

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



ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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

CORPORATE DIRECTORY

DIRECTORS

Mr. John Dougall
Ms. Megan Gardner
Mr. Edward Geller
Ms. Mary Godfrey
Mr. Kim Heras, resigned 30 October 2018
Mr. Stephen O'Young

COMPANY SECRETARY

Mr. Andrew Whitten, resigned 30 October 2018
Mr. Dean Jagger, appointed 30 October 2018

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

L1, 26-28 Wentworth Ave
Surry Hills NSW 2010
Email: investors@tinybeans.com
Website: www.tinybeans.com

SHARE REGISTRY

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

AUDITORS

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

STOCK EXCHANGE LISTING

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

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**TINYBEANS GROUP LIMITED
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CHAIRMAN'S MESSAGE

Dear Fellow Shareholder,

I am pleased to present the 2019 Annual Report for Tinybeans Group Limited (ASX: TNY), my second since becoming the chairman in March 2018.

I am proud of what we have achieved and delivered in terms of results in the past Financial Year. Your Board has worked hard to support the Management Team as they execute on our agreed strategy of building out a platform from which parents and families all over the world can benefit and have their children thrive.

Your Company has delivered growth in revenues while also boosting all user growth metrics. Management's commitment to goal setting, learning and diligent execution has paid off as the last 12 months has certainly begun to prove the Company's potential.

The Board is optimistic around the growth prospects of the Company, having achieved over \$3.8 million in sales revenue for FY19, representing annual growth of over 120%. This healthy growth reflects the momentum continuing to build across the Company's immediate revenue drivers: premium subscriptions, advertising from brands, and printed product sales.

During the year, the Company achieved the phenomenal milestone of one million monthly active users, further demonstrating the value delivered to its user base. This revenue growth came as we grew our registered user base over the course of the year to more than 3.35 million parents and family members. During the month of June 2019, more than 1.23 million of these members were active on the Tinybeans platform.

The Group continues to innovate and refine its platform as the company launched a new offering for brands to further uncover insights around families and households.

The Company has stabilized costs while growing revenue. We reduced our cash burn from around \$1.1 million in the first quarter of FY19 to around \$473,000 in the final quarter. I believe that the Company is in a solid financial position to maximize its opportunities in the coming 12 months. We continue to focus on Risk Management and Financial Prudence, while protecting and securing the precious memories of our members.

I would like to thank my fellow Directors as well as our Management Team and Staff for their efforts over what has been an incredibly busy and rewarding year at Tinybeans.

I am pleased to report that over the last 12 months we have seen an increase from 320 to now well over 800 Shareholders. I thank all of our existing and new Shareholders for your support and belief in our ability to achieve the goals we have set out for our Company.

The next 12 months promises to be an exciting time as we continue to execute on our growth strategy. I look forward to having you share in Tinybeans' success.



John Dougall
Non-executive Director and Chairman



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CEO'S MESSAGE

I'm delighted to present to you the Tinybeans annual report for financial year 2019. This is our third since being a public company and clearly our most successful year yet.

Tinybeans today is a mobile and web-based technology platform that connects parents with the most trusted tools and resources to help every family thrive.

The past 12 months have been incredibly pleasing as we've not only managed to grow users and their engagement but also delivered record revenues.

We're particularly pleased that even whilst we grew revenues quarter on quarter, our NPS score still remained high at an all-time record of 80.

Some of the FY19 Highlights include:

- Operational revenue increased by over 120% on FY18 to \$3.8M.
- Monthly Active Users (MAU) hit 1.23M, delivering growth of 31% on FY18, largely driven in Q4 by app updates and the new content platform;
- Advertising revenue reaching \$2.8M for FY19, up over 172% on FY18;
- With over 310k members with access to Premium, subscription revenue hit a record \$738k for FY19, representing growth of 34% on FY18;
- Registered Users hit 3.35M, representing growth of 34% on FY18;
- 12-month user retention grew again to a record 76% from 74%; and
- Cash balance of \$0.98M at June 30, however it was \$1.05M at July 1;

We see significant scope to further monetise Tinybeans' large, active and growing base as we continue to prove the value of our platform to all stakeholders and enhance the user experience for parents and family members.

Over the past 12 months, Tinybeans attracted many new advertisers on the platform. Some running tests, whilst others re-signed for ongoing programs. With our 100th brand partnership closed a few months ago, it is exciting to see brands like Lego and Haven Life doubling down and seeing results.

Tinybeans expects sustained growth in overall registered members and MAU during FY20 and for its core market share to grow substantially. We're also expecting accelerated growth in the premium subscriber base and advertising revenues to follow suit just like the past 12 months.

The last twelve months has demonstrated the potential of what Tinybeans has to offer in the global market and our traction in engaging with new partners. The extended partnerships we recently announced with great companies such as Lego and others, have put us in a great position to carefully deploy the capital we have raised to enhance our customer offering and accelerate our growth. We are looking forward to growing in our core areas of business, and in our newer areas across content, products and services.

We're excited about the next 12 months as we see this year being key to allowing us to accelerate the revenues so that we can continue to invest further in the product and not only grow our core revenue but also invest in newer product areas that will drive revenue growth in subsequent years.



Eddie Geller
Chief Executive Officer



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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the Consolidated Group (referred to hereafter as the 'Consolidated Group' or "Group") consisting of Tinybeans Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Review of Operations

The loss for the Group after income tax amounted to \$3,451,481 (2018: \$4,665,452).

The Group has generated total sales revenue of \$3,829,660 up from \$1,726,563 in the previous year. The Group has also claimed Research and Development tax offsets of \$111,227 in Australia, and \$349,203 in the United States for offset against payroll tax.

Operating expenses amounted to \$7,750,270 (2018: \$6,644,512). Employee benefits expense increased by \$818,770 due to the share-based payments in relation the employee option plan, more employees on a higher salary level, and with the three non-executive directors who joined in late FY2018 in service for the full-year. Also, the administrative costs were higher by \$331,872, mainly due to the rent expenses of bigger offices in Sydney and New York since October and December 2017, respectively; and higher hosting costs attributed with the increased storage and processing required to service our members and customers.

Principal Activities

The principal activities of the Group during the course of the financial year consisted of providing mobile and web-based platforms that allow parents to securely record and share digital data privately and securely. There were no significant changes in the nature of those activities during the financial year.

Dividends

No dividends were paid or declared by the Group since the end of the previous financial year and the Directors do not recommend dividends be paid for the year ended 30 June 2019.

Significant Changes in the State of Affairs

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

Likely Developments and Expected Results of Operations

The Group is currently active in continuing its software platform development and focus on sales growth. Likely developments and expected results will be announced to the market as they emerge.

Matters Subsequent to Year End

On 31 July 2019, Tinybeans Group Ltd successfully raised \$5,000,000 by issuing 5,000,000 shares at an issue price of \$1 per share.

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

Directors

The following persons held office as Directors of Tinybeans Group Limited at any time during or since the end of the financial year:

Mr. John Dougall
Ms. Megan Gardner
Mr. Edward Geller
Ms. Mary Godfrey
Mr. Kim Heras, resigned 30 October 2018
Mr. Stephen O'Young

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DIRECTORS' REPORT (CONT.)

Company Secretary

The following persons held office as Company Secretary of Tinybeans Group Limited at any time during or since the end of the financial year:

Mr. Andrew Whitten, resigned 30 October 2018

Mr. Dean Jagger, appointed 30 October 2018

Information on Directors

Mr. John Dougall

Non-executive Director and Chairman

Qualifications:

Bachelor of Commerce, University of Melbourne

Appointed:

15 March 2018

Experience and expertise:

Mr Dougall has worked at senior executive and board level in a number of technology companies based in Melbourne, New York, Sydney, London and San Francisco. John has also been the Managing Director of four ASX-listed companies, successfully exporting Australian technology to China, India, The Philippines, Vietnam and Latin America. Additionally, John also served as President and CEO of an Australian company that ultimately listed on the NASDAQ, selling its software solutions to major retailers in the USA and Europe.

Mr Dougall has served as a Director to several Industry Associations, as past Chairman of the Australian Government's CSIRO Information Technology Advisory Board, as well as advising Government on Industry Strategy and Trade.

