel. The loss of these key management personnel, or any delay in their replacement, may adversely impact the Company future financial performance.</p> <p><i>For more information, see section 5.2</i></p>
Employee recruitment risk and retention	<p>The Company's ability to effectively execute its growth strategy depends upon the performance and expertise of its staff. There is a risk that the Company may not be able to attract and retain key staff or be able to find effective replacements in a timely manner, recruit suitably qualified and talented staff in a time frame that meets its growth objectives.</p> <p><i>For more information, see section 5.2</i></p>
Failure of new products or existing revenue streams	<p>There is a risk that new Tinybeans products developed and launched to market or existing sources of revenue may be unprofitable because they are not supported by sufficient customer interest and purchases or otherwise are not adequately marketed and fail to generate revenue. There is also a risk that new products or existing sources of revenue:</p> <ul style="list-style-type: none"> • waste operating costs; • incur operating costs earlier than necessary or greater than expected; and/or • impact revenues of existing revenue streams to a greater extent than expected. <p><i>For more information, see section 5.2</i></p>
Competition risk	<p>The Company participates in a highly competitive global social media platform market against materially larger, competitors with significantly more access to capital and resources. Any competition may or may not allow the Company to achieve the user adoption or adequate engagement from users over existing or future competitors.</p> <p>There is a risk that Tinybeans' user base preferences for social media platforms change or evolve such that demand for Tinybeans' services are reduced.</p> <p><i>For more information, see section 5.2</i></p>
Failures or disruptions to technology systems and communication networks	<p>Tinybeans' platform relies on the constant real time performance, reliability and availability of its technology system and third party communication networks. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of the Company's control.</p> <p><i>For more information, see section 5.2</i></p>
Reputational damage	<p>Maintaining the strength of Tinybeans' reputation is important to retaining and increasing its user base, maintaining its relationships with partner companies and successfully implementing the Company's strategy. There is a risk that issues or events may adversely impact Tinybeans' reputation. This may adversely impact the future growth and profitability of the Company.</p> <p><i>For more information, see section 5.2</i></p>

Risks	Description
Risk of litigation, claims and disputes	<p>The Company may be subject to litigation and other claims and disputes in the course of its business. There is a risk that such litigation, claims and disputes could materially and adversely impact the Company's operating and financial performance and affect the Company's reputation.</p> <p><i>For more information, see section 5.2</i></p>
Exposure to potential security breaches and data protection issues	<p>Through the ordinary course of business, the Company collects a wide range of confidential information. Cyber-attacks may compromise or breach the technology platform used by the Company to protect confidential information.</p> <p><i>For more information, see section 5.2</i></p>
Concentration of shareholding	<p>After the Offer is completed, the existing major shareholders in the Company will hold more than 50% of the total shares on issue in the Company and will be able to continue to exert significant influence over the Company including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of shareholders.</p> <p><i>For more information, see section 5.2</i></p>

1.5 Directors and key management personnel

Topic	Summary
Who are the Directors of the Company?	<p><i>Board of Directors:</i></p> <ul style="list-style-type: none"> • Mr Eddie Geller – <i>Executive Chairman and Chief Executive Officer</i> • Mr Stephen O'Young – <i>Executive Director and Chief Technology Officer</i> • Mr Kim Heras – <i>Non-executive Director</i> <p><i>For more information, see section 6.1</i></p>
Who are the key management personnel of Tinybeans and what is their expertise?	<p>Tinybean's executive team is led by its Executive Chairman and Chief Executive Officer, Mr Eddie Geller.</p> <p>Mr Geller is supported by:</p> <ul style="list-style-type: none"> • Ms Sarah-Jane Kurtini – <i>Head of Marketing</i> • Mr Stephen O'Young – <i>Chief Technology Officer</i> • Ms Sabine Feldmann – <i>Chief Revenue Officer</i> <p><i>For more information, see section 6.2</i></p>
What are the Directors paid?	<p>The Directors will receive the following remuneration on Listing:</p> <ul style="list-style-type: none"> • Mr Eddie Geller – US\$260,000 (less all applicable deductions and withholdings); • Mr Stephen O'Young – A\$220,000 (inclusive of superannuation); and • Mr Kim Heras – A\$5,000 per month excluding GST <p><i>For more information, see section 6.5</i></p>

1.6 Interests, benefits and related party transactions

Topic	Summary				
What will the interests of the Board be following Listing?	Director	Securities held on Prospectus Date	Securities acquired on Listing	Securities held on Listing	% of Shares held on Listing
	Mr Eddie Geller	Existing Shares: 4,614,531 ^[a] Convertible Notes: \$300,000	Conversion Shares: 589,356 ^[a]	Shares: 5,203,887	19.9%
	Mr Stephen O'Young	Existing Shares: 6,338,671 ^[c] Convertible Notes: \$200,000	Conversion Shares: 392,903 ^[b]	Shares: 6,731,574	25.7%
	Mr Kim Heras	Existing Shares: 70,620 ^[d]	-	Shares: 70,620	0.3%
	Total	Existing Shares: 11,023,822 Convertible Notes: \$500,000	Conversion Shares: 982,259	Shares: 12,006,081	45.9%
	a. Held by entities associated with Mr Geller and includes Mr Geller's 22.7% beneficial interest in a trust that holds 1,165,230 Existing Shares.				
	b. Conversion Shares to be issued on conversion of Convertible Notes under the Convertible Noteholder Offer.				
	c. Held by entities associated with Mr O'Young.				
	d. Mr Heras has a 6.1% beneficial interest in a trust that holds 1,165,230 Existing Shares.				
	For more information, see section 6.5.3				
What significant benefits to Directors and other persons connected with the Company or the Offer?	Parties	Interest or benefit		More information	
	Directors	• Remuneration		Section 6.5	
	Management team	• Remuneration		Section 6.6	
	Advisers	• Fees for service • Options		Section 6.4 Section 9.7	
	The above table does not take into account any New Shares that Directors and other persons connected with the Company or the Offer may acquire under the Broker Firm Offer or Priority Offer.				
For more information, see sections 6.4, 6.5, 6.6 and 9.7					
Does the Company have an employee incentive plan?	The Company has put an employee incentive plan (EIP) in place. At the date of this Prospectus no grants have been made under the EIP. However, after Listing, the Board intends to make an issue to employees under the EIP.				
For more information, see section 6.7					
What escrow arrangements will be imposed?	Subject to the Company being admitted to the Official List, it is anticipated that ASX will treat up to 15,895,408 Shares and 354,840 Options as restricted securities for the purposes of the Listing Rules.				
	In addition, certain Existing Shareholders and Convertible Noteholders will enter into voluntary escrow agreements in relation to 3,584,661 Shares.				
	The Company will announce to the ASX full details (quantity and duration) of the Shares that are “restricted securities” and that will be held in escrow prior to the Shares commencing trading on ASX.				
	For more information, see section 6.9				

1.7 Summary of the offer

Topic	Summary														
What is the Offer?	<p>The Company is offering 5,500,000 New Shares to Broker Firm Applicants to raise \$5,500,000 at an offer price of \$1.00 per New Share (Broker Firm Offer).</p> <p>This Prospectus also contains the following offers of:</p> <ul style="list-style-type: none"> 1,000,000 New Shares to Priority Applicants to raise \$1,000,000 at an offer price of \$1.00 per New Share (Priority Offer); 4,694,665 Conversion Shares to be issued to Convertible Noteholders on conversion of approximately \$2,500,000 of Convertible Notes (Convertible Noteholder Offer); and 354,840 Options to be issued to the Consultants (Option Offer). <p>This Prospectus does not contain a general offer which is open to the public at large.</p> <p>All Offer Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares.</p> <p>The Offer is to be conducted in Australia and only residents of Australia are eligible to participate in the Offer. Bell Potter is acting as Lead Manager to the Offer.</p> <p><i>For more information, see section 7.1</i></p>														
What is the proposed use of funds raised from the Offer?	<p>The Company proposes to use the proceeds from the Broker Firm Offer and Priority Offer as follows. ^[a]</p> <table> <tr> <th>Description</th><th>Offer proceeds \$'000</th></tr> <tr> <td>Costs of Offer ^[b]</td><td>\$569</td></tr> <tr> <td>Advertising and marketing spend (including branding, promotional campaigns, online marketing and public relations)</td><td>\$1,495</td></tr> <tr> <td>Expansion of business development, sales and partnerships</td><td>\$1,170</td></tr> <tr> <td>Potential acquisitions and funding engineering and technology costs, including funding further development of the Company's technology platform (including enhancements to the web platform and mobile apps)</td><td>\$1,625</td></tr> <tr> <td>General working capital to fund the Company's ongoing growth</td><td>\$1,641</td></tr> <tr> <td>Total</td><td>\$6,500</td></tr> </table> <p>a. The table is a statement of the current intentions of the Board as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.</p> <p>b. Expenses of the Offer are further broken down in section 9.9 of this Prospectus.</p> <p><i>For more information, see section 7.2</i></p>	Description	Offer proceeds \$'000	Costs of Offer ^[b]	\$569	Advertising and marketing spend (including branding, promotional campaigns, online marketing and public relations)	\$1,495	Expansion of business development, sales and partnerships	\$1,170	Potential acquisitions and funding engineering and technology costs, including funding further development of the Company's technology platform (including enhancements to the web platform and mobile apps)	\$1,625	General working capital to fund the Company's ongoing growth	\$1,641	Total	\$6,500
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General working capital to fund the Company's ongoing growth	\$1,641														
Total	\$6,500														
Will the Shares be listed?	<p>The Company will apply to the ASX within seven days after the date of this Prospectus for admission to the ASX's Official List and Quotation of Shares under the code TNY.</p> <p>Completion of the Offer is conditional on the ASX approving this application. If approval is not given by ASX within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p><i>For more information, see section 7.9.1</i></p>														

Topic	Summary												
How will the Offer affect the Company's capital structure?	<table><tr><th>Description of Securities</th><th>Number</th></tr><tr><td>Existing Shares</td><td>14,950,495</td></tr><tr><td>Conversion Shares</td><td>4,694,665</td></tr><tr><td>New Shares</td><td>6,500,000</td></tr><tr><td>Total number of Shares</td><td>26,145,160</td></tr><tr><td>Total number of Options</td><td>354,840</td></tr></table>	Description of Securities	Number	Existing Shares	14,950,495	Conversion Shares	4,694,665	New Shares	6,500,000	Total number of Shares	26,145,160	Total number of Options	354,840
	Description of Securities	Number											
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	New Shares	6,500,000											
	Total number of Shares	26,145,160											
Total number of Options	354,840												
	For more information, see section 7.3												
Is the Offer underwritten?	<p>The Offer is lead managed, and the Broker Firm Offer and the Priority Offer are fully underwritten, by the Lead Manager, subject to the terms of the Underwriting Agreement. The Convertible Noteholder Offer and Option Offer are not underwritten.</p> <p>For more information, see section 9.4.1</p>												
What is the allocation policy?	<p>The Lead Manager (in consultation with the Company) has absolute discretion regarding the allocation of the Offer Shares under the Broker Firm Offer and Priority Offer and may reject an Application, or allocate fewer Offer Shares than applied for, in its absolute discretion.</p> <p>Investors should note that the allocation of Offer Shares to the clients of brokers who have received a firm allocation under the Broker Firm Offer is at the discretion of the relevant broker as to how they allocate Offer Shares among their clients.</p> <p>Applications under the Priority Offer, Convertible Noteholder Offer and Option Offer may only be made in response to an invitation to participate made by the Company.</p> <p>For more information, see sections 7.5.4 and 7.6.3</p>												
What are the tax implications of investing in the securities offered under the Prospectus?	<p>The tax consequences of any investment will depend upon any investor's particular circumstances, particularly for non-resident Shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>For more information, see section 7.10</p>												
What is the Company's dividend policy?	<p>The Company does not expect to pay a dividend and funds raised under this Prospectus will be allocated to its business objectives. The Board cannot and does not give any assurances as to the extent, timing, level or franking or payment of dividends in the future. Any future dividend payment will be at the discretion of the Board.</p> <p>For more information, see section 4.7</p>												
How can I apply?	<p>Broker Firm Offer</p> <p>Broker Firm Applicants may apply for New Shares by completing a valid Application Form (attached to or accompanying this Prospectus) and returning it to their broker.</p> <p>Priority Offer</p> <p>Priority Applicants may apply for New Shares by completing a valid Application Form (attached to or accompanying this Prospectus).</p> <p>Convertible Noteholder Offer and Option Offer</p> <p>These offers are only open to eligible applicants as determined by the Company.</p> <p>To the extent permissible by law, an Application by an Applicant under the Offer is irrevocable.</p> <p>For more information, see section 7</p>												

Topic	Summary
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Offer Shares to successful Applicants.</p> <p>If the Offer does not proceed, the Registry, your Broker or The Company will refund Application Monies.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p> <p><i>For more information, see section 7.7</i></p>
Where can I find more information?	<p>Call the Tinybeans Offer Information Line on 1300 880 732 (within Australia) and +61 1300 880 732 (outside Australia) 8:30am and 5:30pm (AEDT), Monday to Friday if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether obtaining New Shares in The Company is a suitable investment for you, you should seek professional advice from your solicitor, stock broker, accountant tax adviser or other independent and qualified professional adviser before deciding whether or not to invest.</p>

Section 2:

Industry overview



2. Industry overview

2.1 Global social networks

A social network is a service that usually comprises a dedicated website along with proprietary applications for mobile and other devices which enables users to communicate with each other by sharing user generated content such as information, photos, videos, messages and comments.

Many social networks are usually available in multiple languages and enable users to connect with friends, family or other people across geographical, political or economic borders. It is estimated that approximately 2 billion internet users are currently using social networks and these figures are still expected to grow as mobile device usage and mobile social networks increasingly gain traction.

The characteristics of the most popular social networks include a high number of user accounts or strong user engagement (generally measured by the number of unique monthly visitors). Examples of popular social networks include market leader Facebook which was the first social network to surpass 1 billion monthly active users and, Pinterest which was the fastest independently launched site to reach 10 million unique monthly visitors.

Many social networks with more than 100 million users originated in the United States, but European services like VK and Chinese social networks Qzone and Renren have also garnered mainstream appeal in their areas due to local context and content.

Social networks are used by consumers for a highly diverse range of purposes. Platforms such as Facebook or Google+ are highly focused on exchanges between friends and family and are constantly pushing interaction through features like photo or status sharing and social games. Other social networks like Tumblr or Twitter are all about rapid communication and are aptly termed microblogs. Some social networks focus on community; others highlight and display user-generated content.

Due to a constant presence in the lives of their users, social networks have a decidedly strong social impact. The blurring between offline and virtual life as well as the concept of digital identity and online social interactions are some of the aspects that have emerged in recent discussions.

2.2 Global social media network market

As of January 2016, the key global statistics for digital, social, and mobile media were:

- 3.42 billion internet users, equalling 46% global penetration;
- 2.31 billion social media users, delivering 31% global penetration;
- 3.79 billion unique mobile users, representing 51% global penetration; and
- 1.97 billion mobile social media users, equating to 27% global penetration.

