



ASX RELEASE

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31 January 2020

Tinybeans to acquire Red Tricycle through Successful Capital Raise

Highlights:

- **Tinybeans (TNY) to acquire 100% of Red Tricycle Inc (Red Tricycle) – www.redtri.com**
- **Red Tricycle is one of the world's leading parenting websites and business directory platforms focused on parents with children 0 – 13 years of age**
- **On a combined basis:**
 - **TNY active monthly user base increases from 1.37M to c. 3.37M (increase of > 100%)**
 - **TNY's revenues more than doubles to over \$10M pa with scope for enhanced growth**
- **Expansion of value proposition (and in-turn revenues) to TNY clients by the Red Tricycle platform offering**
- **Extends TNY's retention through the parenting journey given Red Tricycle's child age profile goes up to 13 years (TNY targets 0-6 age children)**

Tinybeans Group Limited (ASX:TNY) ("Tinybeans" or "the Company"), the technology platform that connects parents with the most trusted tools and resources on the planet to help every family thrive, is pleased to announce that it has signed a binding agreement to acquire Red Tricycle Inc. ("Red Tricycle") ("Transaction"), a leading, trusted and highly complementary parenting platform and family business directory marketplace in America.

Red Tricycle has over 2 million monthly active users, 600+ small businesses transacting on its platform, revenues of \$5.27M AUD (last twelve months) and is profitable.

Tinybeans has successfully secured commitments to raise gross proceeds of A\$12M ("Primary raise") to fund the acquisition cash costs and provide additional growth capital for the combined group. Investors have also given firm commitments for a further \$4M to acquire the secondary shares that are being sold by two Tinybeans employees in a coordinated joint transaction ("Secondary raise"). The Primary and Secondary raise was through an institutional placement



("Placement") to new and existing institutional and sophisticated investors. Bell Potter Securities Limited was Lead Manager to the capital raising.

In addition the Company also today announces a Share Purchase Plan ("SPP") of up to \$3M, providing each shareholder the opportunity to subscribe for up to \$30,000 worth of TNY shares at a price of \$2.00 per share.

Tinybeans Chief Executive Officer Eddie Geller, said:

"We have admired Red Tricycle for some time and are delighted to acquire the business. The transaction makes compelling strategic and financial sense and propels Tinybeans in terms of scale, technology and revenues. Red Tricycle is a successful and trusted parenting platform with highly developed web capabilities and an active marketplace where over 600 local businesses transact with parents. Combined with TNY we will have far more users with extended reach and an upgraded value proposition to big brands. We look forward to the anticipated synergy driving sustainable growth and long-term success.

The combination of our respective businesses delivers annual revenues of nearly \$10M and with a monthly active user base to 3.37M, has set the stage for even more growth in future years.

We're pleased to welcome the new institutional and sophisticated investors to the register. We appreciate their support and endorsement. I would also like to particularly thank our existing shareholders who have supported Tinybeans to reach this exciting inflection point. We look forward to delivering accelerated growth and strong returns for all shareholders."

Red Tricycle Chief Executive Officer Jacqui Boland, said:

"I'm excited about the synergies between Red Tricycle and Tinybeans. Eddie and I are both aligned on a vision to deliver a trusted, next-generation platform with significant scale to deeply loyal and engaged parents across the globe."

Transaction Details

Tinybeans will purchase Red Tricycle, on a cash-free, debt free basis from its U.S. based shareholder group.

Tinybeans has agreed to a total consideration of A\$11M for the company and all the assets pursuant to a binding agreement of:*

- ~\$9.35 million in cash to the shareholders
- ~825K new TNY shares with an issue price of \$2.00 per share under the terms of the Acquisition. All TNY shares are to be escrowed for 12 months from issue

* These cash and share figures are subject to change depending on the USD:AUD exchange rate prior to completion.



Please refer to the annexure for further information.

Funding Arrangements

The ~\$9.35M cash component of the Transaction consideration will be funded via the Placement, pursuant to which 6M TNY shares will be issued to institutional and sophisticated investors at \$2.00 per share.

The Company also today announces a Share Purchase Plan ("SPP") of up to \$3M, providing each shareholder the opportunity to subscribe for up to \$30,000 worth of TNY shares at a price of \$2.00 per share. The SPP funds will be provisioned for additional working capital to support the integration and growth of the combined group.