Other current directorships:

Mr Dougall does not hold directorships of other listed entities.

Former directorships (last 3 years):

Mr Dougall has not held directorships of other listed entities.

Special responsibilities:

Mr Dougall has no special responsibilities.

Ms. Megan Gardner

Non-executive Director

Qualifications:

Master of Business Administration, Harvard University

Appointed:

Bachelor of Arts, Smith College

19 March 2018

Experience and expertise:

Ms Gardner is a sought-after board member and advisor for fast-growing technology businesses (portfolio spans North America, Europe, Asia, and Australia). Ms Gardner serves on several private company boards, and is the recent chair of YPO's Golden Gate chapter. In 2011, as CEO and founder of Plum District, Megan raised venture capital funding from top-tier Silicon Valley investors, expanded the e-commerce company to two-dozen cities, and grew the online member base to more than one million people. Ms Gardner managed over 350 employees and contractors, worked with top retailers like Target, Gap, and Whole Foods, and created partnerships with Facebook, Google, and Disney.

Ms Gardner is based in San Francisco, USA.

Other current directorships:

Ms Gardner has not held directorships of other listed entities.

Former directorships (last 3 years):

Ms Gardner has not held directorships of other listed entities.

Special responsibilities:

Ms Gardner has no special responsibilities.

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DIRECTORS' REPORT (CONT.)

Mr. Edward (Eddie) Geller
Executive Director, Chief Executive Officer

Qualifications: Bachelor of Science, University of New South Wales
Appointed: 11 March 2014

Experience and expertise: Mr Geller has been an entrepreneur in the technology and internet sectors since 1994. Mr Geller founded his first company in 1995 and then in 1999 was the founder/CEO of Unique World. Eddie 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.

As a seed investor in PushStart in early 2012, Eddie saw something special in Tinybeans. Tinybeans was one of the startups that was incubated through the Pushstart program and was a certain standout. Over 2012, Eddie mentored the Tinybeans team and fell in love with the opportunity and decided to invest and become active. Through 2013, Eddie drove the commercial aspects of the business which enabled him to take on the CEO role in early 2014.

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

Other current directorships: Mr Geller has not held directorships of other listed entities.
Former directorships (last 3 years): Mr Geller has not held directorships of other listed entities.
Special responsibilities: Mr Geller has no special responsibilities.

Ms Mary (Missy) Godfrey
Non-executive Director

Qualifications: Bachelor of Science, Skidmore College
Appointed: 19 March 2018

Experience and expertise: Ms Godfrey is the founder and CEO of M3 Strategic Advisory Services, an independent consulting firm for transformational growth and turnarounds in the media, technology and lifestyle sectors. Previously, Missy was the CEO of SpaFinder Wellness, a global marketing, commerce and media company sold to BlackHawk Network, as well as CEO of Socialflow, a SaaS platform for social media marketing. Missy is a senior operating executive and general manager with a distinguished track record spanning over two decades in multiple diverse sectors, including traditional and digital media, luxury goods, advertising, private equity investing, and wealth management. Ms Godfrey is an expert in the strategic planning, product launches and start-up growth initiatives.

Other current directorships: Ms Godfrey has not held directorships of other listed entities.
Former directorships (last 3 years): Ms Godfrey has not held directorships of other listed entities.
Special responsibilities: Ms Godfrey has no special responsibilities.

Mr. Kim Heras
Non-executive Director

Qualifications: Bachelor of Laws, Master of Commerce, University of Sydney
Bachelor of Arts, Western Sydney University
Appointed: 16 February 2017
Resigned: 30 October 2018

Experience and expertise: 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.

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DIRECTORS' REPORT (CONT.)

Mr Heras 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.

Other current directorships:
Former directorships (last 3 years):
Special responsibilities:

Mr Heras has not held directorships of other listed entities.
Mr Heras has not held directorships of other listed entities.
Mr Heras has no special responsibilities.

Mr. Stephen O'Young
Executive Director, Chief Technology Officer

Qualifications:
Appointed:

Bachelor of Engineering, University of New South Wales
11 March 2014

Experience and expertise:

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, Stephen 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.

Other current directorships:
Former directorships (last 3 years):
Special responsibilities:

Mr O'Young has not held directorships of other listed entities.
Mr O'Young has not held directorships of other listed entities.
Mr O'Young has no special responsibilities.

Meetings of Directors

The number of meetings of the Group's Board of Directors and of each board committee held during the financial year ended 30 June 2019 and the number of meetings attended by each Director were:

Director	Directors Meetings	
	Held Whilst in Office	Attended
John Dougall	8	8
Megan Gardner	8	8
Edward Geller	8	8
Mary Godfrey	8	8
Kim Heras ¹	3	3
Stephen O'Young	8	8

¹ Up to resignation date

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DIRECTORS' REPORT (CONT.)

Directors' Interests

Information on the Directors' and their associates' interests in shares and options of the Company at 30 June 2019 can be found in the Remuneration Report on page 11.

Shares Under Option

At the date of this report, the unissued ordinary shares of the Group under option granted to directors are as follows:

	Grant date	Expiry date	Number of options granted	Exercise price \$	Total value of options \$
John Dougall	10/12/2018	12/12/2023	150,000	0.75	22,245
Megan Gardner	10/12/2018	12/12/2023	100,000	0.75	14,830
Edward Geller	10/12/2018	12/12/2023	300,000	0.75	44,490
Mary Godfrey	10/12/2018	12/12/2023	100,000	0.75	14,830
Stephen O'Young	10/12/2018	12/12/2023	150,000	0.75	22,245
John Dougall	10/12/2018	12/12/2023	150,000	1.00	19,275
Megan Gardner	10/12/2018	12/12/2023	100,000	1.00	12,850
Edward Geller	10/12/2018	12/12/2023	300,000	1.00	38,550
Mary Godfrey	10/12/2018	12/12/2023	100,000	1.00	12,850
Stephen O'Young	10/12/2018	12/12/2023	150,000	1.00	19,275
John Dougall	10/12/2018	12/12/2023	300,000	1.50	30,570
Megan Gardner	10/12/2018	12/12/2023	200,000	1.50	20,380
Edward Geller	10/12/2018	12/12/2023	600,000	1.50	61,140
Mary Godfrey	10/12/2018	12/12/2023	200,000	1.50	20,380
Stephen O'Young	10/12/2018	12/12/2023	300,000	1.50	30,570
			3,200,000		384,480

All options were granted over unissued fully paid ordinary shares in the Company. These options have not vested yet as at the end of the financial year.

Shares Issued on the Exercise of Options

96,617 shares were issued during the financial year ended 30 June 2019 on the exercise of options.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnity and Insurance of Directors and Officers

Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been a director or officer of the Group.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

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DIRECTORS' REPORT (CONT.)

Corporate Governance Statement

A copy of the Corporate Governance Statement has not been disclosed within the Annual Report but is available on the website <https://tinybeans.com/investors/corporate-governance.html> in accordance with the ASX Listing Rule 4.10.3.

Rounding of Amounts

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

Declaration by Director

Before it approved the Company's 2019 financial statements, the Board was satisfied that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Directors received the Lead Auditor's Independence Declaration under s.307 of the Corporations Act 2001, which is set out on page 15. The external auditor did not provide non-audit services to the Company during the year ended 30 June 2019.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the Company who are former Partners of RSM Australia Partners.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s.298(2) of the Corporations Act 2001.



Edward Geller
Chief Executive Officer
New York, 29 August 2019

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REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of Tinybeans Group Limited. The information in this report has been audited as required by 308(3C) of the Corporations Act 2001.

Directors and Key Management Personnel

The full Board of Directors sets remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors (if any).

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice as well as basic salary, remuneration packages include superannuation.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by shareholders from time to time. Fees for Non-Executive Directors are not linked to the Group's performance. It is the Board's intention to undertake an annual review of its performance and the performance of the Board Committees against goals set at the start of the year.

In considering the Group's performance and its effect on shareholder wealth, the Board has regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Group's projects, results and progress of platform development activities and other operational factors.

The Board also gives consideration to the Group's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to develop the Group.

Details of the nature and amount of each element of the emoluments of each Director of Tinybeans Group Limited are set out below.