Social networks are now actively used by approximately 31% of the global population. This has been driven predominantly by the users of mobile based social networking platforms representing 1.97 billion of the 2.31 billion active social platform users.

Growth in the global number of active social network users is 10% for the 12 months to January 2016, directly tracking the growth of active internet users over the same period. The growth is predominantly related to the growth in the number of active mobile social network users up 17% for the 12 month period.

More than half of the world's adult population now uses the internet, and well over one-third of the adult population uses social media networks at least once a month. A study of the 30 "key" economies which account for 70% of the world's population, reveals that nearly three-quarters of internet users access the net every single day, and this usage is increasing at 10% per annum.

Social networks are truly global as represented by the share of global users. East Asia has the most active social network accounts with 33% of the population using such networks, followed by South Asia with 18% and Southeast Asia at 11%. This strong market share is driven by mobile devices which reflects the connectivity is improving and providing a very large social network market.

2.3 Retailing and advertising on social media networks

Ecommerce orders coming from social media grew 202% in 2014. As a response to the growth in e-Commerce, there has been a boom in the mobile advertising market, as brands attempt to connect to consumers on their most used device.



Social media networks, particularly Facebook, are increasingly influencing digital sales. 71% of consumers are more likely to make a purchase based on social media referrals and 46% of web users look towards social media when making a purchase after sharing or favouriting it. In particular millennials are driving a shift in purchasing behaviour.

2016 saw US digital ad spending reach \$72.09 billion, while TV spending hit \$71.29 billion. That means digital will represent 36.8% of US total media ad spending, while TV will represent 36.4%. The strong performance of the digital ad market is being driven by several factors, including mobile and video. Mobile ad spending will grow 45.0% this year to reach \$45.95 billion. As it grows, it will represent an increasing share of overall ad spending. By 2019, mobile is expected to represent more than a third of total media ad spending in the US.

2.4 Millennial parents

There are more than 2 billion millennials globally, with a quarter of whom are parents with a spending power of US\$200 billion annually. As a result, the Company considers millennial parents its target demographic.

A survey of millennial parents with at least one child 10 or younger identified that whilst they will turn to their own mothers for parenting advice most often, they are twice as likely to rely on the internet than to ask advice from other people. As their parental responsibilities increase: 37% of mothers and 50% of fathers are using social media networks once a day for the purpose of obtaining parenting information.

Section 3:

Business overview



3. Business overview

This section is a summary only and not intended to provide full information for investors intending to apply for Offer Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

3.1 Overview of the Company

The Company is a Sydney and New York-based, social media platform focused on enabling families and friends to connect and share moments with each other.

The Company began around the virtues that everyone in the family, no matter who they are, should celebrate the everyday moments of the children in the family. Each family member can then love and comment on these moments. This makes sharing the photos even more special for our users – it puts smiles on their family’s faces every day.

The Company started in Sydney in 2012 as a solution for sharing of family moments on a secure and private social media platform. It has grown globally across over 200 countries and has over 1,500,000 registered users and over 540,000 “monthly active users”. A monthly active user is defined as a registered user who interacts with the Tinybeans platform (whether via the mobile apps, email or web browser) at least once per month.

The Company continues to innovate and refine its platform to give its users new functionality, provide parenting advice and solutions, and proactively engaging them every day to further grow their database of moments.

As a result of the growth of Tinybeans, the Company opened an office in New York in early 2015 to capitalise on the growing demand for Tinybeans in the US market.

3.2 Tinybeans platform

Tinybeans is an established and trusted social media platform in the social networking category. With over 125 million new babies born globally every year, Tinybeans sees the incredible opportunity to partner with global brands in the baby, childcare and family market, through utilising its digital family ecosystem to connect parents and families with innovative products and content to assist in raising their children.

3.2.1 *Tinybeans' products*

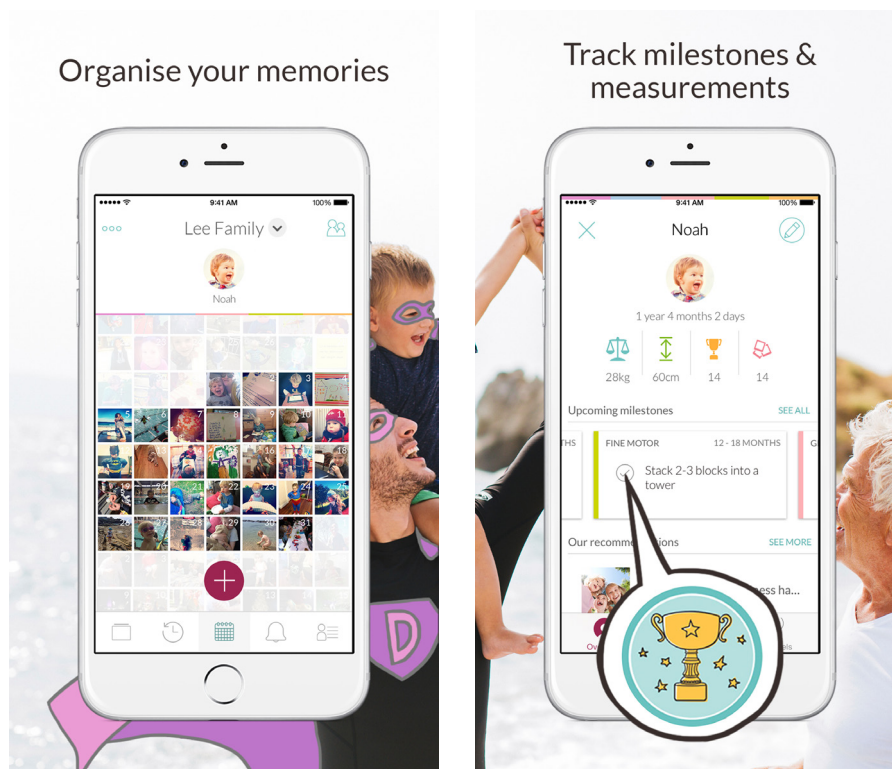
Tinybeans offers a solution for sharing milestones in a private and secure way among family and friends. The basic subscription for Tinybeans is free. Revenue is generated via:

- **premium subscriptions:** in addition to the basic subscription, Tinybeans offers a premium subscription service known as “Family Premium”. A Family Premium subscription is shared across an entire family. Family Premium subscriptions are offered by month (currently US\$8 per month), by year (US\$50 per annum) and lifetime (currently a single payment of US\$250). A Family Premium subscription offers increased functionality including:
 - the ability to add multiple photos in one upload;
 - the ability to add longer videos;
 - one-click back-up of all photos and videos;
 - the removal of all banner ads in the mobile app or website;
 - the ability to search for moments;
 - the “Hidden Moments” feature which allows moments to be shared only with partners;
 - priority customer support;

- the ability to create photo collections and slideshows; and
 - exclusive printing & special offers.
- **advertising and marketing:** offering users trusted solutions from selected advertising partners;
 - **data and insights:** data uploaded by users is managed to allow for micro-targeted marketing and anonymous data analysis with third parties. This data generates revenue from business partners who are seeking data and insights into parents and family groups; and
 - **printed products:** offering users photo printing services for their moments.

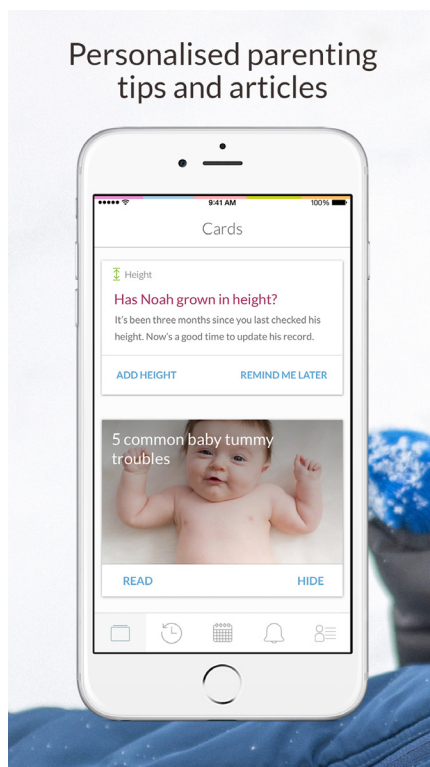
3.2.2 Tinybeans product overview

One of the competitive advantages to Tinybeans is the simple process for both parents and family members as illustrated below.

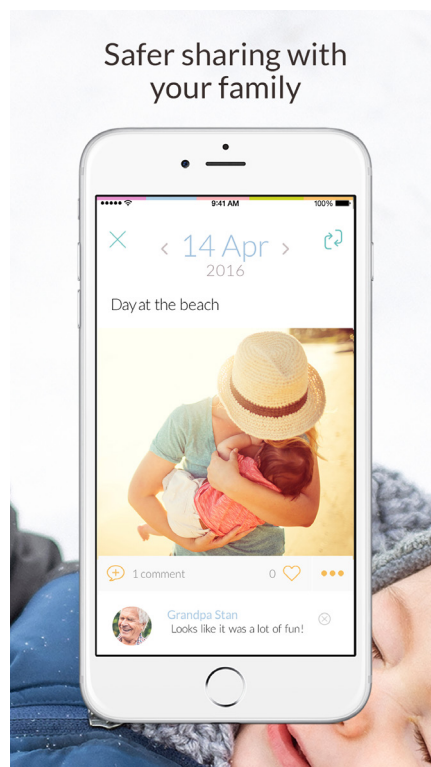


1) Calendar experience – demonstrating how users organise the moments

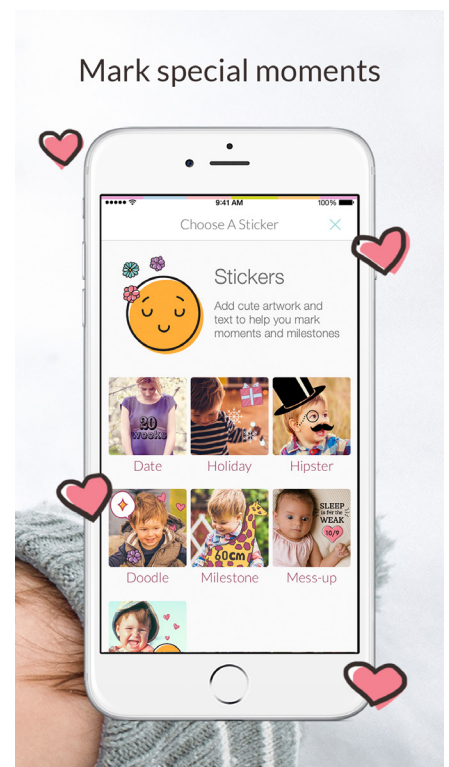
2) Track Milestones and other relevant info



3) Personalised Parenting Tips and articles



4) Safely sharing the moments with family



5) Stickers enabling users to mark special moments

3.3 Product design & user interface

The core intellectual property that comprises the Tinybeans platform was developed by and is owned by the Company. The platform has a unique and engaging interface. Using a calendar style user experience encourages daily interaction and builds habit with new parents daily.

At the core of the Company's ethos is devotion to product design with a focus on user experience. The Company believe this to be a major strength. The Company's product team expends significant effort to continuously improve the product to help drive engagement and retention of Tinybeans' existing users, but make it a powerful experience for first time users.

The platform has over 3,600 "5 star" reviews across:

- Apple App Store – over 3,000 reviews; and
- Google Play Store – over 600 reviews.

In addition, the platform has received over 500 positive reviews in private mother and/or baby forums across Facebook, theBump, Babycenter and many others blogs and websites.

3.4 Tinybeans users — key metrics (Cumulative)

- Monthly active users**

Over one-third of Tinybeans users (approximately 540,000 users) are “monthly active users” who use the platform at least once a month.

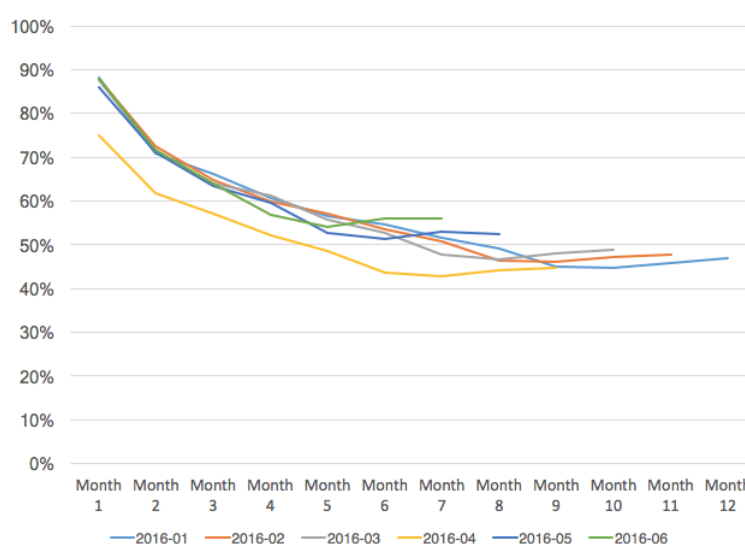
The following table shows the number of Tinybeans’ registered users and monthly active users, and also the number of “moments” that users have recorded to the platform, as at 31 December 2016.

Tinybeans key metric ('000)	FY2015	FY2016	H12017
Registered users	691	1,190	1,455
Monthly active users	195	444	543
Number of "moments" added by users	15,936	37,892	54,462

- Retention rates**

Tinybeans has very high retention from its user base. On average, Tinybeans retains 55% of users after 6 months, 47% after 12 months and 34% after 2 years. These are very high relative to other social media platforms. The global average for user retention for apps is only 3% after 30 days.

The following chart shows the percentage of users retained by Tinybeans from the first month after registration and for each month thereafter.



- Average interaction time**

Tinybeans’ users spend 3 minutes and 40 seconds on average each time they use the platform.

- **User referrals**

Tinybeans' users are strong advocates of the platform. Surveys conducted by Tinybeans of its users have realised a net promoter score of 68. Tinybeans has historically focused its growth on using existing users to promote the platform. This strong advocacy by existing users has seen the business in January 2017 signing up on average over 1,350 new users organically every day to Tinybeans.

3.5 Customer service

Customer service is a vital part of Tinybeans' offering. The Company strives to ensure that users get the attention they deserve and any issues identified are resolved and communicated as quickly as possible. This is especially vital as the Company is supporting a wide range of technological proficiencies.

As Tinybeans is offered as an iOS app, Android app and Amazon app, the customer service team needs to be able to support a wide range of users. Beyond the mobile technologies, given the large family base with somewhat of an older generation user base, the e-mail and website experience also needs extensive knowledge and support. The Tinybeans site operates across many operating systems and many browsers, so being able to support all the different experiences is vital.

From 1 February 2016 to 31 January 2017, the Tinybeans Customer Service team achieved a satisfaction score of 81%. This is very high compared to the industry average of 41% for the software and apps category.

3.6 Data capture

Tinybeans enables parents to capture photos, videos, milestones and other unique data points around their children.