The proposed timetable for the SPP is as follows (indicative only):

Event	Date*
Record Date	7 p.m. (AEDT) on Thursday, 30 January 2020
Announcement Lodgement of Appendix 3B	Friday, 31 January 2020
Opening Date	Friday, 7 February 2020
Closing Date	5 p.m. (AEDT) on Friday, 21 February 2020
Announcement of results of SPP	Wednesday, 26 February 2020
Issue of SPP Shares Lodgement of Appendix 2A	Before 12 p.m. (AEDT) on Tuesday, 3 March 2020
Dispatch of shareholding statements	Wednesday, 4 March 2020
SPP Shares commence trading on ASX	Thursday, 5 March 2020

* Please note that the dates set out above are indicative only and are subject to change.

Further details in relation to the Transaction and the funding arrangements are contained in the accompanying Investor Presentation.

Product & Engineering to U.S.

As part of the acquisition of Red Tricycle, the Tinybeans product and engineering capabilities based in Sydney, will be transitioned to the NY-based team. With over 95% of revenues and over 85% of the audience in the U.S., the consolidation to the U.S. makes strategic sense.



Australian based co-founders Stephen O'Young and Sarah-Jane Kurtini will be stepping down in their respective roles after assisting with the transition. Both will be selling down circa 20% of their shareholdings at the same price as the Primary Raise (\$2.00 per share). Their remaining shares have been put into escrow for 6 months.

The modest increase in operating costs (~\$50K-\$80K pm) to be offset with expected uplift in revenues.

Stephen O'Young and Sarah-Jane Kurtini, said:

"We are incredibly proud of the company we founded 8 years ago. We've gone from creating an app to share photos of our own children with family, to growing a platform loved by over 3.7 million people. With the acquisition of Red Tricycle, the time is right to consolidate operations in the US, our biggest market. We're excited to begin exploring other passions and opportunities in Australia after a hugely rewarding journey from start-up phase to listing on the ASX.

We look forward to cheering on our incredible colleagues from the sidelines and watching them soar to new heights."

Tinybeans Chief Executive Officer Eddie Geller, said:

"I would like to thank Stephen and Sarah-Jane for their contributions to the company. Since starting Tinybeans, they have been instrumental in the product's growth and company success."

Placement Shares will be issued to investors on or around 17 February 2020.

Under the Placement, the Company will issue 2,136,553 Placement Shares by utilising existing capacity under ASX Listing Rule 7.1 and 3,863,447 Placement Shares under ASX Listing Rule 7.1A. The consideration shares will be issued using existing capacity under ASX Listing Rule 7.1.

About Tinybeans Group

Tinybeans Group Limited (ASX: TNY) is a mobile and web-based technology platform that connects parents with the most trusted digital tools and resources on the planet to help every family thrive. Being Apple's App of the Day in the U.S. in October 2019 puts Tinybeans in the elite company of best apps in the world!



Tinybeans serves a deeply engaged user base of over 3.7 Million members and over 1.37 Million monthly active in over 200 countries/territories and enjoys over 90,000 5-star reviews in the Apple App Store and the Google Play stores.

Every day millions of people including celebrities, politicians and high-profile families rely on Tinybeans as their primary platform for capturing and sharing their children’s life stories while engaging in valuable and personalised content to help them in the journey of parenting.

For more information, please contact:

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This announcement may not be released or distributed in the United States.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer or solicitation would be illegal. The shares of Tinybeans have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States.

This announcement contains certain “forward-looking statements”, including but not limited to expectations regarding the completion of the Transaction, the impact of the Transaction, the future results and outlook of the combined Tinybeans and Red Tricycle and the opportunities available to it, the outcome of the Placement and the use of proceeds. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “outlook”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgments regarding future events and results. You are cautioned that forward-looking information involves known



and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Tinybeans and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. The forward-looking statements are based on information available to Tinybeans as at the date of this announcement. To the maximum extent permitted by law, Tinybeans and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligations or undertakings to release any updates or revisions to the information to reflect any changes in expectations or assumptions.

Nothing contained in this announcement shall form the basis of any contract or commitment, or constitute investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action taken on the basis of the information.