Directors

Names and positions held of key management personnel in office at any time during the financial year are:

Mr. John Dougall	Non-executive Director and Chairman
Ms. Megan Gardner	Non-executive Director
Mr. Edward Geller	Chief Executive Officer
Ms. Mary Godfrey	Non-executive Director
Mr. Kim Heras	Non-executive Director (resigned 30 October 2018)
Mr. Stephen O'Young	Executive Director

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REMUNERATION REPORT (CONT.)

Key Management Personnel Compensation

	Salary and directors' fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2019				
John Dougall	100,000	-	45,307	145,307
Megan Gardner	71,395	-	30,205	101,600
Edward Geller	363,886	-	124,834	488,720
Mary Godfrey	71,395	-	30,205	101,600
Kim Heras*	19,839	-	-	19,839
Stephen O'Young	220,000	-	45,307	265,307
Total Compensation	846,515	-	275,858	1,122,373

* Kim Heras resigned as a director on 30 October 2018.

	Salary and directors' fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2018				
John Dougall	29,570	-	-	29,570
Megan Gardner	19,241	-	-	19,241
Edward Geller	352,353	-	49,170	401,523
Mary Godfrey	19,241	-	-	19,241
Kim Heras	60,000	-	-	60,000
Stephen O'Young	220,000	-	-	220,000
Total Compensation	700,405	-	49,170	749,575

Performance of the Company and its Link to Remuneration

Key Performance Indicators (KPIs) are set annually, with a certain level of consultation with key management personnel. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs' target areas the Company believes holds greater potential for group expansion, covering financial and non-financial as well as short-term or long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

The table below provides a summary of the Company's performance in FY2019. The information below is taken into account by the Board when setting and determining short-term and long-term remuneration for key management personnel. It does not utilise earnings per share as a performance measure given that all efforts are currently being expended to develop the Group.

Period	Registered Members In millions	Monthly Active Users In millions	Revenue \$	Profit (Loss) after Tax \$
FY2019	3.35	1.23	3,829,660	(3,451,481)
FY2018	2.50	0.94	1,726,563	(4,665,452)
FY2017	1.77	0.68	1,046,447	(2,056,624)

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REMUNERATION REPORT (CONT.)

Shares Held by Key Management Personnel and Their Associates

	Balance 30 June 2018	Additions	Balance 30 June 2019
John Dougall	-	55,436	55,436
Megan Gardner	-	35,512	35,512
Edward Geller	5,522,919	466,410	5,989,329
Mary Godfrey	-	35,512	35,512
Kim Heras	70,620	50,301	120,921
Stephen O'Young	6,733,574	-	6,733,574
Sarah-Jane Kurtini	3,061,542	-	3,061,542
Total	15,388,655	643,171	16,031,826

Options Held by Key Management Personnel and Their Associates

	Balance 30 June 2018	Additions	Balance 30 June 2019
John Dougall	-	600,000	600,000
Megan Gardner	109,065	400,000	509,065
Edward Geller	-	1,200,000	1,200,000
Mary Godfrey	-	400,000	400,000
Stephen O'Young	-	600,000	600,000
Sarah-Jane Kurtini	-	106,000	106,000
Total	109,065	3,306,000	3,415,065

Service Agreements

John Dougall – Non-executive Director and Chairman

- Agreement commenced on 15 March 2018;
- Base remuneration of AUD\$100,000 per annum, to be paid in either shares in the Company, subject to shareholder approval at a general meeting of the Company, or in cash if shareholder approval is not obtained.

Megan Gardner – Non-executive Director

- Agreement commenced on 19 March 2018;
- Base remuneration of USD\$50,000 per annum, to be paid in either shares in the Company, subject to shareholder approval at a general meeting of the Company, or in cash if shareholder approval is not obtained.

Edward Geller – Executive Director and Chief Executive Officer

- Agreement commenced on 1 January 2015 and amended on 7 February 2017 and on 1 January 2019;
- Base salary of USD\$210,000 per annum;
- Annual entitlement to be issued USD\$50,000 in fully paid ordinary shares in the Company, subject to shareholder approval at a general meeting of the Company, or in cash if shareholder approval is not obtained;
- One-off bonus of USD\$50,000 for successful listing of the Group on the ASX;
- Discretionary bonus at the Board's decision of up to USD\$100,000.

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REMUNERATION REPORT (CONT.)

Mary Godfrey – Non-executive Director

- Agreement commenced on 19 March 2018;
- Base remuneration of USD\$50,000 per annum, to be paid in either shares in the Company, subject to shareholder approval at a general meeting of the Company, or in cash if shareholder approval is not obtained.

Kim Heras – Non-executive Director (resigned as a Non-executive Director on 30 October 2018)

- Agreement commenced on 11 February 2017 and amended on 1 January 2018
- Base remuneration of AUD\$60,000 per annum, to be paid in either shares in the Company, subject to shareholder approval at a general meeting of the Company, or in cash if shareholder approval is not obtained.

Stephen O'Young – Executive Director and Chief Technology Officer

- Agreement commenced on 1 July 2014 and amended on 8 February 2017 and on 1 January 2019;
- Base salary of AUD\$160,000 per annum;
- Annual entitlement to be issued AUD\$60,000 in fully paid ordinary shares in the Company, subject to shareholder approval at a general meeting of the Company, or in cash if shareholder approval is not obtained;
- One-off bonus of AUD\$50,000 for successful listing of the Group on the ASX;
- Discretionary bonus at the Board's decision of up to AUD\$75,000.

Key Employment Agreements

Sarah Jane Kurtini – Head of Product Marketing (resigned as an Executive Director on 14 February 2017)

- Agreement commenced on 1 July 2014 and amended on 7 February 2017 and on 10 February 2017 to incorporate relocation to New York from 1 July 2017;
- Base salary of AUD\$191,625 per annum;
- One-off bonus of AUD\$50,000 for successful listing of the Group on the ASX;
- Discretionary bonus at the Board's decision of up to AUD\$50,000;
- Upon executing a new US based employment agreement, package amounts to USD\$191,625 per annum with USD\$5,950 deduction from the monthly gross salary to pay towards rent.

Loans to Directors and Key Management Personnel

There were no loans made to directors or key management personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

RSM Australia Partners

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F +61 (0) 2 8226 4501

www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Tinybeans Group Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS**

G N Sherwood
Partner

Sydney, NSW

Dated: 30 August 2019

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Revenue from contracts with customers		3,829,660	1,726,563
Other income	2	473,863	254,367
Total income		4,303,523	1,980,930
Bad debts expense		(4,669)	(128)
Depreciation and amortisation expense	3	(113,036)	(42,867)
Employee benefits expense	4	(5,030,994)	(4,212,224)
Administration		(1,779,232)	(1,523,028)
Marketing		(607,803)	(537,607)
Other expenses		(214,536)	(328,658)
Loss before income tax expense		(3,446,747)	(4,663,582)
Income tax expense	5	(4,734)	(1,870)
Loss attributable to members of the parent entity		(3,451,481)	(4,665,452)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		3,561	867
Total comprehensive loss for the period		(3,447,920)	(4,664,585)
Earnings per share for profit attributable to the owners of Tinybeans Group Limited			
Basic earnings per share (cents)	7	(10.50)	(17.67)
Diluted earnings per share (cents)	7	(10.50)	(17.67)

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	982,018	4,052,369
Trade and other receivables	9	1,283,324	565,486
Other assets	10	270,895	198,243
TOTAL CURRENT ASSETS		2,536,237	4,816,098
NON-CURRENT ASSETS			
Property, plant and equipment	12	55,672	95,411
Intangible assets	13	-	68,030
TOTAL NON-CURRENT ASSETS		55,672	163,441
TOTAL ASSETS		2,591,909	4,979,539
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	754,942	483,476
Contract liabilities	15	522,546	388,648
Employee benefits	16	163,430	178,029
TOTAL CURRENT LIABILITIES		1,440,918	1,050,153
NON-CURRENT LIABILITIES			
Contract liabilities	17	469,395	323,443
Employee benefits	18	22,496	13,108
TOTAL NON-CURRENT LIABILITIES		491,891	336,551
TOTAL LIABILITIES		1,932,809	1,386,704
NET ASSETS		659,100	3,592,835
EQUITY			
Issued capital	19	13,000,412	12,674,511
Reserves	20	531,074	339,229
Accumulated losses	22	(12,872,386)	(9,420,905)
TOTAL EQUITY		659,100	3,592,835