Tinybeans also enables parents to invite their family members to have access to their children's journal securely. This allows Tinybeans to capture the people and their roles of the family.

The Company does not intend to sell this data directly to anyone however it does it plan on using this data to personalise the users' needs and offer them relevant content/products/services for them and their children.

Due to the unique nature of this data that is being collected, the Company believes there are opportunities to harness this data in an aggregated form. This secures the privacy of our users' information but also allows the company to create new revenue streams harnessing the aggregated data without sharing any of its users' personal information.

3.7 Tinybeans privacy and security

Tinybeans focuses on providing a highly trusted network for families to privately and securely share photos, videos and other information, which allows it to differentiate itself from its competitors. Very large social networks (such as Facebook, Instagram and WhatsApp) are often used for photo and video sharing which have wide ranging purposes. Therefore, given this lack of focus, these social networks may not offer the rich ability to capture and record the relevant moments and developmental milestones in a child's life. For example, "first words" or "first steps" are a milestone that can be recorded to a date along with a photo and/or video. Tinybeans also has other features like height and weight growth charts plus curated content and products relevant to the child.

With the growing trend for new millennial parents to be concerned for their children's information on social media they are seeking out new ways to share their lives privately with selected family and friends. The Company believes that this is a significant market opportunity and its platform has been designed as a unique solution to address this need.

Tinybeans' users control the information (i.e. photos and videos) they upload to the platform. Users have complete control over who has access to this information. In addition, given that access to a user and their family's account is only provided to those who have been invited by the user to view it, other users cannot search for individual users on the platform.

The chart below compares the key features of Tinybeans with that of its competitors based on what the Company considers to be an average adult user's experience.

								
Child Centric	✓	✓	✓	✓	✓	✗	✗	✗
Simple & Private sharing	✓	✓	✓	✗	✗	✓	✗	✗
Developmental Milestones	✓	✗	✗	✗	✗	✗	✗	✗
Personalized content	✓	✗	✗	✗	✓	✗	✓	✗
Rich Mobile experience (i.e. offline mode)	✓	✗	✗	✗	✓	✓	✓	✓
Native Brand Integration	✓	✗	✗	✗	✗	✗	✗	✗

3.8 Experienced Management Team and Board of Directors

Tinybeans has a highly experience management team led by its Executive Chairman Eddie Geller. Their skills cut across all elements of the Tinybeans business particularly in sales, marketing, social networking, technology development and maintenance and distribution networks. Eddie has over 4 years of working with Tinybeans and together with his co-founders, Stephen O'Young and Sarah-Jane Kurtini has been responsible for driving the development of the Tinybeans business. Tinybeans has a strong positive internal culture that mirrors a set of values that describes how they want their users to experience Tinybeans.

Recently, Tinybeans recruited Sabine Feldmann, Chief Revenue Officer, based in New York. She is a senior executive who has a wealth of experience in building online properties globally.

3.9 Tinybeans' growth strategy

As social networking has become more mainstream, concerns relating to security and privacy has worked positively for Tinybeans. Tinybeans' strategy around the elements of security and privacy has been carefully crafted and managed. As a result, Tinybeans user growth has grown strongly.

Tinybeans has established a comprehensive strategy to deliver continued growth through:

- designing a user experience that encourages daily interaction;
- creating a platform that enables parents to easily share with family members, irrespective of their technical skill;
- forming partnerships with companies in the US who offer products and services in the infant space to drive user engagement and to facilitate user growth;
- relocating a senior executive, Eddie Geller to NY to drive the global expansion; and
- investing in the technology platform that allows secure growth on a global scale.

Tinybeans has a vision is to build out a **Nurture Network**. The Nurture Network is intended to encompass a broader range of products and services than those currently offered on the Tinybeans platform. The Nurture Network will be a serviceable platform that is personalised for each Tinybeans user and the developmental stage of their children.

3.10 Tinybeans' business model

3.10.1 User growth

Tinybeans revenue growth, is predicated on the Company's ability to scale users and ensure retention. Tinybeans has three key strategies for user growth:

1. Organic

- a. Word of mouth referrals by existing users and informal marketing by Tinybeans users has delivered significant user acquisition growth and, to date, has been the Company's most successful user growth strategy.
- b. Tinybeans Rewards is a program which incentivises existing users to refer new users to Tinybeans and rewards existing users with a free month's subscription to "Family Premium" for each new user referred.

2. Partners

- a. Tinybeans works with partners who offer products and services in the infant space to make cross-market offerings. Tinybeans and these partners cross-promote each other's services using dedicated marketing to their respective users and clients.
- b. Tinybeans works with day care centres in the US, who use Tinybeans across their classrooms, have their teachers take photos, and have those photos shared with the parents on Tinybeans.

3. Paid user acquisition

- a. Tinybeans has been working with Mom365 since 2013. Mom365 is an in-hospital photography company in the US that takes photos of newborns in hospitals and sells the prints to parents. Through this arrangement, Mom365 invites each of their new mothers to join Tinybeans. Approximately 5,000 new mums per month have been signed up through this introducer platform at rate of US\$1 per new mum.
- b. Over the past 2 years, Tinybeans has tested paid user acquisitions using a variety of online social media platforms including Facebook and Twitter. Historically the cost of acquiring a new user via a paid channel has averaged \$2.20 per user. After Listing, the Company intends to deploy a portion of the offer proceeds to acquire further users using this strategy.

3.10.2 Revenue strategies

Tinybeans has four separate strategies for generating revenue.

1. Advertising and marketing – generating revenue from corporate clients

- a. Direct Sell - Tinybeans works with brands that want to deliver their content, products or services to parents and families. Tinybeans generates advertising revenues through promotion and advertising of these brands on the platform.
- b. Programmatic Sell – Tinybeans places network ads across the platform and programmatically generates

- revenues through the audience and traffic generated. Although these revenues are smaller than “direct sell” revenue, it fills Tinybeans’ unsold advertising inventory on the platform and generates additional income.
- c. **Affiliate Revenue** – Tinybeans generates revenues based on a percentage of the sale from 3rd party e-commerce sites (like Amazon). Whenever Tinybeans recommends a 3rd party product to one of its users and that user completes a purchase on that site, then Tinybeans earns a percentage of the purchase.

Tinybeans offers a unique selling proposition for brands operating in the infant space:

- its users are millennial parents with modern and connected families;
- its users have a high level of trust in the platform; and
- the platform offers the opportunity to target advertising to parents and families whose children are “graduating” to the appropriate age or milestones to consume the relevant products and services being offered by the business.

Some of Tinybeans existing advertising clients include **Crayola, Babies-R-Us** and **Kimberly Clark**.

As brands look to adapt with the growth of in-app advertising and the increased engagement it provides, Tinybeans will capitalise on this opportunity by:

- integrating trusted brands' content into Tinybeans milestones and child development features;
- undertaking targeted email and social media campaigns to Tinybeans users;
- undertaking targeted and relevant content advertising (push notifications to parents and families at the right time, for example one month before a child's birthday, content served to the user displaying innovative birthday gifts to aid in the child's development); and
- utilising the Tinybeans audience to provide brands with feedback and insights on their products and the developmental needs of children.

2. Data and insights – generating revenue from corporate clients

- a. **Panel Access** - Tinybeans offers brands the ability to target surveys and research studies to the right parents and family members. Tinybeans offers incentives to its users and invites them to complete the survey (if they pass the criteria). Nielsen US is an existing partner of Tinybeans and the Company often works together on marketing campaigns with companies such as Gerber and Nestle.
- b. **Direct Research** – Tinybeans offers brands direct research into a specific audience based on the requested need. The Company designs and implements the study.

3. Premium subscriptions – generating revenue from users

Tinybeans offers a premium subscription service called “Family Premium”. This service enables users to upgrade and enjoy many richer features that are not available in the basic subscription. Family Premium subscriptions are offered by month (currently US\$8 per month), by year (US\$50 per annum) and lifetime (currently a single payment of US\$250).

4. Printed products – generating revenue from users

Tinybeans offers its users the ability to print their moments onto photobooks, canvases, prints and many other methods. The Company partners with third party providers that manage the high-quality printing and fulfilment.

Section 4:

Financial Information



4. Financial Information

4.1 Introduction

The financial information contained in this section has been prepared by the Company. The financial information includes the following information:

- o audited historical consolidated income statements for the financial years ended 30 June 2015 (**FY2015**) and 30 June 2016 (**FY2016**);
 - o reviewed historical consolidated income statement for the six months ended 31 December 2016 (**1H2017**);
 - o audited historical consolidated cashflow statements for FY2015 and FY2016;
 - o reviewed historical consolidated cashflow statement for 1H2017;
 - o reviewed historical consolidated balance sheet as at 31 December 2016;
- (together, the **Historical Financial Information**); and
- o pro forma historical financial information of Tinybeans, being the pro forma historical consolidated balance sheet as at 31 December 2016 (the **Pro Forma Historical Financial Information**).

The Historical Financial Information has been audited (FY2015 and FY2016) or reviewed (1H2017) by RSM Australia Partners. RSM Australia Partners has issued unqualified opinions in relation to the audit and review of the Historical Financial Information.

The Historical Financial Information and Pro Forma Historical Financial Information are together referred to as the “**Financial Information**”.

The Financial Information presented in this Prospectus has been reviewed by RSM Corporate Australia Pty Limited in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report set out in section 8. Investors should note the scope and limitations of that report.

The Financial Information presented in this section 4 should be read in conjunction with the business overview set out in section 3, key risks set out in section 5 and other information contained in this Prospectus. Investors should note that past results are not a guarantee of future performance.

Also summarised in this section 4 are:

- the basis of preparation and presentation of the Historical Financial Information (see section 4.2); and
- a summary of the Company’s proposed dividend policy (see section 4.7).

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview of preparation and presentation of the Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance and cashflows of the Company for FY2015, FY2016 and 1H2017 and the pro forma financial position of the Company as at 31 December 2016.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which is consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information has been prepared in a manner consistent with the recognition and measurement principles contained in AAS, which are consistent to IFRS, applied to the historical consolidated balance sheet and the events or transactions to which the pro forma adjustments relate, as described in Section 4.3.2 of the Prospectus, as if those events or transactions had occurred as at 31 December 2016.

The Financial Information is presented in abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The significant accounting policies of the Company relevant to the Financial Information are set out in section 4.6. Accounting policies have been consistently applied throughout the periods presented.

4.2.2 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. Accordingly, the Pro Forma Historical Financial Information has been derived from the reviewed historical consolidated balance sheet as at 31 December 2016 and adjusted for the effects of the pro forma adjustments described in section 4.3.2 of the Prospectus, to reflect the Company's capital structure, which will be in place following Listing as set out in the Key Offer Information section.

Refer to section 4.3.2 for a reconciliation between the Company's historical consolidated balance sheet and the pro forma historical consolidated balance sheet as at 31 December 2016.

Investors should note that past results do not guarantee future performance.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

4.2.3 Explanation of certain non-IFRS financial measures

The Company uses certain measures to manage and report on its business that are not recognised under the AAS. These measures are collectively referred to as non-IFRS financial measures.

The principal non-IFRS financial measures used in this Prospectus are as follows:

Gross profit is calculated as services revenue less cost of sales;

Working capital is defined by the Company as the total of trade and other receivables, prepayments less trade and other payables.

Although the Directors believe that these measures provide useful information about the Company's financial performance, they should be considered as supplements to the income statement and cashflow measures that have been presented in accordance with the AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions, and the way Tinybeans calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Historical consolidated income statements

4.3.1 Table of historical consolidated income statements

Table 1 summarises the Company's historical consolidated income statements for FY2015, FY2016 and 1H2017.

Year Ended 30 June A\$'000	2015 Audited	2016 Audited	1H2017 Reviewed
Revenue	85	588	621
Other income	665	717	4
Income	750	1,305	625
Expenses			
Printing costs	(75)	(125)	(114)
Employee benefits	(847)	(955)	(421)
Marketing and advertising	(350)	(448)	(218)
Administration	(237)	(97)	(60)
Share based payments expense	(46)	(69)	(22)
Online software	(92)	(262)	(105)
Product development	(146)	(11)	(9)
Depreciation and amortisation	(1)	(3)	(2)
Finance costs	(667)	(100)	(67)
Other expenses	(112)	(105)	(42)
Total Expenses	(2,573)	(2,175)	(1,060)
Loss before income tax	(1,823)	(870)	(435)
Income tax expense	-	-	-
Loss for the year	(1,823)	(870)	(435)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(1,823)	(870)	(435)

4.3.2 Historical and pro forma historical consolidated balance sheet

Table 2 sets out the Company's historical consolidated balance sheet as at 31 December 2016, pro forma adjusted to take into account the effect of the Offer proceeds and transaction costs. These adjustments reflect the impact of the change in capital structure that will take place as part of the Offer, as if it were in place as at 31 December 2016.

As at 31 December 2016 A\$'000	Notes	Reviewed	Pro forma adjustments	Pro Forma
Assets				
Current assets				
Cash and cash equivalents	1	665	5,931	6,596
Term deposit		17		17
Trade and other receivables		235		235
Prepayments		14		14
Total current assets		931	5,931	6,862
Non-current assets				
Plant and equipment		14		14
Total non-current assets		14	-	14
Total assets		945	5,931	6,876
Liabilities				
Current liabilities				
Trade and other payables		59		59
Borrowings	2	3,333	(3,333)	-
Provisions	3	31	166	197
Deferred revenue		311		311
Total current liabilities		3,734	(3,167)	567
Total liabilities		3,734	(3,167)	567
Net assets		(2,789)	9,098	6,309
Equity				
Issued capital	2,4	345	10,748	11,093
Reserves	5	146	126	272
Retained earnings / (losses)	2,3,5,6	(3,280)	(1,776)	(5,056)
Total equity		(2,789)	9,098	6,309

1. Increase in pro forma cash of \$5.931 million through the issue of New Shares to raise \$6.5 million less cash offer transaction costs estimated to be \$0.569 million.
2. Conversion of Convertible Notes: the fair value of the Conversion Shares to be issued upon the pro forma conversion of Convertible Notes (\$4.695 million) exceeds the carrying value of the Convertible Notes as at 31 December 2016 (\$3.333 million). The excess (\$1.361 million) is pro forma expensed through retained earnings.
3. Provisions are increased due to the pro forma recognition of bonuses payable to key Tinybeans executives on successful completion of the Offer (\$0.166 million). Where bonuses are payable in USD, these have been converted to AUD using an exchange rate of 1 AUD = 0.75 USD.
4. The pro forma balance sheet reflects, as a result of the Offer, an increase in issued capital (ordinary shares) of \$6.053 million through the issue of New Shares by the Company (\$6.5 million less offer costs offset against contributed equity estimated to be \$0.447 million).
5. Reserves are increased due to the pro forma cancellation of existing options (\$0.005 million) and the pro forma issue of new options (\$0.121 million) as part of the Offer.
6. Retained earnings is decreased due to the pro forma expensing of offer costs which are not set off against issued capital (\$0.122 million), the pro forma cancellation of existing options (\$0.005 million) and the pro forma issue of the Options (\$0.121 million).