Annexure

Information provided pursuant to ASX Guidance Note 8, Section 4.15

The following information is being provided pursuant to section 4.15 of ASX Guidance Note 8:

<p>Parties to the agreement:</p>	<p>The parties to the acquisition agreement are:</p> <ul style="list-style-type: none"> • Tinybeans Group Limited (“Tinybeans” or “TNY”); • Tinybeans Acquisition Inc. (a California corporation and wholly owned subsidiary of Tinybeans, established to serve as the acquisition vehicle); • Red Tricycle Inc. (“Red Tricycle”); and • Red Tricycle shareholders’ representative.
<p>A description of the assets or businesses proposed to be acquired or disposed of:</p>	<p>Tinybeans is proposing to acquire 100% of the issued share capital in Red Tricycle, a leading, trusted and highly complementary parenting platform and family business directory marketplace based in America.</p>
<p>The consideration for the acquisition or disposal:</p>	<p>The consideration for 100% of the issued share capital of Red Tricycle is USD\$7,650,000, payable as follows to the Red Tricycle shareholders:*</p> <ul style="list-style-type: none"> • 85% in cash (~AUD\$9.35M); and • 15% in TNY ordinary shares (~825K TNY shares). <p>* These cash and share figures are subject to change depending on the USD:AUD exchange rate prior to completion.</p> <p>Approximately AUD\$1.1M of the cash consideration will be held in escrow for the purposes of satisfying any claims by Tinybeans against Red Tricycle shareholders for post-completion purchase price adjustments and other matters (e.g. breach of warranty, unpaid transaction expenses and fraud by Red Tricycle or a Red Tricycle shareholder).</p> <p>The TNY consideration shares will be escrowed for a period of 12 months from their issue.</p>
<p>The expected date for completion of the acquisition or disposal:</p>	<p>Subject to the satisfaction of certain conditions (as detailed below), the acquisition is expected to complete on or around Monday, 17 February 2020.</p>

<p>In the case of an acquisition, the intended source of funds to pay for the acquisition and, if that involves a capital raising, details of the capital raising, including the timetable and its effect on the total issued capital of the entity:</p>	<p>The cash component of the acquisition consideration (~\$9.35M) will be funded via the Placement.</p>
<p>In the case of a disposal, the intended use of funds (if any) received for the disposal:</p>	<p>Not applicable.</p>
<p>Any material conditions that need to be satisfied before the contract becomes legally binding or proceeds to completion:</p>	<p>The parties have signed a legally binding agreement in relation to the acquisition.</p> <p>Completion of the acquisition is subject to a number of conditions, including:</p> <ul style="list-style-type: none"> • completion of due diligence on Red Tricycle to the satisfaction of Tinybeans; • execution of new employment agreements by certain key Red Tricycle employees; • certain Red Tricycle employees entering into non-solicit and non-compete arrangements with Tinybeans; • Red Tricycle shareholders entering into voluntary escrow arrangements for their consideration shares; • consent being obtained from material Red Tricycle customers and suppliers to the change of ownership (as required under relevant contracts); • Tinybeans raising at least AUD\$12m via the Placement; and • Tinybeans and Red Tricycle obtaining all necessary approvals (or waivers) to give effect to the transaction.
<p>Any security holder approvals that may be</p>	<p>No securityholder approval is required in relation to the transaction.</p>

<p>required in relation to the transaction and the timetable for those approvals:</p>	<p>Tinybeans will utilise its capacity under ASX Listing Rules 7.1 and 7.1A to issue the acquisition consideration shares and the Placement shares.</p>
<p>Any changes to the board or senior management proposed as a consequence of the transaction:</p>	<p>There are no proposed changes to the Tinybeans board of directors or its senior management team as a consequence of the transaction.</p> <p>Australian based co-founders Stephen O'Young and Sarah-Jane Kurtini will be stepping down in their respective roles in the immediate months following the acquisition; however, this is unrelated to the acquisition.</p>
<p>Any other material information relevant to assessing the impact of the transaction on the price or value of the entity's securities:</p>	<p>Tinybeans is not aware of any other material information relevant to assessing the impact of the transaction on the price or value of its securities that has not already been disclosed in this announcement.</p>