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2019

	Note	Shares on Issue	Reserves	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1 July 2017		9,318,011	499,066	(4,901,896)	4,915,181
Loss for the period		-	-	(4,665,452)	(4,665,452)
Other comprehensive income		-	867	-	867
Total comprehensive income for the period		-	867	(4,665,452)	(4,664,585)
Transactions with owners, as owners					
Shares issued during the period	19	3,500,000	-	-	3,500,000
Costs of capital raising	19	(143,500)	-	-	(143,500)
Options cancelled	20	-	(160,704)	146,443	(14,261)
Balance at 30 June 2018		12,674,511	339,229	(9,420,905)	3,592,835
Balance at 1 July 2018		12,674,511	339,229	(9,420,905)	3,592,835
Loss for the period		-	-	(3,451,481)	(3,451,481)
Other comprehensive income		-	3,561	-	3,561
Total comprehensive income for the period		-	3,561	(3,451,481)	(3,447,920)
Transactions with owners, as owners					
Shares issued during the period	19	331,026	-	-	331,026
Costs of capital raising	19	(5,125)	-	-	(5,125)
Options issued	20	-	188,284	-	188,284
Balance at 30 June 2019		13,000,412	531,074	(12,872,386)	659,100

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,693,074	1,752,734
Payments to suppliers and employees		(7,102,875)	(6,492,527)
Government grants and Research and Development Tax Offset Incentive		134,105	303,827
Interest received		24,951	38,681
Net cash used in operating activities	23	<u>(3,250,745)</u>	<u>(4,397,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(1,113)	(114,538)
Net cash used in investing activities		<u>(1,113)</u>	<u>(114,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	19	193,445	3,500,000
Cost of raising share capital	19	(5,125)	(143,500)
Proceeds from borrowings		-	-
Net cash provided by financing activities		<u>188,320</u>	<u>3,356,500</u>
Net decrease in cash held		(3,063,538)	(1,155,323)
Cash and cash equivalents at beginning of financial year		4,052,369	5,205,561
Effects of foreign currency exchange		(6,813)	2,131
Cash and cash equivalents at end of financial year	8	<u><u>982,018</u></u>	<u><u>4,052,369</u></u>

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Tinybeans Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue on 30 August 2019 by the directors of the Company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 28.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Tinybeans Group Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a 30 June 2019 financial year-end for this current year.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the Consolidated Statement of Financial Position and in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

b. Revenue Recognition

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

Revenue from contract

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

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

Advertising revenue

Revenue from the provision of advertising on digital platforms is recognised over the period the advertisements are displayed. Where the advertising revenue relates to an ongoing campaign the revenue is recognised over the period of the campaign.

Subscription revenue

Subscription services are treated as a single performance obligation; access to digital platforms and data under the subscription is a series of services substantially integrated with the same pattern of transfer. Accordingly, subscription revenue is recognised evenly over the subscription period. Amounts relating to future subscription periods are reflected as contract liabilities.

Bundling of products and services

Where products and/or services are sold as a bundled product, each product and service is treated as a separate performance obligation. In bundling products and services, the price is applied proportionately to each separately identifiable performance obligation within the bundle.

Government grants

Revenue from grants is recognised in the financial period to which these grants relate.

Other revenue

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

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of office equipment and furniture is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciable amount of leasehold improvements is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held.

The useful lives used for depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Useful lives</i>
Office equipment	5 years
Furniture and fixtures	5 years
Computer equipment	3-5 years
Leasehold improvements	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

d. Intangible Assets

Trademarks

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Management considered the nature of these assets and amortised them in the year under review.

e. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f. Employee Benefits

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.

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 at 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.

g. Equity-Settled Compensation

There has been no equity based compensation with the exception of that described at Note 21. The capital subscribed to as per this note was acquired at fair value at the time of purchase.

Options issues have their fair value determined with reference to an approved valuation methodology, such as the Black-Scholes valuation method. On issue, the fair value of an option is taken to the Income Statement as equity settled compensation, with a corresponding credit to the options reserve. This is then disclosed as other comprehensive income in the Statement of Comprehensive Income to show other net profit position of the Group from a third party perspective.

Shares have their value determined using the direct method of share price at date of issue multiplied by the number of shares issued.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

i. Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

j. Trade and Other Payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The carrying period is dictated by market conditions but is generally less than 30 days.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

l. Foreign currency translation

The financial statements are presented in Australian Dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

m. Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

n. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

o. Finance Costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in the period in which they are incurred.

**TINYBEANS GROUP LIMITED
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

p. **Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows. There is provision made in the Statement of Cash Flows to disclose the applicable GST refunds/payments that have been remitted to the ATO to accurately show the cash position of Tinybeans Group Limited.

q. **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.

r. **Earnings Per Share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Group excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to the dilutive potential ordinary shares.

s. **Government Grants**

Research and development tax credit or tax offset incentive and the export market development grant are accounted for as a government grant as per AASB120. 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.

t. **Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

i. **Employee share plan options valuation**

The Company issued 4,343,013 options to the employees as employee benefit in 2019 financial year as disclosed in Note 21. There is significant judgement and estimation uncertainty in relation to the assumptions used in the Black Scholes Option pricing models. Judgement is required with regards to the fair value of the shares at the issue date, the market volatility, the expected exercise period, and a number of other inputs into the models.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ii. Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and estimated tax losses where management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant judgement is required on the part of management and the Board to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the future years together with future tax planning strategies. Management and the Board have determined not to raise any deferred tax assets which are estimated at \$804,560 for the full year ended 30 June 2019 and cumulatively at approximately \$2 million. The Board will re-evaluate the probability of utilising these tax assets on an annual basis.

iii. 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.

iv. 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 yet meet the recognition criteria of development costs as defined by AASB 138 Intangible Assets.

v. 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 is 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.

vi. 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 the directors have estimated the usage period to be five years.

vii. Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

u. 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 disclosed in the financial report, the Group incurred a loss after tax of \$3,451,481 and had net cash outflows from operating activities of \$3,250,745 for the year ended 30 June 2019. As at that date, the Group had net current assets of \$1,095,319, net assets of \$659,100 as well as cash and cash equivalents of \$982,018.

**TINYBEANS GROUP LIMITED
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- On 31 July 2019, Tinybeans Group Ltd successfully raised \$5,000,000 by issuing 5,000,000 shares at an issue price of \$1 per share.
- The Group has cash and cash equivalents of \$982,018 as at 30 June 2019. As at that date the Group had net current assets of \$1,095,319 and net assets of \$659,100.
- The Group has performed a cash flow forecast and determined that it has adequate cash resources in place to fund its operations for the next 12 months.
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised \$3.5 million in June 2018 and \$5 million in July 2019. The directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

v. **New and Revised Accounting Standards not yet mandatory or early adopted**

At the date of authorisation of the financial statements the following new standards and interpretations have not been early adopted. The below are a list of the standards and the likely impact.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Likely impact on initial application
AASB 16 Leases	1 January 2019	30 June 2020	<p>The entity has undertaken an assessment of the impact of AASB 16. Based on the entity's assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p> <p>The consolidated entity will adopt this standard from 1 July 2019 and its impact on adoption is expected to result in total assets increasing by \$303,294, total liabilities increasing by \$338,414 and net assets decreasing by \$35,120.</p>

**TINYBEANS GROUP LIMITED
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NOTE 2: OTHER INCOME

	2019	2018
	\$	\$
Interest received	24,241	40,103
Other revenue	58,216	45,880
Research and development tax offset incentives ⁽ⁱ⁾	460,430	134,105
Government grants	(72,000)	34,159
Gain on disposal of assets	523	120
Other income	2,453	-
Total other income	473,863	254,367

(i) Included in the research and development tax offset incentives is \$157,245 relating to FY18, and \$303,185 relating to FY19. Management did not recognise the receivable for the 2018 financial year as it was the first time the research and development tax credit was being claimed in the United States and there was not sufficient assurance that the entity would comply with the conditions attaching to it.