4.4 Historical consolidated cashflows

Table 3 sets out the Company's historical consolidated cashflows for FY2015, FY2016 and 1H2017.

Year Ended 30 June A\$'000	2015 Audited	2016 Audited	1H2017 Reviewed
Cash flows from operating activities			
Receipts from customers	184	1,011	887
Export market development grant received	13	97	
Research and development tax offset credit received	60	341	561
Payments to suppliers and employees	(1,767)	(2,084)	(1,162)
Interest received	26	5	1
Net cash used in operating activities	(1,484)	(631)	288
Cash flows from investing activities			
Payment for plant and equipment	(10)	(4)	(6)
Payment to term deposit	(17)		
Net cash used in investing activities	(27)	(4)	(6)
Cash flows from financing activities			
Proceeds from shares issued	24		
Proceeds from borrowings	2,000	300	200
Net cash provided by financing activities	2,024	300	200
Net (decrease) / increase in cash held	513	(335)	482
Cash and cash equivalents at the beginning of the financial year	4	518	182
Cash and cash equivalents at the end of financial year	518	182	665

4.5 Discussion and analysis of the Historical Financial Information

4.5.1 General factors affecting the operating results of the Company

The following section will discuss the key factors which affected the Company's operating and financial performance during FY2015, FY2016 and 1H2017.

It should be noted that the following discussion is intended to provide a summary only and does not detail all factors that affected the Company's historical operating and financial performance, or everything that may affect the Company's operations and financial performance in the future.

The information in this section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.5.2 Sources of revenue

The Company receives its operating revenue primarily through four key sources. The largest source in 1H2017 was advertising revenue, accounting for 40% of Revenue. Premium subscription revenue had the largest growth over the same period, increasing by 110% in 1H2017 over the prior comparable period.

The Company also derives revenue from its users' purchasing of photo printing products such as photobooks. In addition, revenue is earned from businesses accessing and utilising Tinybeans' consumer data and insights.

4.5.3 Other income

The Company has historically received other income through government grants and rebates including:

- the recovery of research & development expenses (approximately \$0.5m during FY2016); and
- an export market development grant (\$0.15m during FY2016).

4.5.4 Expenses

In addition to employee costs, the Company's other expenses primarily comprise of marketing costs, cost of sales, online software and finance costs. Details of the key group of expenses incurred by the Company, and the key drivers of each source of expense, are set out below.

4.5.5 Marketing

Marketing costs represent an investment in partnerships and on the ground activity (particularly in North America) which has directly assisted in the acquisition of Tinybeans users.

4.5.6 Cost of Sales – printing costs

The Company incurs costs in relation to the production of photo products, namely photobook and prints. These costs are paid directly to the suppliers that produce these consumer products.

4.5.7 Online software

Primarily represent payments to Amazon Web Services (**AWS**) for hosting and storage costs, and Sendgrid, the provider which sends out e-mails to users. These costs are expected to increase in line with business growth.

4.5.8 Finance costs

The Company records finance costs as they relate to the convertible notes. These costs will not be incurred post listing as the debt converts to shareholder equity.

4.6 Summary of Significant Accounting Policies

The principal accounting policies adopted by the Company are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.6.1 New, revised or amending Accounting Standards and interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') that are mandatory for the current reporting period.

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

4.6.2 Basis of preparation

Historically, the directors have prepared the financial statements on the basis that the group is a non-reporting entity because there have been no users dependent on general purpose financial statements. The financial statements are, therefore, special purpose financial statements prepared to meet the members' needs.

The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded.

4.6.3 Parent entity information

These financial statements present the results of the consolidated entity only. No supplementary information about the parent entity is disclosed.

Principles of consolidation

Consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tinybeans Group Pty Ltd (**parent entity**) and the results of all subsidiaries for the year then ended. Tinybeans Group Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'group' or 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

4.6.4 Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As at 31 December 2016, the Directors believe that the group will be able to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report for that period after consideration of the following factors:

- The group is in the advanced stages of lodging its prospectus with the ASX with a view to undertaking an IPO in the first half of the 2017 financial year. The group is proposing to raise a minimum amount of share capital of \$6,500,000.
- Included in current liabilities is a convertible note facility carried at a value of \$3,333,333. Should the IPO proceed as planned, the IPO would be considered to be a Fundraising Conversion Event as defined in the Note Deed and all Notes convert into ordinary shares. Should the IPO not proceed, and there is no other Fundraising Conversion or Liquidity Events before the Maturity Date then on the election of the Company the Notes shall be either convertible or redeemable on the Maturity Date or the Maturity Date will be extended for such further period determined at the sole discretion of the Company, but such extension is not to exceed 6 months without the approval of the Noteholders.
- Should the IPO not proceed for any reason, the directors have satisfied themselves as to the group's ability to fund itself, or alternatively find alternative funding as required.

4.6.5 Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

a. Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

b. Advertising revenue

Advertising revenue is recognised when the advertisement has been displayed on the group's web-site or the media service has been performed.

c. Subscription revenue

Subscription revenue is recognised over the life of the subscription period, recovery of the consideration is probable, and the amount of revenue can be measured reliably. Amounts relating to future subscription periods are reflected in deferred revenue.

d. Government grants

Revenue from research and development tax offset scheme and export market development grant is recognised in the financial period to which these grants relate.

e. Data revenue

Data revenue is recognised when the data service has been provided to the customer.

f. Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

4.6.6 Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment: 3 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in the profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

4.6.7 Trade and other receivables

Trade receivables are recognised initially at the transaction price (cost) and are subsequently measured at cost less provision for impairment. Most sales are made on the basis of normal credit terms and do not bear interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

4.6.8 Impairment of assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the profit or loss.

4.6.9 Trade and other payables

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms and do not bear interest.

4.6.10 Employee benefits

a. Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

b. Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

c. Equity-settled compensation

The group operates an employee share and option plan. Share-based payments are measured at the fair value of the instruments issued and amortised over the vesting periods. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

4.6.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

4.6.12 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

4.6.13 Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

4.6.14 Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.6.15 Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or

liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- a. a legally enforceable right of set-off exists; and
- b. the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

4.6.16 Financial instruments

a. Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

b. Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions,

reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

c. Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

d. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

e. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

f. Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified to profit or loss.

g. Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

h. Convertible Notes

Convertible notes are separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the convertible notes, the embedded option is recognised at fair value using an appropriate method of options valuation. The host debt component of the convertible note is initially measured as the residual amount after separating the embedded derivative. The host debt is carried at amortised cost using the effective interest method until it is extinguished on conversion or redemption.

i. Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss as a finance charge.

j. De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.6.17 Financial instruments issued by the Company

a. Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

b. Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

c. Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

d. Interest

Interest is classified as an expense consistent with the classification in the Statement of Financial Position of the related debt.

4.6.18 Foreign currency transactions and balances

a. Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Parent Company.

b. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

c. Foreign operations

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period; and
- income and expenses are translated at average exchange rates for the period.

4.6.19 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Contributions to defined contribution superannuation plans are expensed in the period incurred.

4.6.20 New Accounting Standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 31 December 2016. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

4.6.21 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

4.6.22 Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

4.6.23 Convertible note

As per AASB 139 paragraph 11

An embedded derivative shall be separated from the host contract and accounted for as a derivative under this standard if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss i.e. a derivative that is embedded in a financial asset or financial liability.

The Group has determined the characteristics of the convertible note meet the criteria of an embedded derivative according to the above accounting standards. Further the embedded derivative has been valued separately from the debt host liability and recorded at fair value at each reporting period, with changes in value being recorded in profit or loss as a finance charge.

The assessed fair values of the embedded derivative are determined using an appropriate pricing model and are revalued at conversion and/or reporting date.

4.6.24 Platform and product development costs

Platform and development costs have been expensed in the year in which incurred. These amounts have not been capitalised on the basis that the directors consider that the expenditures do not meet the recognition criteria of development costs as defined by AASB 138 Intangible Assets.

4.6.25 Deferred tax

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that the future taxable profit will be available against which the benefits of the deferred tax can be utilised. The ability to generate taxable profit is contingent on the successful commercialisation of the community platform and consequently, the directors consider it prudent not to raise any deferred tax assets in the statement of financial position until such time as there is more certainty in relation to the commercialisation of the platform and its related revenue streams.

4.6.26 Research and development tax offset scheme

Refundable research and development credits received from the research and development tax offset scheme are accounted for as a government grant as per AASB 120. Consequently, a credit has been recognised in the same period necessary to match the benefit of the credit with the costs for which it is intended to compensate. This credit has been presented as other income.

4.6.27 Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

4.6.28 Deferred revenue

Included in deferred revenue is subscription revenue related to the sale of lifetime premiums which are to be recognised in the profit or loss over the subscription period. The key assumption in measuring the deferred revenue is the expected period of usage in relation to lifetime premium subscribers. There is significant estimation uncertainty with regards to the period of use and consequently the directors have estimated the usage period to be 5 years.

4.7 Dividend policy

In the event that the Company is successfully admitted to the Official List of the ASX, the Board plans to focus on generating revenue and expanding its brand recognition globally.

The Company does not expect to declare any dividends during this period. Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of Tinybeans, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by Tinybeans.

Section 5:

Risk factors



5. Risk factors

5.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific risks

a. History of operating losses

Although the Company has experienced significant revenue growth since inception in 2012, it has incurred net losses every year and has yet to turn an operating profit. It is noted that the Company suffered an operating loss of \$1.8 million during the financial year ended 30 June 2015 and an operating loss of \$870,000 during the financial year ended 30 June 2016.

There is a risk that the Company may not achieve profitability in the future. The Company anticipates that its operating expenses will continue to rise as it hires additional employees, increases its marketing efforts, expands its operations and continues to invest in the development of its technology platform, including new services and features for its members. These costs may prove more costly than the Company budgets and the Company's revenue may not increase sufficiently to turn an operating profit and become cash flow positive.

No assurance can be given that the Company will achieve commercial viability through Tinybeans existing technology or otherwise. Until the Company is able to realise value from its technology, it is likely to incur ongoing operating losses. Achievement of the Company's objectives will depend on the Board and the executive team's ability to successfully implement its development and growth strategy. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer.

b. Growth and profitability dependent on growing active users

The Company has not achieved operational profitability. In order to achieve profitability, the Company must continue to attract new active users, retain active users and, in particular, paid subscribers to the Tinybeans platform. This will lead to an active community on the platform which will form the foundation of the Company's business and its future success. There is a risk that the Company may not be able to grow its active user base or retain existing active users and, as a result, may fail to become profitable.

c. Technology improvements and development and technical risk

The Tinybeans platform is the subject of continuous technology improvement and development in order to enable the Company to meaningfully improve the platform's usability and to continue to attract new users. There are no guarantees that the Company will be able to undertake such improvement and development

successfully. Failure to successfully undertake such improvement and development, anticipate technical problems, or estimate improvement and development costs or timeframes accurately will adversely affect the Company's results and commercial viability.

The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new features on the platform in a timely or cost-effective manner. At the same time, products and technologies developed by others may render the Company's platform and systems obsolete or non-competitive.

d. Intellectual property rights

A substantial part of the Company's commercial success will depend on its ability to establish and protect its intellectual property to maintain trade secret protection and operate without infringing the proprietary rights of third parties.

The commercial value of these intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. The Company may be required to incur expenses and allocate resources to the monitoring of its intellectual property rights. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There is also risk associated with the enforcement of the Company's intellectual property rights in foreign jurisdictions outside Australia and the United States, especially if the Company expands globally in the future. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against Tinybeans or the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations.

Additionally, securing rights to (or developing) technologies complementing Tinybeans existing intellectual property will also play an important part in the commercial success of the Company. There is no guarantee that such rights can be secured or such technologies can be developed.

e. Third party relationship risk

The Company is dependent in part upon its relationships and alliances with brands in the infant market. Some of Tinybeans partners do or may in the future assist Tinybeans in the development of its products through testing, research and development or teaming arrangements. If any of Tinybeans existing relationships with partners were impaired or terminated, or if the Company was unable to implement additional partnering arrangements it may require from time to time, the Company could experience significant reductions in revenue.

f. Reputational damage

Any negative publicity regarding the Company, Tinybeans or its Board, officers or employees, or the performance of the platform, will adversely affect the Company's ability to generate revenue and shareholder value.

g. Competition risk

The social media market in which Tinybeans participates is competitive and characterised by rapid technological change. The Company's potential inability to improve the existing Tinybeans platform and/or to develop new technologies could have a material adverse effect on the Company's business. In addition, the Company's social media competitors could introduce new products that compete with Tinybeans' platform that have greater capabilities, better pricing or offer greater synergies for brands in the infant market. Such developments could have a material adverse effect on the Company's business. The Company competes with larger companies with greater resources on the basis of performance, cost, overall value, delivery and reputation.

There is a risk that Tinybeans' user base preferences for social media platforms change or evolve such that demand for Tinybeans services are reduced. There is also the threat of new businesses entering into the parents and facilities social media market or adjacent social media markets in the future with similar, improved or completely new offerings.

h. Concentration of shareholding

The Company currently has 14,950,495 Shares on issue and will issue 4,694,665 Shares on Conversion of the Convertible Notes, meaning that the maximum number of Shares issued under the Offer (i.e. 6,500,000 Shares) will represent up to approximately 24.86% of the issued share capital of the Company (on an undiluted basis) on completion of the Offer.

There will therefore be a concentration of ownership within the existing members of the Company on completion of the Offer. Some investors may consider that this increases the risk of participating in the Offer.

i. Liquidity

There is currently no public market through which Shares may be sold. On completion of the Offer, there can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase or not decrease. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer. It may also affect the prevailing market price at which the Shareholders are able to sell their Shares. This may result in Shareholders who acquire Shares under the Offer receiving a market price for their Shares that is less or more than the Offer Price.

Subject to the Company being admitted to the Official List, certain Existing Shares on issue prior to the Offer, certain Conversion Shares to be issued pursuant to Convertible Noteholder Offer and all the Options to be issued pursuant to the Option Offer will be classified by ASX as "restricted securities" and, as such, will be required to be held in escrow for up to 24 months from the date of Listing.

It is estimated that up to 15,895,408 Shares (held by current and former related parties who were seed capitalists) will be classified as restricted securities for 24 months from the date of Listing. In addition, 354,840 Options will be classified as securities received for consultancy services and, as such, will be classified as restricted securities for 12 months from the date of Listing.

In addition, the Company has entered into voluntary escrow agreements with Existing Shareholders and Convertible Noteholders in respect of 3,584,661 Shares. These Shares will be held on escrow from the date of Listing for one year.

During the period in which the securities described above are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

j. Government regulation

Changes to laws and regulations that apply to the Company could adversely impact its operating activities, compliance costs and financial performance; as well as market sentiments towards the profitability of the industry in general. In particular, given the rapidly changing nature of the technology sector, the regulatory frameworks from both a domestic and international law perspective are likely to evolve – especially relating to privacy and security.

The Company's revenue strategy relies on the use of data gathered from its users. In particular, the Company currently earns revenue by collecting data from its users, anonymising this data and then selling it to its partners and customers who operate in the infant market. In the future, the Company intends to increase the revenue obtained from this channel. As such, future regulatory or legal changes in privacy laws and data protection could have a material adverse effect on this revenue stream.

Additionally, as social media platforms and the way users engage with these platforms continue to change, it is not always certain how existing laws will apply to new issues that arise.

k. Loss of key management personnel, employee recruitment risk and retention

Over the Company's short history, it has been heavily reliant on the skills and expertise of its core management team. As such each member of its management team remains critical to the Company's success and their retention is crucial. A failure to attract and retain executive, business development, technical and other key personnel could reduce the Company's revenues and operational effectiveness. There is a continuing demand for relevant qualified personnel, and the Company believes that its future growth and success will depend upon its ability to attract, train and retain such personnel. Competition for personnel in the Company's industry is intense, and there is a limited number of persons with knowledge of, and experience in, this industry. An inability to attract or maintain a sufficient number of requisite personnel could have a material adverse effect on the Company's performance or on the Company's ability to capitalise on market opportunities.

l. Failures or disruptions to technology systems and communication networks

The Company's platform may have technical errors, security flaws or defects that could jeopardise the user experience. Web and app-based products, including enhancements, often contain undetected errors especially when first released.

Tinybeans stores data in its own systems and networks and also with third party service providers (primarily in cloud servers hosted by AWS). Exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers.

Failure on the part of the Company to prevent malicious attacks or mitigate damage will likely harm the Company's business reputation and financial position.

m. Foreign exchange

Tinybeans has users in over 200 countries however the majority of its users and infant brand partners originate from the United States. As a result, much of the Company's revenue is denominated in US dollars. Although some of the Company's costs are denominated in US dollars (for example, it has an office and some its staff are based in New York), the majority of its costs are in Australian dollars. This is because its technology development and administrative staff are based in Australia. In addition, the Company will be listed on ASX and, as such, is expected to incur the majority of its audit, legal and other service provider costs in Australian dollars. Consequently, movements in currency exchange rates (in particular unfavourable movements in the US dollar to Australian dollar exchange rate) may adversely affect the Company's results or cash flows. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.

n. Reliance on access to the internet

The Company's platform relies upon its users being able to easily access the internet and mobile applications. Internet service providers and operators may alter the terms or quality of its service provision to the Company's users for various reasons beyond the control of the Company. This has a direct impact on the Company's user experience.

o. Exposure to potential security breaches and data protection issues

The Company's operating activities are governed mainly by contractual obligations and limitations between the Company and customers. Breach of these obligations, such as through distributing sensitive information contrary to the Company's privacy policy would likely lead to a loss of customers, revenue and business reputation damage.

Through the ordinary course of business, the Company collects a wide range of confidential information. Cyber-attacks may compromise or breach the technology platform used by the Company to protect confidential information.

p. Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

q. Acquisitions

The Company's growth strategy may involve finding and consummating acquisitions in areas complimentary to the Company's business. The Company may not be successful in identifying and acquiring suitable acquisition targets at an acceptable cost. Further, acquisitions may require additional funding on acceptable terms, which may or may not be available at the relevant time. In addition, the Company will experience competition in making acquisitions from larger companies with significantly greater resources.

r. Risk of litigation, claims and disputes

The activities of the Company may result in disputes with third parties, including, without limitation, regulators or the Company's users, investors, competitors, regulators, partners, directors, officers and employees, and service providers. The Company is not currently engaged in any litigation or disputes. However, the Company may incur substantial costs in connection with such disputes.

s. Strategies

There are no limits on strategies that the Company may pursue. The strategy discussed in this Prospectus may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. As a result, the strategy, approaches, markets and products described in this Prospectus may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date.

Further, a change in strategy may involve material and as yet unanticipated risks, as well as a high degree of risk, including a higher degree of risk than the Company's strategy in place as of the date hereof.

t. Contracts in general

There are a number of risks associated with contracts entered into by the Company, including the risk that those contracts may contain unfavourable provisions, or be terminated, lost or impaired, or renewed on less favourable terms.

u. Insurance coverage

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company will need to review its insurance requirements periodically. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

5.3 General Risks

a. Economic conditions and other global or national issues

General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder,

and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations.

b. Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology or defence stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Further, the value of the Shares may fluctuate more sharply than that of other securities given the fact that investment in the Company is highly speculative.

c. Price of Shares

As a publicly-listed company on ASX, the Company will be subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its Share price. The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase or not decrease following the commencement of quotation on ASX, even if the Company's earnings increase.

Further, after the end of the relevant restricted security and escrow periods affecting Shares in the Company, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price. Please refer to section 6.9 for further details on the Shares likely to be classified by the ASX as restricted securities.

d. Investment speculative

The risk factors set out in this Prospectus ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. These factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

e. Accounting Standards

Any change in accounting standards or how they are applied and interpreted may have an adverse impact on the Company's financial performance and position.

f. Tax risk factors

Potential investors should seek independent tax advice which considers their own specific circumstances and tax position. In recent years, there have been a number of key tax reform measures. In the event that there is further change in Australian tax law, or an administrative pronouncement or ruling, including in respect of the rates of tax payable by the Company, such developments could negatively impact the returns derived by a potential investor. In addition, an interpretation of the Australian tax laws by the Commissioner of Taxation that is contrary to the Company's view of those laws could similarly increase the amount of tax payable by the Company.

The Company is and will be subject to tax at the Australian corporate tax rate on all Australian sourced income. The Company has a US subsidiary TinyBeans USA Ltd, that is incorporated in the state of New York. All other income that remains in TinyBeans USA Ltd will be taxed under the local US tax system of Federal and State Taxes after being offset against all allowable expenditures.

Section 6:

Key individuals, interests and benefits



6. Key individuals, interests and benefits

6.1 Board of Directors

At the date of Listing the Board of the Company comprises:

- a. Mr Eddie Geller, the Executive Chairman and Chief Executive Officer;
- b. Mr Stephen O'Young, an Executive Director and Chief Technology Officer; and
- c. Mr Kim Heras, a Non-Executive Director.

The Directors of the Company bring to the Board a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience.

Directors



Mr Eddie Geller

Executive Chairman and Chief Executive Officer

Mr Geller has been an entrepreneur in the technology and internet sectors since 1994. He founded his first company in 1995 and then in 1999 was the founder/CEO of Unique World. He grew Unique World to a prosperous software and management consulting business with just under 100 staff, and then successfully exited to a large US company in 2011.

Then in 2012, he met the founders (Mr Stephen O'Young and Ms Sarah-Jane Kurtini) of the Company and fell in love with the problems they were solving. Since 2013, Mr Geller took on the CEO role, driving the organisational strategy, sales and partnerships globally.

Mr Geller, who is originally from Sydney, Australia, now resides in New York with his wife and 4 boys, having moved in late 2014.

Mr Geller is currently a director of LayPay Pty Ltd, Billsumo Pty Ltd and was previously a director of Unique World Pty Ltd.



Mr Stephen O'Young

Executive Director and Chief Technology Officer

Mr O'Young spent 15 years of his professional life creating software and architecting enterprise systems for large companies like Allianz, Suncorp and IAG. Then in 2012 he left the corporate world to found the Company. His experience in building world class, secure applications enabled him to be the chief architect of Tinybeans. With Mr O'Young's experience in designing enterprise platforms in large financial organisations, he has been able to architect the Tinybeans platform with the same levels of robustness, stability and security.

Mr O'Young drives the innovation across the product platform and is striving to build out the platform for families that will ensure that Tinybeans is a household brand everywhere.

Mr O'Young holds a Bachelor of Engineering degree from the University of New South Wales.



Mr Kim Heras
Non-Executive Director

Mr Heras is the co-founder of 25fifteen, a Sydney-based startup studio and corporate venturing firm founded by successful tech entrepreneurs and industry veterans.

He is also co-founder and Chairman of TechSydney, the industry group for Startups in Sydney, founder of the Sydney Tech Startup Meetup and a member of ASIC's Digital Finance Advisory Committee.

Previously Mr Heras was the Managing Director of PushStart, a Sydney-based startup accelerator that counts Tinybeans as one of its investees and a Director of Fishburners, a not-for-profit co-working space that is Australia's largest community of highly scalable tech startups.

Mr Heras was also Commercial Manager at Ensyst, an IT Services firm acquired by Optus Business in 2014 and Country Manager at MyHeritage, the world's leading genealogy and family history site.

Mr Heras holds a Bachelor of Laws (Hons) and a Master of Commerce (Hons) from the University of Sydney.

Each Director has confirmed to the Company that they anticipate being able to perform their duties as a director of the Company without constraint from other commitments.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills.

Company Secretary	Expertise, experience and qualifications
Mr Anand Sundaraj	<p>Mr Sundaraj is a principal of Whittens, McKeough & Sundaraj Pty Ltd, a commercial law firm based in Sydney. Prior to joining Whittens, Mr Sundaraj worked at international law firms Allen & Overy, King & Wood Mallesons and Herbert Smith Freehills, as well as for global investment bank Credit Suisse.</p> <p>Mr Sundaraj specialises in providing legal advice on mergers & acquisitions and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including ASX Listing Rules compliance.</p> <p>Mr Sundaraj is currently the company secretary of Catapult Group International Limited (ASX:CAT), Freedom Insurance Group Limited (ASX:FIG), DroneShield Limited (ASX: DRO), Tomizone Limited (ASX:TOM), iBuyNew Group Limited (ASX:IBN), Reddam House (operator of independent, co-educational, non-denominational schools) and Lille Fro Foundation (an Australian-based charity which operates in India).</p> <p>Mr Sundaraj holds a Bachelor of Laws (with Honours) and a Bachelor of Science from Monash University and is admitted as a solicitor of the Supreme Courts of New South Wales and Victoria. Mr Sundaraj is the author of "Listed Companies: ASX Listing Rules" in Australian Corporation Practice, published by LexisNexis Butterworths.</p>

6.2 Key management team of Tinybeans

The details of the Company's management team are set out below.



Ms Sarah-Jane Kurtini

Head of Marketing

Ms Kurtini spent the first 13 years of her career working in the media and agency industries, first as a media planner and then as an account director in London's first full-service content agency, where she worked with brands like Sainsbury's and The Guardian and to tell their stories to consumers.

After moving to Sydney with her young family, Ms Kurtini devised the social media strategy for family-focused brands for GSK and Unilever.

With her brand and digital marketing experience, she co-founded the Company with Mr O'Young and drives the messaging, content and marketing strategies across the company and its products.

Ms Kurtini holds a Bachelor of Arts degree in English and Philosophy from the University of Manchester.



Ms Sabine Feldmann

Chief Revenue Officer

Sabine is an Innovative media, sales and business development leader with over 20 years' experience and success in the media industry across digital, mobile, print, social and experiential channels – specifically in the US market.

She is consistently recognised by industry experts as a pioneer in making brands stronger. Known for creating and implementing innovative brand extensions, technologies and first-to-market sales and marketing programs that significantly enhanced revenue streams across some of the world's most iconic and influential magazine brands, and delivered measurable ROI for advertisers.

Previously at Meredith and Condé Nast, and more recently at the Guardian Group, Sabine brings a wealth of not only sales and partnerships but media expertise to help the Company scale.

6.3 Interests, fees and benefits

Other than as set out in this Prospectus, no:

- Director of the Company; or
- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- stockbroker or underwriter to the Broker Firm Offer

has or had within two years before lodgement of this Prospectus with ASIC any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid, and no amounts have been given or agreed to be given to any of those persons as an inducement to become or to qualify as a Director of the Company or the Offer under this Prospectus.

6.4 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Bell Potter Securities Limited has acted as Lead Manager to the Offer and Underwriter to the Broker Firm Offer and the Priority Offer and the fees payable to Bell Potter Securities Limited pursuant to the Underwriting Agreement are described in section 9.4.1.
- Whittens McKeough & Sundaraj Pty Ltd has acted as Australian Legal Adviser to the Company in relation to the Offer (excluding in relation to taxation), and has advised the Company in relation to admission to the Listing and has performed work in relation to legal due diligence enquiries in respect of the Offer. The Company has paid, or agreed to pay approximately \$110,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Whittens McKeough & Sundaraj Pty Ltd in connection with the Listing at an hourly rate agreed with the Company.
- RSM Corporate Australia Pty Limited has acted as the Investigating Accountant and provided the Investigating Accountant's Report in section 8. The Company has paid, or has agreed to pay approximately \$30,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to RSM Corporate Australia Pty Limited under time-based charges.

The Company will pay these amounts, and other expenses of the Offer, out of funds raised under the Offer or cash otherwise available to the Company (or one of its Subsidiaries). Further information on the use of proceeds and payment of expenses of the Offer is set out in section 7.2.

6.5 Directors' interests and remuneration

6.5.1 Non-executive Director remuneration

Under the Constitution, the Directors decide the total amount paid to each non-executive Director as remuneration for their services as a non-executive Director to the Company. However, under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services as non-executive Directors must not exceed in aggregate, in any financial year, the amount fixed by the Company's general meeting. This amount is currently \$250,000 per annum (as may be varied by ordinary resolution of the Shareholders in a general meeting).

6.5.2 Deeds of access, insurance and indemnity for Directors

The Company has entered into deeds of indemnity and access with each of its appointed Directors. Under these deeds, the Company has agreed to indemnify each Director to the extent permissible by the Corporations Act against any liability arising as a result of that Director acting in the capacity as an officer of the Company. Further, the Company has agreed to maintain director and officers' indemnity insurance during each Director's tenure and for a further period of seven years after they cease to be a Director.

6.5.3 Directors' interests in Shares and other securities

Directors are not required under the Constitution to hold any Shares in the Company. The Directors (and their associates) are entitled to apply for New Shares in the Offer. The table below sets out the Directors' (and their associated entities') direct and indirect interests in the Company's Shares on Listing of the Offer.

Director	Securities held on Prospectus Date	Securities acquired on Listing	Securities held on Listing	% of Shares held on Listing
Mr Eddie Geller	Existing Shares: 4,614,531 ^[a] Convertible Notes: \$300,000	Conversion Shares: 589,356 ^[b]	Shares: 5,203,887	19.9%
Mr Stephen O'Young	Existing Shares: 6,338,671 ^[c] Convertible Notes: \$200,000	Conversion Shares: 392,903 ^[b]	Shares: 6,731,574	25.7%
Mr Kim Heras	Existing Shares: 70,620 ^[d]	-	Shares: 70,620	0.3%
Total	Existing Shares: 11,025,822 Convertible Notes: \$500,000	Conversion Shares: 982,259	Shares: 12,006,081	45.9%

- a. Held by entities associated with Mr Geller and includes Mr Geller's 22.7% beneficial interest in a trust that holds 1,165,230 Existing Shares.
- b. Conversion Shares to be issued on conversion of Convertible Notes under the Convertible Noteholder Offer.
- c. Held by entities associated with Mr O'Young.
- d. Mr Heras has a 6.1% beneficial interest in a trust that holds 1,165,230 Existing Shares.