NOTE 3: RESULTS FOR THE YEAR

Expenses		
Lease payments	421,683	323,404
Share based payments/(credits) expense	325,865	(14,262)
Depreciation of plant and equipment	113,036	42,867

NOTE 4: EMPLOYEE BENEFITS

Share based payments/(credits) expense	325,865	(14,262)
Salaries and wages	4,614,474	4,118,295
Superannuation	90,655	108,191
Total employee benefits	5,030,994	4,212,224

NOTE 5: INCOME TAX EXPENSE

The components of tax expense comprise:

Current tax	4,734	1,870
Deferred tax	-	-
Total	4,734	1,870
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5%	(947,855)	(1,282,485)
Add tax effect of:		
— Other non-allowable items	601,991	390,889
Subtotal	(345,864)	(891,596)

**TINYBEANS GROUP LIMITED
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NOTE 5: INCOME TAX EXPENSE (CONT.)

Less tax effect of:

— Items not assessable for taxation	-	-
— Items deductible for taxation but not accounting	(453,962)	(302,625)
Deferred tax assets not brought to account:	804,560	1,196,091
Income tax expense	4,734	1,870

The Group has estimated carry forward tax losses \$6,797,161 (2018: \$5,953,622) which will be deductible from future assessable income provided that income is derived, and:

- a) The Company and its controlled entities carry on a business of, or a business that includes software development in Australia; and
- b) No change in tax legislation adversely affects the Group and its controlled entities in realising the benefit from the deduction for the losses.

The benefit of these losses will only be recognised where it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 6: AUDITOR REMUNERATION

Remuneration of the auditor of the Group for:

Audit and review services for the financial year	51,600	49,500
Total:	51,600	49,500

NOTE 7: EARNINGS PER SHARE

a. Reconciliation of earnings:

Loss after tax	(3,451,481)	(4,665,452)
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	No.	No.
Weighted average number of ordinary shares outstanding during the year used in		
b. calculating EPS	32,860,592	26,406,679
	Cents	Cents
c. Basic EPS	(10.50)	(17.67)
d. Diluted EPS	(10.50)	(17.67)

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	982,018	4,052,369
Total	982,018	4,052,369

For the purpose of statement of cash flows, cash and cash equivalents comprises the above.

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NOTE 9: TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
CURRENT		
Trade and other receivables from third parties:		
Trade receivables	522,781	324,371
Accrued revenue and other receivables	300,130	35,010
Grants receivable	460,413	206,105
Total current assets	<u>1,283,324</u>	<u>565,486</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$0 (2018: \$0) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

The ageing of the trade receivables are as follows:

Current	414,062	223,493
1-30 days overdue	84,699	54,172
31-60 days overdue	6,104	6,935
61-60 days overdue	17,780	390
Over 90 days overdue	136	39,381
Total trade receivables	<u>522,781</u>	<u>324,371</u>

NOTE 10: OTHER ASSETS

Prepayments	154,741	86,858
Deposits paid	116,154	111,385
Total other assets	<u>270,895</u>	<u>198,243</u>

NOTE 11: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2019	2018
PARENT ENTITY:			
Tinybeans Group Limited	Australia		
SUBSIDIARIES OF TINYBEANS GROUP LIMITED			
Tinybeans Pty Limited	Australia	100	100
Tinybeans Innovations Pty Ltd	Australia	100	100
Tinybeans USA Ltd (Delaware C Corp)	USA	100	100

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

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NOTE 12: PLANT AND EQUIPMENT

	2019	2018
	\$	\$
OFFICE EQUIPMENT		
At cost	7,460	7,089
Accumulated depreciation	(4,023)	(1,646)
Total office equipment	<u>3,437</u>	<u>5,443</u>
FURNITURE AND FIXTURES		
At cost	30,843	29,307
Accumulated depreciation	(16,526)	(6,634)
Total furniture and fixtures	<u>14,317</u>	<u>22,673</u>
COMPUTER EQUIPMENT		
At cost	98,595	94,784
Accumulated depreciation	(69,693)	(42,071)
Total computer equipment	<u>28,902</u>	<u>52,713</u>
LEASEHOLD IMPROVEMENTS		
At cost	18,989	18,044
Accumulated depreciation	(9,973)	(3,462)
Total leasehold improvements	<u>9,016</u>	<u>14,582</u>
 Total property, plant and equipment	 <u><u>55,672</u></u>	 <u><u>95,411</u></u>

Movements in Carrying Amounts

	Office Equipment and Fixtures	Furniture	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2017	-	-	26,883	-	26,883
Acquisitions in the year	7,089	31,197	59,549	18,697	116,532
Disposals in the year	-	(1,891)	(1,321)	(653)	(3,865)
Effects of foreign exchange	(77)	(310)	(723)	(162)	(1,272)
Depreciation expense	(1,569)	(6,323)	(31,675)	(3,300)	(42,867)
Balance at 30 June 2018	<u>5,443</u>	<u>22,673</u>	<u>52,713</u>	<u>14,582</u>	<u>95,411</u>
Acquisitions in the year	-	-	3,253	-	3,253
Disposals in the year	-	-	(1,606)	-	(1,606)
Effects of foreign exchange	244	1,018	1,707	651	3,620
Depreciation expense	(2,250)	(9,374)	(27,165)	(6,217)	(45,006)
Balance at 30 June 2019	<u><u>3,437</u></u>	<u><u>14,317</u></u>	<u><u>28,902</u></u>	<u><u>9,016</u></u>	<u><u>55,672</u></u>

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NOTE 13: INTANGIBLE ASSET

	Patents	Total
	\$	\$
Balance at 1 July 2017 (Cost)	68,030	68,030
Acquisitions during the year	-	-
Balance at 30 June 2018	68,030	68,030
Acquisitions during the year	-	-
Amortisation expense	(68,030)	(68,030)
Balance at 30 June 2019	-	-

NOTE 14: TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
CURRENT		
Accounts payable	81,788	113,609
Accrued expenses	480,371	208,975
Other payables	192,783	160,892
Total	754,942	483,476

NOTE 15: CONTRACT LIABILITIES

CURRENT		
Deferred revenue	522,546	388,648
Total	522,546	388,648

NOTE 16: EMPLOYEE BENEFITS

CURRENT		
Employee provisions	163,430	178,029
Total	163,430	178,029

NOTE 17: CONTRACT LIABILITIES

NON-CURRENT		
Deferred revenue	469,395	323,443
Total	469,395	323,443

NOTE 18: EMPLOYEE BENEFITS

NON-CURRENT		
Employee provisions	22,496	13,108
Total	22,496	13,108

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NOTE 19: ISSUED CAPITAL

	2019		2018	
	No of Shares	\$	No of Shares	\$
Ordinary shares				
<i>Fully Paid</i>				
At the beginning of reporting period	32,508,796	12,674,511	26,145,160	9,318,011
Shares issued	536,755	331,026	6,363,636	3,500,000
Cost of raising capital	-	(5,125)	-	(143,500)
Closing balance at reporting date	33,045,551	13,000,412	32,508,796	12,674,511

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

Capital Management

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

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

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

NOTE 20: RESERVES

	2019	2018
	\$	\$
Options reserve	478,764	290,480
Foreign currency translation reserve	52,310	48,749
Total reserves	531,074	339,229

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

Foreign currency reserve

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

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NOTE 20: RESERVES (CONT.)

	Options reserve	Foreign currency translation reserve	Total
	\$	\$	\$
Balance at 30 June 2017	451,184	47,882	499,066
Additions during the year	120,119	867	120,986
Disposals during the year	(134,380)	-	(134,380)
Correction of expired options	(146,443)	-	(146,443)
Balance at 30 June 2018	290,480	48,749	339,229
Additions during the year	299,905	3,561	303,466
Disposals during the year	(70,212)	-	(70,212)
Exercise of options during the year	(41,409)	-	(41,409)
Balance at 30 June 2019	478,764	52,310	531,074

NOTE 21: SHARE BASED PAYMENTS

During the financial year, 3,200,000 options were issued to directors in two tranches of 800,000 at a strike price of \$0.75, and \$1.00 per share, and 1,600,000 at a strike price \$1.50 per share with a value of \$241,639. 963,013 options were issued to key personnel at a strike price of \$0.60 per share and a fair value of \$54,823, of which 276,483 options amounting to \$4,929 were also terminated within the financial year. 180,000 options were issued to an advisor in three tranches of 60,000 at a strike price at \$0.60 per share with a fair value of \$3,443.