6.5.4 Services agreement with Mr Eddie Geller, Executive Chairman and Chief Executive Officer

Terms of agreement

Tinybeans USA Ltd (**Tinybeans USA**) has entered into an employment agreement with Mr Eddie Geller to act as Chief Executive Officer. The agreement commenced on 1 January 2015, and was amended on 7 February 2017.

The terms of Mr Geller's agreement, including its enforcement, are interpreted and governed by the laws of New York.

Remuneration package

Subject to the successful completion of the Listing, Mr Geller will receive a base salary of US\$260,000 per annum, less all applicable deductions and withholdings. Mr Geller will also be entitled to a one-off bonus of US\$50,000 upon the successful completion of the Listing. In addition, subject to Mr Geller's performance and at the Board's discretion, Mr Geller may be entitled to a bonus of US\$100,000 per annum.

Mr Geller's remuneration will include director's fees for his position as a Director of the Company.

Termination

Mr Geller's employment is at will, which means that it is subject to termination by either Mr Geller or Tinybeans USA at any time, for any reason, with or without notice or cause.

Restraint

After the termination of his employment with Tinybeans USA, Mr Geller will be subject to a contractual restraint which may apply for up to 12 months after termination in connection with the Company and its Subsidiaries.

6.5.5 Services agreement with Mr Stephen O'Young, Executive Director and Chief Technology Officer

Terms of agreement

Tinybeans Pty Ltd has entered into an employment agreement with Mr Stephen O'Young to act as Head of Product and Engineering. The agreement commenced on 1 July 2014, however was amended on 8 February 2017.

Remuneration package

Subject to the successful completion of the Listing, Mr O'Young will receive a base salary of A\$220,000 per annum (including superannuation or similar contributions). Mr O'Young will also be entitled to a one-off bonus of A\$50,000 upon the successful completion of the Listing. In addition, subject to Mr O'Young's performance and at the Board's discretion, Mr O'Young may be entitled to a bonus of A\$75,000 per annum.

Mr O'Young's remuneration will include director's fees for his position as a Director of the Company.

Termination

If Tinybeans Pty Ltd terminates the agreement, Mr O'Young is to be provided with four weeks of written notice (notwithstanding any other provision of the agreement).

Mr O'Young may terminate the agreement by providing four weeks written notice to Tinybeans Pty Ltd.

Tinybeans Pty Ltd is entitled to dismiss Mr O'Young without any prior notice or any remuneration in lieu of notice should Mr O'Young be guilty of serious misconduct.

Restraint

After the termination of his employment with Tinybeans Pty Ltd, Mr O'Young will be subject to a contractual restraint which may apply for up to 12 months after termination, and covers all of Australia.

6.5.6 Services agreement with Mr Kim Heras, Non-Executive Director

Terms of agreement

Tinybeans Group Pty Ltd has entered into a Non-Executive Director services agreement with an entity associated with Mr Kim Heras. The agreement commenced on 11 February 2017.

Remuneration package

In consideration for the provision of director services by Mr Heras the entity will receive A\$5,000 (exclusive of GST) per month.

6.6 Employment agreements with key management personnel

6.6.1 Ms Sabine Feldmann, Chief Revenue Officer

Terms of agreement

Tinybeans USA has entered into an employment agreement with Ms Sabine Feldmann to act as Chief Revenue Officer. The agreement commenced on 9 January 2017.

The terms of Ms Feldmann's agreement, including its enforcement, are interpreted and governed by the laws of New York.

Remuneration package

Ms Feldmann will receive a base salary of US\$250,000 per annum, less all applicable deductions and withholdings. Subject

to the successful completion of key performance indicators after 3 months and 6 months of employment, Ms Feldmann's salary will increase to US\$275,000 per annum and US\$300,000 per annum respectively. In addition, subject to Ms Feldmann performance, Ms Feldmann may be entitled to a bonus of up to US\$250,000 per annum. A total remuneration package of US\$500,000. Thus when the salary increases the bonus allocation reduces. In addition, Tinybeans USA will pay up to US\$6,000 towards Ms Feldmann's Young Presidents' Organisation membership for a 12-month period.

Termination

Ms Feldmann's employment is at will, which means that it is subject to termination by either Ms Feldmann or Tinybeans USA at any time, for any reason, with or without notice or cause.

Restraint

After the termination of her employment with Tinybeans USA, Ms Feldmann will be subject to a contractual restraint which may apply for up to 12 months after termination in connection with the Company and its Subsidiaries.

6.6.2 Ms Sarah Jane Kurtini, Head of Marketing

Terms of agreement

Tinybeans Pty Ltd has entered into an employment agreement with Ms Sarah-Jane Kurtini to act as Head of Marketing. The agreement commenced on 1 July 2014, however was amended on 7 February 2017.

Remuneration package

Subject to the successful completion of the Listing, Ms Kurtini will receive a base salary of A\$191,625 per annum (including superannuation or similar contributions). Ms Kurtini will also be entitled to a one-off bonus of A\$50,000 upon the successful completion of the Listing. In addition, subject to Ms Kurtini's performance and at the Board's discretion, Ms Kurtini may be entitled to a bonus of A\$50,000 per annum.

Termination

If Tinybeans Pty Ltd terminates the agreement, Ms Kurtini is to be provided with four weeks written notice (notwithstanding any other provision of the agreement):

Ms Kurtini may terminate the agreement by providing four weeks written notice to Tinybeans Pty Ltd.

Tinybeans Pty Ltd is entitled to dismiss Ms Kurtini without any prior notice or any remuneration in lieu of notice should Ms Kurtini be guilty of serious misconduct.

Restraint

After the termination of her employment with Tinybeans Pty Ltd, Ms Kurtini will be subject to a contractual restraint which may apply for up to 12 months after termination, and covers all of Australia.

6.7 Employee Incentive Plan

The Company's employee incentive plan (**EIP**) is a flexible employee incentive plan suitable for both local and overseas participation. The EIP enables the Company to offer executives (and other selected employees) a range of different interests or awards to reward and drive performance, retain senior management and other selected employees and to offer broad based employee share ownership.

These interests or awards available under the EIP include:

- performance rights;
- options;
- cash rights;
- deferred share awards;
- exempt share awards;
- service rights; and
- stock appreciation rights

(each, an **Award**).

At the date of this Prospectus no grants have been made under the EIP. However, after Listing, the Board intends to make an issue to employees under the EIP.

A summary of main terms of the EIP are as follows.

Terms	Summary
Eligibility	The Board has the discretion to determine which executives and employees are eligible to participate in the EIP, and what type of Award suits the remuneration or incentive purpose (Eligible Applicants). The definition of employee under the EIP rules includes any full time or permanent part time employee or officer and a director of the Company. Directors, including Non-Executive Directors, are only eligible to participate in the EIP if approved by Shareholders.
Awards	<p>The Board has the discretion to set the terms and conditions on which it will offer Awards under the EIP.</p> <p>The Board may determine that the Awards will be subject to performance, service, or other conditions (Vesting Conditions) and, if so, will specify those Vesting Conditions in the offer to each Eligible Applicant. The Board has discretion to define any Vesting Conditions, which may include conditions relating to continuous employment, performance of the participant and/or the Company or the occurrence of specific events.</p> <p>Awards will vest to the extent that the applicable Vesting Conditions are satisfied, and the Board retains discretion to waive the satisfaction of the Vesting Conditions, in certain approved circumstances.</p> <p>Securities issued under the EIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in individual offer documents.</p>
Vesting conditions	The vesting of any securities issued under the EIP will be subject to any Vesting Conditions determined by the Board, which may include the satisfaction of performance, service or other conditions.
Shares as an Award or on vesting of an award	<p>Shares allocated on the vesting of an Award carry the same rights and entitlements as other issued Shares of the Company, including dividend and voting rights.</p> <p>Depending on the terms of issue, the Shares may be subject to disposal and/or forfeiture restrictions, which means that they may not be disposed of or dealt with for a period of time and/or may be forfeited if certain further conditions are not satisfied.</p> <p>Shares allocated to participants under the EIP may be issued by the Company or acquired on or off market by the Company or its nominee. The Company may initially issue Shares to a trustee and later transfer the Shares to the Eligible Applicants.</p>
Dividend and voting entitlements	Awards, other than Shares, are not entitled to dividend or voting rights
Quotation	Awards, except Shares, will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the EIP, in accordance with the ASX Listing Rules and having regard to any disposal restrictions in place under the EIP.

Terms	Summary
Ceasing employment	If a participant's employment with the Company ceases for any reason other than death, the Board has the discretion to determine the treatment of that participant's Awards. Accordingly, the participant's unvested Awards may immediately lapse (unless the Board determines otherwise).
Change of control	If a change of control of the Company occurs, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with.
Restrictions	Without the prior approval of the Board, Awards may not be sold, transferred, mortgaged, pledged, charged, granted as security or otherwise disposed of. 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.
EIP trust	A trust may be established in connection with the operation and administration of the EIP. The trust, if established, may be used to acquire Shares that are then used to satisfy the Company's obligations to deliver Shares to participants upon satisfaction of the Vesting Conditions. In addition, any Shares delivered on vesting, which are subject to disposal or forfeiture conditions, would continue to be held in the trust until these disposal or forfeiture conditions cease to apply. After the disposal or forfeiture conditions cease to apply, participants could continue to hold their Shares via the trust or have these Shares transferred out of the trust, at their discretion.
Amendments	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the EIP. This includes varying the number of security interests, or the number of Shares to which a participant is entitled upon vesting or upon a reorganisation of, or other changes to, the capital of the Company.
Other terms	The EIP also contains customary and usual terms having regard to Australian law for dealing with the administration, variation, suspension and termination of the EIP.

6.8 Corporate Governance

Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory objectives

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders; and
- identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of Shareholders in general meeting. The Company is committed to the following principles:

- the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the

- Company and its business; and
- b. the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisers (if required), has been committed to by the Board.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

The total maximum remuneration of Non-Executive Directors is set by the Company's Constitution and can be varied via an ordinary resolution at a Shareholder's meeting. Any increases will be the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum amount will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Board committees

The Board may from time to time establish committees, such as an Audit, Risk and Compliance Committee and a Remuneration and Nomination Committee to assist in the discharge of its responsibilities. Membership of Board committees will be based on the needs of the Company, relevant legislation, regulatory and other requirements, and the skills and experience of Board members.

The Company does not currently have any separately constituted committees.

Identification of risk and management

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Trading Policy

The Company's trading policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are:

- a. compliance with the specific requirements of the Corporations Act;
- b. prohibition of short term trading by directors, officers, employees and contractors in the Company's securities; and
- c. prior notification by directors, officers, employees and contractors of their intention to deal in the Company's securities.

Corporate governance policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at www.tinybeans.com:

- a. **Code of conduct** – this policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees;
- b. **Continuous disclosure policy** – once listed on ASX, the Company will need to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Securities. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations; and
- c. **Shareholders' communication policy** – this policy sets out the Company's objectives for the promotion of investor confidence by ensuring that trading in the Company's securities take place in an efficient, competitive and informed market.

6.9 Restricted security and escrow arrangements

Subject to the Company being admitted to the Official List, certain Existing Shares on issue prior to the Offer, certain Conversion Shares to be issued pursuant to the Convertible Noteholder Offer and all the Options to be issued pursuant to the Option Offer will be classified by ASX as "restricted securities" and, as such, will be required to be held in escrow for up to 24 months from the date of Listing.

It is estimated that up to 15,895,408 Shares (held by current and former related parties who were seed capitalists) will be classified as restricted securities for 24 months from the date of Listing. In addition, 354,840 Options will be classified as securities received for consultancy services and, as such, will be classified as restricted securities for 12 months from the date of Listing.

In addition, the Company has entered into voluntary escrow agreements with Existing Shareholders and Convertible Noteholders in respect of 3,584,661 Shares. These Shares will be held on escrow from the date of Listing for one year.

Section 7:

Details of the Offer



7. Details of the offer

7.1 Structure of the Offer

Under this Prospectus, there are four offers being made in total, as follows:

Type of offer	Description
Broker Firm Offer	<p>The offer of 5,500,000 New Shares to raise \$5,500,000 at an Offer Price of \$1.00 per New Share</p> <p><i>For more information, see section 7.5</i></p>
Priority Offer	<p>The offer of \$1,000,000 New Shares to raise \$1,000,000 at an Offer Price of \$1.00 per New Share</p> <p><i>For more information, see section 7.6</i></p>
Convertible Noteholder Offer	<p>The offer of 4,694,665 Conversion Shares to Convertible Noteholders</p> <p><i>For more information, see section 1.7</i></p>
Option Offer	<p>The offer of 354,840 Options to the Consultants</p> <p><i>For more information, see section 1.7</i></p>

On Listing there will be 26,145,160 Shares on issue and all will, once issued, rank equally in all respects with the Shares currently on issue. A summary of the rights attaching to the Shares is set out in section 9.6.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

The allocation of New Shares between Brokers within the Broker Firm Offer will be determined by the Lead Manager in consultation with the Company. The Company (at the direction of the Lead Manager) reserves the right in its absolute discretion not to issue any Offer Shares to Broker Firm Applicants under the Broker Firm Offer. Unless otherwise approved by the Company, all Broker Firm Applicants under the Broker Firm Offer must have an eligible registered address in Australia.

The Offer is lead managed, and the Broker Firm Offer and the Priority Offer are fully underwritten, by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in section 9.4.1.

7.2 Use of proceeds

The proceeds of the Offer will be applied as follows.

Description A\$('000)	Offer proceeds	% of Offer proceeds
Costs of the Offer	\$569	8.75%
Advertising and marketing spend (including branding, promotional campaigns, online marketing and public relations)	\$1,495	23.0%
Expansion of business development, sales and partnerships	\$1,170	18.0%
Potential acquisitions and funding engineering and technology costs, including funding further development of the Company's technology platform (including enhancements to the web platform and mobile apps)	\$1,625	25.0%
General working capital to fund the Company's ongoing growth	\$1,641	25.25%
Total	\$6,500	100%

The Board considers that upon completion of the Listing, the Company will have sufficient working capital to carry out its stated objectives.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in section 5).

7.3 Shareholding structure

On Listing, the Company's capital structure will be as follows.

Description of Securities	Number
Existing Shares	14,950,495
Conversion Shares	4,694,665
New Shares	6,500,000
Total number of Shares	26,145,160
Total number of Options	354,840

Details of the ownership of Shares on Completion of the Offer are set out below:

Shareholder	Shares held on Prospectus Date	Securities acquired on Listing	Securities held on Listing	% of Shares held on Listing
Eddie Geller	Existing Shares: 4,614,531 ^[a] Convertible Notes: \$300,000	Conversion Shares: 589,356 ^[b]	Shares: 5,203,887	19.9%
Stephen O'Young	Existing Shares: 6,338,671 ^[c] Convertible Notes: \$200,000	Conversion Shares: 392,903 ^[b]	Shares: 6,731,574	25.7%
Kim Heras	Existing Shares: 70,620 ^[d]	-	Shares: 70,620	0.3%
Convertible Noteholders (excluding Eddie Geller and Stephen O'Young)	Convertible Notes: \$2,000,000	Conversion Shares: 392,903	Shares: 3,712,406	14.2%
Existing Shareholders (excluding Eddie Geller, Stephen O'Young and Kim Heras)	Existing Shares: 3,926,673	-	Existing Shares: 3,926,673	15.0%
New Shares to be issued under the Broker Firm Offer and Priority Offer	-	New Shares: 6,500,000	Shares: 6,500,000	24.9%
Total	Existing Shares: 14,950,495 Convertible Notes: \$2,500,000	Conversion Shares: 4,694,665 New Shares: 6,500,000	Shares: 26,145,160	100.00%

a. Held by entities associated with Mr Geller and includes Mr Geller's 22.7% beneficial interest in a trust that holds 1,165,230 Existing Shares.

b. Conversion Shares to be issued on conversion of Convertible Notes under the Convertible Noteholder Offer.

c. Held by entities associated with Mr O'Young.

d. Mr Heras has a 6.1% beneficial interest in a trust that holds 1,165,230 Existing Shares.

Details of the Shares that will be subject to restricted security and escrow arrangements are set out in section 6.9.

7.4 Key terms and conditions of the Offer

The key terms and conditions of the Offer are summarised in the table below:

Question	Answer
What is the Offer Period?	<p>The key dates are set out on page v of this Prospectus.</p> <p>This timetable is indicative only and may change. The Company, in consultation with the Lead Manager, reserves the right to vary both the times and dates without notice (including subject to the ASX Listing Rules and the Corporations Act) to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants.</p> <p>If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.</p> <p>No Shares will be issued on the basis of this Prospectus later than 13 months after the date of lodgement of this Prospectus.</p>
What is the minimum and maximum Application size under the Broker Firm Offer?	<p>The minimum Application under the Broker Firm Offer and Priority Offer is 2,000 Offer Shares and in multiples of 1,000 Offer Shares thereafter.</p> <p>The Lead Manager, in consultation with the Company, reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for.</p> <p>There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer and Priority Offer.</p>
What is the allocation policy?	<p>The allocation of New Shares between Brokers within the Broker Firm Offer will be determined by the Lead Manager in consultation with the Company. At the direction of the Lead Manager, the Company may reject an Application, or allocate fewer New Shares than applied for, in its absolute discretion. With respect to any firm allocation made to Brokers under the Broker Firm Offer, it will be a matter for each Broker as to how they allocate Offer Shares among their clients.</p> <p>Applications under the Priority Offer, Convertible Noteholder Offer and Option Offer may only be made in response to invitation to participate made by the Company.</p>
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be despatched by standard post on 11 April 2017.</p>
Is there brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See section 9.9 for details of various commissions, fees and expenses payable by the Company to the Lead Manager.</p>
Are there any tax consideration?	<p>Yes. Please refer to section 7.10 and note that it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.</p>
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Tinybeans Offer Information Line on 1300 880 732 (within Australia) and +61 1300 880 732 (outside Australia) between 8:30am and 5:30pm (AEDT), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you require assistance to complete the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining Shares in the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, tax adviser financial adviser or other independent professional adviser before deciding whether to invest.</p>

7.5 Broker Firm Offer

7.5.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

7.5.2 How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5:00pm (AEDT) on the Closing Date or any earlier closing date as determined by your Broker.

Applications for Shares must be for a minimum of 2,000 Offer Shares and thereafter in multiples of 1,000 Offer Shares and payment for the Offer Shares must be made in full at the Offer Price of \$1.00 per Offer Share.

There is no maximum number or value of Offer Shares that may be applied for under the Broker Firm Offer. However, the Company and the Lead Manager reserve the right to reject or scale back any Applications in the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9:00am (AEDT) on 29 March 2017 and is expected to close at 5:00pm (AEDT) on 7 April 2017. The Company and the Lead Manager may elect to close the Broker Firm Offer early or extend the Broker Firm Offer, or accept late Applications either generally or in particular cases. The Broker Firm Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

7.5.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided to you by that Broker.

7.5.4 Allocation policy under the Broker Firm Offer

The allocation of New Shares between Brokers within the Broker Firm Offer will be determined by the Lead Manager in consultation with the Company. Offer Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate Offer Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Offer Shares.

7.5.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to the Company to apply for the amount of Offer Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Broker Firm Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.5.6 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose bank account until Shares are issued or transferred to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

To participate in the Broker Firm Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on the Application Form.

7.6 Priority Offer

The Priority Offer is open to Tinybeans users who have a registered address in Australia. The Priority Offer opens at 9.00am (AEDT) on 29 March 2017 and is expected to close at 5:00pm (AEDT) on 7 April 2017.

The Priority Offer may be closed at any earlier date, without notice.

Applicants are required to nominate the number of Offer Shares they wish to apply for in the Priority Offer. Applications must be for a minimum amount of 2,000 Offer Shares. Applications in excess of the minimum amount must be in multiples of 1,000 Offer Shares.

There is no maximum number of Shares which may be applied for under the Priority Offer. However, the Company reserves the right to reject or scale back Applications.

Successful Applicants in the Priority Offer will be allotted Offer Shares at the Offer Price.

7.6.1 Eligibility under Priority Offer

The Priority Offer (which does not include the Broker Firm Offer) is open to Priority Applicants being Tinybeans users who are ordinarily resident in Australia and who have received an invitation to participate in the Priority Offer. The Company reserves the right in its absolute discretion not to issue any Shares to Priority Applicants under the Priority Offer. Applicants under the Priority Offer must have an eligible residential address in Australia.

7.6.2 Acceptance of Applications

An Application in the Priority Offer is an offer by the Applicant to the Company to subscribe for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form.

7.6.3 Allocation policy under the Priority Offer

The Company (at the Lead Manager's direction) reserves the right in its absolute discretion not to issue any Offer Shares to Priority Applicants under the Priority Offer and may reject any Application or allocate a lesser number of Offer Shares than those applied for at its absolute discretion.

An Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract with effect from settlement.

If an Application is rejected or accepted in part only, the relevant part of the Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

7.6.4 Payment methods

Application Monies may be provided by BPAY® (see below) and, in the case of the Priority Offer, cheque(s) or bank draft(s). Cheque(s) or bank draft(s) must be:

- in Australian currency;
- drawn on an Australian branch of a financial institution;
- crossed 'not negotiable'; and
- made payable:
 - for Applicants in the Broker Firm Offer: in accordance with the directors of the Broker from whom you received a firm allocation; or
 - for Applicants in the Priority Offer: to 'Tinybeans Group Pty Ltd'.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheques. If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in

your Application Form) or your Application may be rejected.

7.7 Discretion regarding the Offer

With the consent of the Lead Manager, the Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.8 Restrictions on Distribution

No action has been taken to register or qualify this Prospectus, the Offer Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States. Each Applicant in the Offer, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

7.9 ASX Listing, Registers and holding statements

7.9.1 Application to the ASX for listing of the Company and quotation of Shares

The Company will apply for admission to the Official List of the ASX and quotation of the Shares on the ASX within seven days of the Prospectus Date. The Company ASX code will be **TNY**.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If the Company does not make such an Application within seven days after the date of the Prospectus, or if permission

is not granted for the Quotation of Shares on the ASX within three months after the Prospectus date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to certain conditions (including any waivers obtained by the Company from time-to-time).

7.9.2 CHESS and issuer sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer-sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer-sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements at the end of each month or if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. The Registry may charge a fee for these additional statements.

7.9.3 Selling Shares on market

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, investors do so at their own risk. The Company, the Registry, the Lead Manager disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding through the Lead Manager or their Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on 18 April 2017.

7.10 Taxation considerations

The comments below provide a general summary of Australian tax issues for Australian tax resident shareholders. Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account.

These comments do not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading Shares or Shareholders who

are exempt from Australian tax. These Shareholders should seek independent professional advice.

These comments also do not consider the consequences for Shareholders who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime). Shareholders who are subject to TOFA should obtain their own tax advice as to the implications under TOFA (if any).

This summary is based on the Income Tax Assessment Act 1936 (1936 Act), the Income Tax Assessment Act 1997 (1997 Act), the New Tax System (Goods and Services Tax) Act 1999 (GST Act), applicable case law and published Australian Taxation Office rulings, determinations and administrative practice in force at the Prospectus Date. This summary does not take into account the tax law of countries other than Australia.

Australian tax laws are complex. The summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The precise implications of ownership or disposal of the Shares by Shareholders will depend upon each Shareholder's specific circumstances. Shareholders should seek their own professional advice on the tax implications of holding or disposing of the Shares, taking into account their specific circumstances.

1. Dividends paid on Shares

a. Australian resident individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend.

Such Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend, subject to being a "qualified person" (refer comments below). Where the tax offset exceeds the tax payable on the investor's taxable income, such Shareholders should be entitled to a tax refund.

To the extent that the dividend paid by the Company is unfranked, the investor will generally be taxed at their prevailing marginal rate on the dividend received with no tax offset.

b. Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and the associated franking credit in their assessable income. A tax offset is then available up to the amount of the franking credit attached to the dividend.

An Australian tax resident Corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit on the dividend received. This allows the Corporate Shareholder to pass on the benefit of the franking credits to their own Shareholders on the payment of dividends.

Excess franking credits received by Corporate Shareholders cannot give rise to a refund, however may be converted into carry forward tax losses.

c. Trust and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend and associated franking credit in determining the net income of the trust or

partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary or partner's share of the franking credits included in the net income of the trust or partnership.

d. *Shares held at risk*

The benefit of franking credits can be denied where a Shareholder is not a "qualified person", in which case the Shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, a Shareholder must satisfy the holding period rule and, if necessary, the related payment rule. The holding period rule requires a Shareholder to hold the Shares "at risk" for more than 45 days continuously, measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend. The dates the Shares are acquired and disposed of are ignored for the purposes of determining the 45-day period.

The holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the Shareholder to have held the Shares at risk for the continuous 45-day period as above but within the period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

2. Disposal of Shares

The disposal of a Share by a Shareholder will be a capital gains tax (CGT) event. A capital gain will arise where the capital proceeds received on disposal exceeds the CGT cost base of the share (broadly the amount paid to acquire the share plus any transaction/ incidental costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of Shares.

A CGT discount may be available on the capital gain for Shareholders that are individuals, trustees or complying superannuation entities provided the particular Shares are held for more than 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 33.33%. In relation to trusts, the rules are complex, but this discount may flow up to beneficiaries of the trust.

A company is not entitled to a CGT discount.

A capital loss will be realised where the capital proceeds on disposal are less than the CGT reduced cost base of the Shares. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

3. Tax File Numbers

A Shareholder is not obliged to provide their tax file number (TFN) to the Company. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions at the top marginal tax rate plus the Medicare levy.

The taxation consequences of any investment in the Securities offered under this Prospectus will depend upon each investor's particular circumstance. It is the responsibility of all applicants to satisfy themselves of the particular taxation consequences of an investment in the Company and participation in the Offer. Neither the Company nor any of its Directors, officers, employees, agents, taxation advisers or other advisers accepts any liability or responsibility in respect of any taxation consequences connected with participation in the Offer.

Section 8: Investigating Accountants Report



RSM Corporate Australia Pty Ltd

7 March 2017

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The Directors
Tinybeans Group Pty Limited
Level 2
105 - 111 Reservoir Street
SURRY HILLS NSW 2010

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON TINYBEANS GROUP LIMITED (TINYBEANS OR THE COMPANY) HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION (THE IAR)

We have been engaged by Tinybeans to report on certain historical financial information and pro forma historical financial information for inclusion in a Replacement Prospectus dated on or about 7 March 2017 relating to the proposed initial public offer of shares (the Offer) in the Company (the Replacement Prospectus).

We understand the purpose of the Offer is to raise funds for the continued development of the Tinybeans platform and marketing of the business.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001*. RSM Corporate Australia Pty Ltd (RSM Corporate) holds the appropriate AFSL (no 25547) under the Corporations Act 2001.

Expressions and terms defined in the Replacement Prospectus have the same meaning in this report.

Scope

Historical financial information

You have requested RSM Corporate to review the following historical financial information of Tinybeans included in the Replacement Prospectus:

- the audited consolidated statutory historical income statement for the years ended 30 June 2015 (FY2015) and 30 June 2016 (FY2016), together with the reviewed consolidated historical income statement for the six months ended 31 December 2016 (1H2017);
- the audited consolidated statutory statement of cash flows for FY2015 and FY2016, together with the reviewed consolidated statutory statement of cash flows for 1H2017; and
- the reviewed consolidated statement of financial position as at 31 December 2016.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

The historical financial information relating to FY2015 and FY2016 has been extracted from the financial report of Tinybeans for FY2016 which was audited by RSM Australia Partners (RSM) in accordance with the Australian Auditing Standards. RSM issued an unqualified audit opinion in relation to the financial report for FY2016.

The historical financial information relating to 1H2017 has been extracted from the interim financial report of the Company for 1H2017 which was reviewed by RSM. RSM issued an unqualified review opinion in relation to the interim financial report for 1H2017.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The historical financial information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested RSM Corporate to review the pro forma consolidated statement of financial position as at 31 December 2016 referred to as "the pro forma historical financial information".

The pro forma historical financial information has been derived from the historical financial information of Tinybeans after adjusting for the effects of the Directors pro forma adjustments described in section 4 of the Replacement Prospectus.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4 of the Replacement Prospectus, as if those events or transactions had occurred as at the date of the historical financial information.

Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The Directors of Tinybeans are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and / or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of RSM work papers, accounting records and other documents;
- made enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in section 4 of the Replacement Prospectus; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

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 reasonable 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.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 4 of the Replacement Prospectus, and comprising:

- the audited consolidated statutory historical income statements for FY2015 and FY2016, together with the reviewed consolidated historical income statement for 1H2017;
- the audited consolidated statutory statement of cash flows for FY2015 and FY2016, together with the reviewed consolidated statutory statement of cash flows for 1H2017; and
- the reviewed consolidated statement of financial position as at 31 December 2016.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the Replacement Prospectus.

Pro forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information being the pro forma statement of financial position as at 31 December 2016 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 4 of the Replacement Prospectus.

Restriction on use

Without modifying our conclusions, we draw attention to section 4 of the Replacement Prospectus, which describes the purpose of the financial information, being for inclusion in the Replacement Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

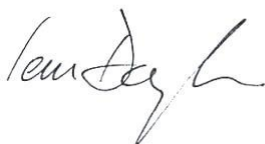
RSM Corporate has consented to the inclusion of this assurance report in the Replacement Prospectus in the form and context in which it is included. RSM Corporate has not authorised the issue of the Replacement Prospectus. Accordingly, RSM Corporate makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Replacement Prospectus.

Declaration of interest

RSM is the independent auditor of the Company and RSM Australia Pty Limited has provided certain taxation advice to the Company in relation to the proposed Offer.

RSM Corporate does not have any interest in the outcome of this Offer other than the preparation of IAR for which normal professional fees will be received.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian Douglas".

Ian Douglas
Director
RSM Corporate Australia Pty Ltd

Section 9: **Additional Information**



9. Additional Information

9.1 Registration

The Company was incorporated on 11 March 2014 in Victoria as a proprietary company and will be converted into a public company limited by shares on 28 March 2017.