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

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

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NOTE 21: SHARE BASED PAYMENTS (CONT.)

2019		Balance at			Balance at		
	Expiry	Exercise	the start of				the end of
Grant date	date	price	the year	Granted	Exercised	Cancelled	the year
18/04/2017	18/04/2020	\$0.3210	149,158	-	-	-	149,158
18/04/2017	18/04/2020	\$0.5029	96,617	-	(96,617)	-	-
18/04/2017	18/04/2020	\$0.5364	109,065	-	-	-	109,065
21/04/2017	21/04/2021	\$1.2000	145,750	-	-	(26,500)	119,250
15/09/2017	15/09/2021	\$1.2000	172,500	-	-	(132,500)	40,000
01/07/2018	01/07/2022	\$0.6000	-	117,000	-	-	117,000
10/12/2018	10/12/2022	\$0.6000	-	793,013	-	(276,483)	516,530
10/12/2018	10/12/2022	\$0.7500	-	800,000	-	-	800,000
10/12/2018	10/12/2022	\$1.0000	-	800,000	-	-	800,000
10/12/2018	10/12/2022	\$1.5000	-	1,600,000	-	-	1,600,000
20/05/2019	20/05/2023	\$0.6000	-	26,500	-	-	26,500
23/05/2019	01/03/2023	\$0.6000	-	26,500	-	-	26,500
02/04/2019	02/04/2023	\$0.6000	-	60,000	-	-	60,000
02/04/2019	02/04/2023	\$0.6000	-	60,000	-	-	60,000
02/04/2019	02/04/2023	\$0.6000	-	60,000	-	-	60,000
			<u>673,090</u>	<u>4,343,013</u>	<u>(96,617)</u>	<u>(435,483)</u>	<u>4,484,003</u>
Weighted average exercise price			\$0.80	\$1.03	0.50	\$0.82	\$1.03

2018		Balance at			Balance at		
	Expiry	Exercise	the start of				the end of
Grant date	date	price	the year	Granted	Exercised	Cancelled	the year
18/04/2017	18/04/2020	\$0.3210	149,158	-	-	-	149,158
18/04/2017	18/04/2020	\$0.5029	96,617	-	-	-	96,617
18/04/2017	18/04/2020	\$0.5364	109,065	-	-	-	109,065
21/04/2017	21/04/2021	\$1.2000	318,000	-	-	(172,250)	145,750
15/09/2017	15/09/2021	\$1.2000	-	172,500	-	-	172,500
20/10/2017	20/10/2020	\$0.7000	-	50,000	-	(50,000)	-
20/10/2017	20/10/2020	\$1.4000	-	50,000	-	(50,000)	-
20/10/2017	20/10/2020	\$2.0000	-	50,000	-	(50,000)	-
			<u>672,840</u>	<u>322,500</u>	<u>-</u>	<u>(322,250)</u>	<u>673,090</u>
Weighted average exercise price			\$0.80	\$1.28	-	\$1.28	\$0.80

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NOTE 21: SHARE BASED PAYMENTS (CONT.)

		2019	2018
Grant date	Expiry date	No.	No.
18/04/2017	18/04/2020	258,223	354,840
21/04/2017	21/04/2021	119,250	145,750
15/09/2017	15/09/2021	40,000	172,500
01/07/2018	01/07/2022	117,000	-
10/12/2018	10/12/2022	516,530	-
10/12/2018	10/12/2022	3,200,000	-
20/05/2019	20/05/2023	26,500	-
23/05/2019	01/03/2023	26,500	-
02/04/2019	02/04/2023	180,000	-
Closing balance		4,484,003	673,090

The weighted average share price during the financial year was \$1.03 (2018: \$0.80).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.6 years (2018: 3.5 years).

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/04/2017	18/04/2020	\$1.00	\$0.43	80.00%	-	1.76%	\$0.4286
21/04/2017	21/04/2021	\$1.00	\$1.20	80.00%	-	1.79%	\$0.4801
15/09/2017	15/09/2021	\$0.88	\$1.20	80.00%	-	2.08%	\$0.3967
01/07/2018	01/07/2022	\$0.35	\$0.60	60.00%	-	2.04%	\$0.9010
10/12/2018	10/12/2022	\$0.33	\$0.60	75.00%	-	1.93%	\$0.1143
10/12/2018	10/12/2022	\$0.33	\$0.75	75.00%	-	2.11%	\$0.1483
10/12/2018	10/12/2022	\$0.33	\$1.00	75.00%	-	2.11%	\$0.1285
10/12/2018	10/12/2022	\$0.33	\$1.50	75.00%	-	2.11%	\$0.1019
20/05/2019	20/05/2023	\$1.38	\$0.60	100.00%	-	1.23%	\$1.0548
23/05/2019	01/03/2023	\$1.19	\$0.60	100.00%	-	1.14%	\$0.8773
02/04/2019	02/04/2023	\$0.35	\$0.60	76.00%	-	1.38%	\$0.1272

NOTE 22: ACCUMULATED LOSSES

	2019	2018
	\$	\$
Opening balance	(9,420,905)	(4,901,896)
Losses for the year	(3,451,481)	(4,665,452)
Share options cancelled	-	146,443
Closing balance	(12,872,386)	(9,420,905)

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NOTE 23: CASH FLOW INFORMATION

	2019	2018
	\$	\$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Total comprehensive loss for the year	(3,447,920)	(4,664,585)
<i>Non-cash flows in profit:</i>		
Bad debts	4,669	128
Depreciation and amortisation expense	113,036	42,867
Gain on disposal of non-current assets	(523)	(120)
Net exchange differences	3,561	867
Share based payments expense	325,865	(14,262)
Write off of prior year grant receivable	-	37,841
<i>Changes in current assets and liabilities:</i>		
Increase in trade and other receivables	(717,838)	(94,651)
Increase in other assets	(72,652)	(136,187)
Increase in accounts payable and accruals	261,207	199,044
Increase in contract liabilities	279,850	231,773
Net cash used in operating activities	(3,250,745)	(4,397,285)

NOTE 24: EVENTS AFTER THE BALANCE SHEET DATE

On 31 July 2019, Tinybeans Group Ltd successfully raised \$5,000,000 by issuing 5,000,000 shares at an issue price of \$1 per share.

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

NOTE 25: FINANCIAL INSTRUMENTS

General Objectives, Policies and Processes

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of objectives where such impacts may be material. The Board periodically reviews the effectiveness of the process put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible. Further details regarding these policies are set out below:

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NOTE 25: FINANCIAL INSTRUMENTS (CONT.)

Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The maximum exposure to credit risk at balance date is as follows:

	2019	2018
	\$	\$
Trade receivables	522,781	324,371

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments due to creditors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Maturity Analysis of Financial Liabilities

	Carrying Amount	Contractual Cash Flows	< 6 Months
	\$	\$	\$
2019			
CURRENT LIABILITIES			
Accounts payable	81,788	81,788	81,788
Other payables	192,783	192,783	192,783
Accrued expenses	480,371	480,371	480,371
	Carrying Amount	Contractual Cash Flows	< 6 Months
	\$	\$	\$
2018			
CURRENT LIABILITIES			
Accounts payable	113,609	113,609	113,609
Other payables	160,892	160,892	160,892
Accrued expenses	208,975	208,975	208,975

Interest Rate Risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant.

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NOTE 25: FINANCIAL INSTRUMENTS (CONT.)

	2019	2018
	\$	\$
Change in Cash and Cash Equivalents		
Increase in interest rate by 1%	9,820	40,524
Decrease in interest rate by 1%	(9,820)	(40,524)

Foreign currency risk

The Consolidated Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian Dollars, was as follows:

	2019	2018
	\$	\$
Cash at bank	200,875	1,001,731
Trade receivables	522,781	324,371
Accrued revenue and other receivables	285,283	17,110
Grants receivable	349,186	-
Trade payables	52,545	81,061

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

<i>Amounts recognised in profit or loss</i>	\$	\$
Net foreign exchange gain/(loss) included in other income/other expenses	3,561	867
Total net foreign exchange (losses) recognised in profit before income tax for the period	3,561	867

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in the US/\$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from revenue and expenses in Tinybeans USA Ltd.