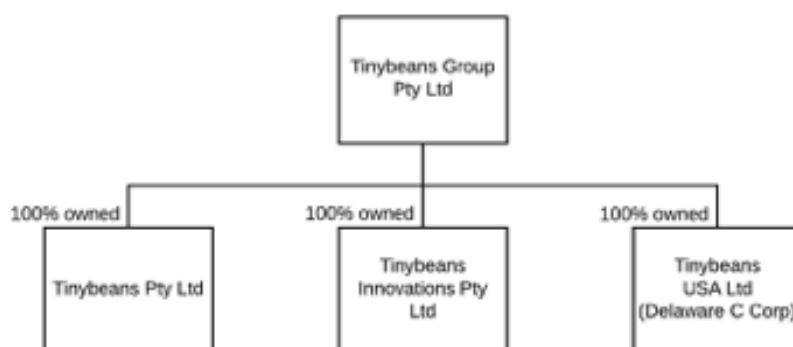
9.2 Company Tax Status

The Company is and will be subject to tax at the Australian corporate tax rate on all Australian sourced income. The Company has a US subsidiary Tinybeans USA Ltd, that is incorporated in the state of New York. All other income that remains in Tinybeans USA Ltd will be taxed under the local US tax system of Federal and State Taxes after being offset against all allowable expenditures.

9.3 Corporate Structure

The Company has the following wholly owned subsidiaries:

- a. Tinybeans Pty Ltd ACN 157 733 483;
- b. Tinybeans Innovations Pty Ltd ACN 168 491 861; and
- c. Tinybeans USA Ltd.



9.4 Material contracts

9.4.1 Underwriting agreement

On 21 February 2017, the Company entered into an underwriting agreement with Bell Potter, pursuant to which Bell Potter has been appointed as sole and exclusive underwriter and lead manager of the Broker Firm Offer and Priority Offer (**Underwriting Agreement**). The Underwriting Agreement contains the following key terms:

- a. Bell Potter may at its cost, appoint one or more sub-underwriters to sub-underwrite the Broker Firm Offer and Priority Offer in consultation with the Company. In addition, the Lead Manager may appoint co-lead managers, co-managers and brokers to the Broker Firm Offer and Priority Offer.

- b. The conditions precedent being satisfied (or waived), including but not limited to, the Company lodging this Prospectus with ASIC and ASX in an acceptable form and the delivery to the Underwriter of the final report to the due diligence committee established by the Company with respect to the offers under this Prospectus.
- c. Bell Potter is entitled to an underwriting fee of 3% of the Broker Firm Offer and Priority Offer proceeds (**Underwriting Fee**) and a management fee comprising 2% of the Broker Firm Offer and Priority Offer proceeds (**Management Fee**).
- d. Reasonable costs and expenses incurred by Bell Potter (up to a maximum of \$25,000) in relation to the Broker Firm Offer and Priority Offer must be reimbursed by the Company for expenses in relation to legal costs, air fares, taxi fares, accommodation, roadshow and printing of presentation materials.
- e. Bell Potter may terminate the Underwriting Agreement by giving written notice to the Company in various circumstances which are considered usual for the agreements of this nature, including but not limited to: ASIC issuing the Company with an interim order (pursuant to s 739 of the Corporations Act), this Prospectus not complying with the Corporations Act or ASX Listing Rules, an alteration to the Company's capital structure or Constitution without the consent of Bell Potter, the Company withdrawing the offers under the Prospectus, the Company or its Subsidiaries becoming insolvent and an officer of the Company being charged with an indictable offence.
- f. The Company cannot terminate the Underwriting Agreement.
- g. The Company gives various representations and warranties to Bell Potter, which are considered usual for the agreements of this nature, including items relating to the Company's power and authority, information and disclosure requirements, that the Prospectus complies with the requirements of the Corporations Act, and that the Prospectus contains all material information required and does not contain any misleading or deceptive information.
- h. Bell Potter also gives various representations and warranties to the Company, which are considered usual for the agreements of this nature, including items relating to Bell Potter's legal capacity, authority and corporate power.
- i. The Company agrees to a broad indemnity in favour of Bell Potter and its officers, employees and agents against all claims, demands, damages, losses, costs, expenses, liabilities or damages incurred by them in connection with the offers under the Prospectus and the Underwriting Agreement (subject to limited exclusions).
- j. The Underwriting Agreement can only be amended, supplemented, replaced or novated by another agreement, if it is agreed and signed by the Company and Bell Potter.
- k. Other terms and conditions which are usual for underwriting agreements of this nature.

9.5 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings nor are the Directors aware of any legal proceedings pending or threatened against the Company.

9.6 Rights attaching to Shares

The following is a summary of the more significant rights attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice. Full details of the rights attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

a. Ordinary shares

The Shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company. The rights attaching to Shares are set out in the Company's constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law.

b. General meetings

Shareholders are entitled to be present in person or by proxy, attorney or representative to attend and to vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of the Company.

c. Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or of classes of Shareholders:

- i. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii. on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- iii. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

d. Dividend rights

The Board may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion of the amount paid on the Share to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to Shareholders such interim dividends as they may determine. No dividends

shall be payable except out of profits. A determination by the Board as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Board may from time to time grant to Shareholders or to any class of Shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may at their discretion resolve, in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions provided for in the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may properly be applied.

e. Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

f. Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

g. Future increase in capital

The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of new Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred upon the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

h. Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of at least three quarters of the issued Shares of that class or, if authorised by a special resolution passed at a separate meeting, of the holders of the Shares of that class.

9.7 Terms of Options

The Options will be issued to Jen Brown, Megan Gardner and Michael Wipfli (each an **Optionholder**) on the following terms and conditions:

- a. Each Option gives the Optionholder the right to subscribe for 1 Share for every Option they exercise. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
 - b. The Options will expire at 5:00pm (AEDT) on the third anniversary from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - c. The Options have vested and may be exercised at any time on or before the Expiry Date.
 - d. In the event that the Options are exercised prior to the Expiry Date, any remaining period of voluntary escrow imposed by the Company or mandatory escrow imposed under the ASX Listing Rules will apply to the Shares issued on exercise of the Options.
 - e. The number of Options issued to:
 - i. **Jen Brown will be:** 149,158 Options
 - ii. **Megan Gardner will be:** 109,065 Options
 - iii. **Michael Wipfli will be:** 96,617 Options
 - f. The amount payable upon the exercise of each Option issued to:
 - i. **Jen Brown will be:** \$0.3210 per Option
 - ii. **Megan Gardner will be:** \$0.5364 per Option
 - iii. **Michael Wipfli will be:** \$0.5029 per Option
- (in each case, the **Exercise Price**).
- g. The Options may be exercised in whole or in part, and if exercised in part, at least 1,000 must be exercised on each occasion.
 - h. The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - i. a written notice of exercise of Options specifying the number of Consultant Options being exercised; and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Consultant Options being exercised,

(**Exercise Notice**).

- i. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- j. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Consultant Options specified in the Exercise Notice.
- k. The Options are not transferrable without the Company's consent.
- l. All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- m. The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX immediately after the allotment of those Shares.
- n. If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- o. There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- p. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- q. In the event the Company proceeds with a bonus issue of securities to shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

9.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

- b. in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.
- Bell Potter Securities Limited has given its written consent to being named as Lead Manager and Underwriter in this Prospectus. Bell Potter has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.
 - RSM Corporate Australia Pty Limited has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in section 8 of this Prospectus in the form and context in which the information and report is included. RSM Corporate Australia Pty Limited has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
 - RSM Australia Partners has given its written consent to being named as Auditor in this Prospectus and to the inclusion of statements attributed to it in section 4 of this Prospectus in the form and context in which the information is included. RSM Australia Partners has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
 - Whittens McKeough & Sundaraj Pty Ltd has given its written consent to being named as the Australian Legal Advisers to the Company in this Prospectus. Whittens McKeough & Sundaraj Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.
 - Link Market Services Limited has given its written consent to being named as the Registry to the Company in this Prospectus. Link Market Services Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$568,850 and are expected to be applied towards the items set out in the table below:

Item of expenditure	Amount \$'000
ASIC fees	2
ASX fees	87
Lead Manager and Underwriter fees (including broker commissions)	325
Legal Fees	110
Investigating Accountant Fees	30
Miscellaneous	15
Total	569

9.10 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.11 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.tinybeans.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9.13 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

Section 10: Statement of Directors



10. Statement of Directors

This Prospectus is authorised by each of the Directors of the Company, who consent to its lodgement with ASIC and its issue.

This Prospectus is signed in accordance with section 351 and 720 of the Corporations Act.

A handwritten signature in black ink, appearing to be 'E. Geller', written over a light blue horizontal line.

Eddie Geller

Executive Chairman and Chief Executive Officer

Section 11:

Glossary



11. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

Term	Meaning
\$ or Dollar or \$A	An Australian dollar.
1H2017	The half year ended 31 December 2016.
AEDT	Australian Eastern Daylight Time, as observed in Sydney, New South Wales.
Applicants	A person who submits a valid Application Form accompanied by Application Monies under this Prospectus.
Application	An application for New Shares under this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus relating to the Broker Offer and the Priority Offer.
Application Monies	Application monies received from the Applicants.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it.
ASX Listing Rules or Listing Rules	The official listing rules of ASX and any other rules of the ASX which are applicable while the Company is admitted to the Official List, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
Australian Accounting Standards	The Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.
Award	The meaning provided in section 6.7.
Bell Potter	Bell Potter Securities Limited ABN 25 006 390 772 (AFSL 243480).
Board	The board of Directors as constituted from time to time.
Broker	Any participating ASX broker organisation.
Broker Firm Applicants	The clients of brokers who have received an allocation under the Broker Firm Offer.
Broker Firm Offer	The offer of New Shares to Broker Firm Applicants, as described in section 1.7.
Business Day	A day on which trading takes place on the stock market of the ASX.
CHESS	The Clearing House Electronic Sub-register System.
Closing Date	The closing date of the Broker Firm Offer and Priority Offer as set out in the indicative timetable in Prospectus, or such other date determined by the Board.
Company	Tinybeans Group Pty Ltd ACN 168 481 614, to be known as Tinybeans Group Ltd following the Conversion.
Completion	Completion of the Offer.
Constitution	The constitution of the Company as amended or replaced from time to time.
Consultants	The consultants who will be issued Options as consideration for services they have provided to the Company.
Conversion	Conversion of the Company to a public company which is expected to take place on 28 March 2017.
Conversion Shares	The Shares to be issued to Convertible Noteholders on conversion of their Convertible Notes under the Convertible Noteholder Offer.
Convertible Note	Convertible notes issued by the Company, the terms of which are described in section 1.7.
Convertible Noteholder	The holder of a Convertible Note.
Convertible Noteholder Offer	The offer and issue of Conversion Shares to Convertible Noteholders as a result of the conversion of their Convertible Notes.
Corporations Act	<i>The Corporations Act 2001</i> (Cth).
Directors	The current directors of the Company at the date of this Prospectus.
EIP	The employee incentive plan set out in section 6.7.
Exercise Notice	The meaning provided in section 9.7.
Exercise Price	The exercise price of an Option as set out in section 9.7.
Existing Shareholders	The holders of Existing Shares and certain Convertible Noteholders who will be issued New Shares under the Convertible Noteholder Offer.
Existing Shares	The Shares that are currently on issue.
Exposure Period	The period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.
FY2015	The financial year ended 30 June 2015.

Term	Meaning
FY2016	The financial year ended 30 June 2016.
Historical Financial Information	The meaning provided in section 4.
Investigating Accountant Report	The report contained in section 8.
IPO	The initial public offering of the Company.
Lead Manager or Underwriter	Bell Potter Securities Limited ABN 25 006 390 772.
Listing	Admission of the Company to the official list of ASX.
m	Million
Material Contracts	Any one or combination of the contracts that are material to the Company, as outlined in section 9.4.
New Shares	Up to 6,500,000 Shares to be issued under the Broker Firm Offer and Priority Offer.
Offer	The Broker Firm Offer, the Priority Offer, the Option Offer and the Convertible Noteholder Offer.
Offer Period	The period from the Opening Date to the Closing Date.
Offer Price	\$1.00 per New Share.
Official List	The official list of ASX.
Offer Shares	New Shares and Conversion Shares.
Offer Securities	Offer Shares and Options.
Option Offer	The offer of Options to Consultants, described in section 1.7.
Options	The options to be offered to Consultants on the terms and conditions described in section 9.7.
Opening Date	The opening date for the Offer specified in the indicative timetable in this Prospectus, or such other date determined by the Board.
Original Prospectus	The prospectus lodged with ASIC on 21 February 2017.
Priority Applicant	A Tinybeans user who is ordinarily resident in Australia and who has received an invitation to participate in the Priority Offer.
Priority Offer	The offer of New Shares to Priority Applicants at an Offer Price of \$1.00 per New Share, as described in section 1.7.
Pro Forma Historical Financial Information	The meaning provided in section 4.
Propectus	This replacement prospectus dated 7 March 2017.
Prospectus Date	The date this Prospectus was lodged with ASIC.
Registry or Link	Link Market Services Limited.
Share	A fully paid ordinary share in the capital of the Company and includes, for the avoidance of doubt, the New Shares and Existing Shares.
Shareholder	A holder of Shares.
Subsidiaries	The wholly owned subsidiaries of the Company: <ul style="list-style-type: none"> a. Tinybeans Pty Ltd ACN 157 733 483; b. Tinybeans Innovations Pty Ltd ACN 168 491 861; and c. Tinybeans USA Ltd Federal tax ID 35-2517315
Tinybeans	The mobile and web-based social media platform owned and operated by the Company.
US\$	US dollars.
US Person	A person resident in the United States.

Corporate Directory

Directors

Mr Eddie Geller

Executive Chairman and Chief Executive Officer

Mr Stephen O'Young

Executive Director and Chief Technology Officer

Mr Kim Heras

Non-Executive Director

Company Secretary

Mr Anand Sundaraj

Proposed ASX Code

ASX: TNY

Lead Manager and Underwriter

Bell Potter Securities

Level 29, 101 Collins Street
Melbourne VIC 3000

Australian Legal Adviser

Whittens McKeough & Sundaraj Pty Ltd

Level 29, 201 Elizabeth Street
Sydney NSW 2000

Registered Office

Level 2, 105 Reservoir Street
Surry Hills NSW 2010

Website

www.tinybeans.com

Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

Investigating Accountant

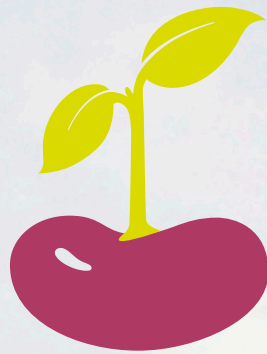
RSM Corporate Australia Pty Limited

Level 13, 60 Castlereagh Street
Sydney NSW 2000

Auditor

RSM Australia Partners

Level 13, 60 Castlereagh Street
Sydney NSW 2000



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