	2019	2018
	\$	\$
Impact on post tax profit		
US/\$ exchange rate – increase 5%	65,962	299,317
US/\$ exchange rate – decrease 5%	(65,962)	(299,317)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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NOTE 26: SEGMENT REPORTING

Identification of reportable operating segments

The Consolidated Group is organised into operating segments based on geographical location, USA and Australia. These operating segments are based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are advertising, premium subscriptions, and printing, predominantly performed by Tinybeans USA Ltd.

Intersegment receivables, payables and loans

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

2019

	USA	Australia	Total
	\$	\$	\$
Revenue and other income			
Sales to external customers	3,563,481	266,179	3,829,660
Other income	410,039	63,824	473,863
Total income	<u>3,973,520</u>	<u>330,003</u>	<u>4,303,523</u>
Employee benefits	3,206,837	1,824,157	5,030,994
Administration and cost of listing	1,253,673	525,560	1,779,233
Product development, marketing and other expenses	854,664	(27,657)	827,007
EBITDA	<u>(1,341,654)</u>	<u>(1,992,057)</u>	<u>(3,333,711)</u>
Depreciation and amortisation	(38,819)	(74,217)	(113,036)
Profit before income tax expense	<u>(1,380,473)</u>	<u>(2,066,274)</u>	<u>(3,446,747)</u>
Income tax expense	(4,734)	-	(4,734)
Profit after income tax expense	<u>(1,385,207)</u>	<u>(2,066,274)</u>	<u>(3,451,481)</u>
Segment assets	<u>1,577,338</u>	<u>1,014,571</u>	<u>2,591,909</u>
Segment liabilities	7,007,582	(5,074,773)	1,932,809
Intersegment eliminations	(5,692,138)	5,692,138	-
Total liabilities	<u>1,315,444</u>	<u>617,365</u>	<u>1,932,809</u>

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NOTE 26: SEGMENT REPORTING (CONT.)

2018

	USA \$	Australia \$	Total \$
Revenue and other income			
Sales to external customers	1,722,813	3,750	1,726,563
Other income	46,000	208,367	254,367
Total income	<u>1,768,813</u>	<u>212,117</u>	<u>1,980,930</u>
Employee benefits	2,752,573	1,459,652	4,212,225
Administration and cost of listing	988,652	534,376	1,523,028
Product development, marketing and other expenses	700,177	166,215	866,392
EBITDA	<u>(2,672,589)</u>	<u>(1,948,126)</u>	<u>(4,620,715)</u>
Depreciation and amortisation	(33,449)	(9,418)	(42,867)
Profit before income tax expense	<u>(2,706,038)</u>	<u>(1,957,544)</u>	<u>(4,663,582)</u>
Income tax expense	(1,870)	-	(1,870)
Profit after income tax expense	<u>(2,707,908)</u>	<u>(1,957,544)</u>	<u>(4,665,452)</u>
Segment assets	<u>1,598,546</u>	<u>3,380,993</u>	<u>4,979,539</u>
Segment liabilities	5,653,735	(4,267,031)	1,386,704
Intersegment eliminations	(4,590,882)	4,590,882	-
Total liabilities	<u>1,062,853</u>	<u>323,851</u>	<u>1,386,704</u>

NOTE 27: RELATED PARTY TRANSACTIONS

Subsidiaries

The Group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Percentage owned	
		2018	2017
Tinybeans Innovations Pty Ltd	Australia	100%	100%
Tinybeans Pty Ltd	Australia	100%	100%
Tinybeans USA Ltd (Delaware C Corp)	USA	100%	100%

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NOTE 27: RELATED PARTY TRANSACTIONS (CONT.)

Key Management Personnel Compensation

Disclosures relating to key management personnel are set out in the remuneration report included in the directors' report.

	Salary and directors' fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2019				
John Dougall	100,000	-	45,307	145,307
Megan Gardner	71,395	-	30,205	101,600
Edward Geller	363,886	-	124,834	488,720
Mary Godfrey	71,395	-	30,205	101,600
Kim Heras*	19,839	-	-	19,839
Stephen O'Young	220,000	-	45,307	265,307
Total Compensation	846,515	-	275,858	1,122,373

	Salary and directors' fees	Bonus	Non-monetary benefits	Total
	\$	\$	\$	\$
2018				
John Dougall	29,570	-	-	29,570
Megan Gardner	19,241	-	-	19,241
Edward Geller	352,353	-	49,170	401,523
Mary Godfrey	19,241	-	-	19,241
Kim Heras	60,000	-	-	60,000
Stephen O'Young	220,000	-	-	220,000
Total Compensation	700,405	-	49,170	749,575

Shares Held by Key Management Personnel and Their Associates

	Balance 30 June 2018	Additions	Balance 30 June 2019
John Dougall	-	55,436	55,436
Megan Gardner	-	35,512	35,512
Edward Geller	5,522,919	466,410	5,989,329
Mary Godfrey	-	35,512	35,512
Kim Heras	70,620	50,301	120,921
Stephen O'Young	6,733,574	-	6,733,574
Sarah-Jane Kurtini	3,061,542	-	3,061,542
Total	15,388,655	643,171	16,031,826

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NOTE 27: RELATED PARTY TRANSACTIONS (CONT.)

Options Held by Key Management Personnel and Their Associates

	Balance 30 June 2018	Additions	Balance 30 June 2019
John Dougall	-	600,000	600,000
Megan Gardner	109,065	400,000	509,065
Edward Geller	-	1,200,000	1,200,000
Mary Godfrey	-	400,000	400,000
Stephen O'Young	-	600,000	600,000
Sarah-Jane Kurtini	-	106,000	106,000
Total	109,065	3,306,000	3,415,065

NOTE 28: PARENT ENTITY DISCLOSURES

	2019 \$	2018 \$
Financial position		
Assets		
Total current assets	817,504	3,000,607
Total non-current assets	320,739	320,739
Total assets	1,138,243	3,321,346
Liabilities		
Total current liabilities	458,507	144,416
Total liabilities	458,507	144,416
Equity		
Contributed equity	13,000,312	12,674,411
Reserves	478,764	290,480
Accumulated losses	(9,787,961)	(4,287,329)
Total equity	3,691,115	8,677,562
Financial performance		
Loss for the year	(3,011,379)	(5,500,632)
Other comprehensive income	-	-
Total comprehensive loss	(3,011,379)	(5,500,632)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

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NOTE 28: PARENT ENTITY DISCLOSURES (CONT.)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

NOTE 29: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities present for the Group at balance date.

NOTE 30: CAPITAL COMMITMENTS

There are no capital commitments present for the Group at balance date.

NOTE 31: OPERATING LEASE COMMITMENTS

	2019	2018
	\$	\$
Operating leases contracted for but not capitalised in the financial statements		
Not later than one year	374,989	411,427
Later than one year and not later than five years	138,976	516,280
Minimum lease payments	<u>513,965</u>	<u>927,708</u>

NOTE 32: COMPANY DETAILS

The **registered office** of the Company is:

Tinybeans Group Limited
Level 1, 26-28 Wentworth Ave
Surry Hills NSW 2010

The **principal place of business** is:

Tinybeans Group Limited
Level 1, 26-28 Wentworth Ave
Surry Hills NSW 2010

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 16 to 44, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company and Consolidated Group.
2. the Company has included in Note 1 to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
3. the Directors have been given the declaration required by Section 295A of the Corporations Act from the Chief Executive Officer for the financial year ended 30 June 2019;
4. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
5. the remuneration disclosures included on pages 11 to 14 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2019, comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



John Dougall
Non-executive Director and Chairman
Sydney, 30 August 2019

INDEPENDENT AUDITOR'S REPORT
To the Members of Tinybeans Group Ltd**Opinion**

We have audited the financial report of Tinybeans Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the entity is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 1(b) in the financial statements	
<p>Revenue is required to be accounted for in accordance with AASB15, Revenue from Contracts with Customers for the first time in the year under review. The revenue recognition and the completeness of the associated unearned contract liabilities is considered a key audit matter due to the nature of the services being invoiced or paid for in advance of the 'services' being delivered. Revenue recognition is considered complex due to the multiple revenue streams, and the level of non-routine processes requiring manual intervention. The associated risks include:</p> <ol style="list-style-type: none"> 1. There are multiple subscription periods and additional marketing-related revenue streams with different performance obligations. 2. There is a risk that revenue may be overstated due to the unearned revenue being incorrectly quantified or recognised in advance. 3. There is judgement required around the determination of the recognition period for lifetime subscriptions. 4. Revenues in relation to advertising contracts are non-routine with the service delivery taking place over extended periods of time. The timing around the recognition of the revenue is considered a key audit matter. 	<p>We obtained a detailed understanding of each of the revenue streams and the systems and processes in place for calculating and recording revenue.</p> <p>Our testing of the revenue transactions included, among other things, the following:</p> <ul style="list-style-type: none"> • Assessing whether the Group's revenue recognition policies in relation to each of the revenue streams was in accordance AASB15, Revenue from Contracts with Customers. This included reviewing the contracts with customers, identifying the performance obligations in the contracts, and testing that the revenue was recognised based on performance obligations being met in accordance with transaction price related to the performance obligations. • Performing predictive analytical audit procedures to assess whether the revenue recognised was consistent with our expectations. • Evaluating and testing the operating effectiveness of management's controls related to revenue recognition. • Inspection of sales contracts, invoices, and other related documents in respect of the advertising revenue, and testing a sample of transaction to obtain assurance that the revenue was recognised over the period of the service delivery. • Testing a sample of transactions to determine that the revenue and deferred revenue in relation to those transactions was correctly accounted for. • Inspection of the deferred revenue listing, confirming it is consistent with the underlying accounting records and the data extracted from the web platform. • Critically evaluating management's assumptions around the amortisation period of lifetime subscriptions, and ensured that the financial statements contained adequate disclosure with regards to these judgements.

Share Based Payments	
Refer to Note 16 & 17 in the financial statements	
<p>The company issued 4,343,013 options to employees as employee benefits in the year under review valued at \$485,678. Determining the fair value of the options is inherently complex and requires significant judgement to be made with regards to the valuation methodology applied, and the assumptions contained therein.</p>	<p>We obtained Employee Incentive Plan's Terms and Conditions to obtain an understanding of the Plan and the related vesting conditions.</p> <p>Our testing of the employee share options included, among other things, the following:</p> <ul style="list-style-type: none"> • Obtain the company's valuation model and ensure the valuation methodology is appropriate under the circumstances. • Review the inputs and assumptions within the valuation model and test the mathematical accuracy of the formulas in the software. • Review the Employee Incentive Plan's Terms and Conditions to obtain assurance that the accounting treatment was consistent with the vesting and other conditions in the Plan. • Ensure the cancellation of any options conducted within the period were accounted for in accordance with AASB 2, Share-based Payment • Review the related financial statement disclosures for compliance with the requirements of the Australian Accounting Standards.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information, and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2019.


In our opinion, the Remuneration Report of Tinybeans Group Ltd, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads 'RSM'.

RSM Australia Partners

A handwritten signature in blue ink that reads 'G N Sherwood'.

G N Sherwood
Partner

Sydney, 30 August 2019

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ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Corporate Governance Statement

Refer to the link for the Corporate Governance statement on the Group's website.

<https://tinybeans.com/investors/corporate-governance.html>

Distribution Schedule of Equity Securities as at 28 August 2019

Spread of Holdings	Shares	Options
1 – 1,000	248	-
1,001 – 5,000	516	-
5,001 – 10,000	138	-
10,001 – 100,000	165	15
100,001 and over	38	9
Total	1,105	24

As at 28 August 2019, no ordinary shares are held in mandatory or voluntary escrow.

Unmarketable parcels

There were 62 shareholders holding less than a marketable parcel totalling 13,531 shares as at 28 August 2019.

The number of holders of each class of equity security as at 28 August 2019:

Class of security	Number
Ordinary fully paid shares	1,105
Options	24

Substantial Shareholders

The names of substantial shareholders as at 28 August 2019 who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Holder Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
STEPHEN O'YOUNG; STEPHEN O'YOUNG <ATF O'YOUNG FAMILY TRUST>; SOYABEAN PTY LTD <ATF SOYABEAN SUPER FUND>	6,733,574	17.70
EDDIE GELLER; ME & 4 BOYS PTY LTD; ME & 4 BOYS PROSPERITY PTY LTD; PUSHSTART MANAGEMENT PTY LTD <ATF PUSHSTART UNIT TRUST>	6,342,587	16.67
JASON KURTINI & SARAH-JANE KURTINI	3,061,542	8.05
DR JOHN MCBAIN; PICTON COVE PTY LTD; MCBAIN FAMILY TRUST; JC MCBAIN SUPER FUND	2,950,717	7.75

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ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES (CONT.)

Voting Rights

Every member is entitled to be present at a meeting and may vote. Options do not carry a right to vote.

On a show of hands, every Member has one vote.

On a poll every member has:

- one vote for each fully paid share; and
- voting rights pro rata to the amount paid up on each partly paid share held by the member.

Top 20 Holdings as at 28 August 2019

Holder Name	Balance at 28 August 2019	%
STEPHEN O'YOUNG	6,338,671	16.66
ME & 4 BOYS PTY LTD	4,671,384	12.28
JASON KURTINI & SARAH-JANE KURTINI	3,059,542	8.04
THIRTY-FIFTH CELEBRATION PTY LTD	2,150,717	5.65
RUBI HOLDINGS PTY LTD	1,800,000	4.73
PUSHSTART MANAGEMENT PTY LTD	1,165,230	3.06
UBS NOMINEES PTY LTD	1,000,000	2.63
FIFTY SECOND CELEBRATION PTY LTD	773,000	2.03
GISBORNE PARK PTY LTD	736,373	1.94
FORDHOLM CONSULTANTS PTY LTD	600,000	1.58
CITICORP NOMINEES PTY LIMITED	565,473	1.49
BUNGEELTAP PTY LTD	550,000	1.45
AUSTRAL CAPITAL PTY LTD	525,000	1.38
NATIONAL NOMINEES LIMITED	500,000	1.31
VIP PETFOODS SUPERANNUATION FUND PTY LTD	458,584	1.21
SOYABEAN PTY LTD	392,903	1.03
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	390,871	1.03
FLANNIGAN HOLDINGS PTY LTD	370,000	0.97
ME & 4 BOYS PROSPERITY PTY LIMITED	321,878	0.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	313,700	0.82
TOTAL	26,683,326	70.14

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ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES (CONT.)

Unquoted Equity Securities as at 28 August 2019

Holder Name	Number of Options Held	% Held of Issued Options
EDWARD GELLER	1,200,000	27.31
JOHN DOUGALL	600,000	13.65
STEPHEN O'YOUNG	600,000	13.65
MEGAN GARDNER	509,065	11.58
MARY GODFREY	400,000	9.10
CLAUDINE PATEL	180,000	4.10
JEN BROWN	149,158	3.39
MARIA CENTINO	106,000	2.41
SARAH-JANE KURTINI	106,000	2.41
ULA MIKUS	90,100	2.05
GRADY EDELSTEIN	79,500	1.81
DUC TRUNG HOANG	77,500	1.76
JENNIFER STAMM	53,000	1.21
JESSICA MUSICUS	47,700	1.09
AAMIR KHAN	37,542	0.85
JEFFREY MARIANO	33,125	0.75
LUWAN DING	26,500	0.60
CARLOS MONZON	26,500	0.60
DANIEL RODRIGUES	26,500	0.60
ANTHONY WAKULICZ	26,500	0.60
JORDAN RECTOR	19,875	0.45
TOTAL	4,394,565	100.00

The name of the Company Secretary is:

Mr. Dean Jagger

Registered Office and Principal Place of Business

L1, 26-28 Wentworth Ave

Surry Hills NSW 2010

Email: investors@tinybeans.com

Website: www.tinybeans.com