



# Acquisition of Red Tricycle Inc and Capital Raise

January 31, 2020



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## Summary information

This Presentation contains summary information about the current activities of Tinybeans and RTI and the proposed acquisition of RTI by Tinybeans and associated capital raising announced by Tinybeans today. (Transaction) The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act.

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# Key Highlights



<b>Acquisition of Red Tricycle</b>	<ul style="list-style-type: none"><li>• <b>Tinybeans (TNY)</b> to acquire 100% of <b>Red Tricycle Inc (Red Tricycle)</b> – <a href="http://www.redtri.com">www.redtri.com</a> - Red Tricycle is one of the world's leading parenting websites</li><li>• Red Tricycle is a website and business directory platform focused on parents with kids 0 – 13 years of age</li><li>• Revenue of \$5.27M* AUD and EBITDA of \$778K* AUD for CY 2019</li><li>• 2M monthly active users, 10.5M social reach</li></ul>
<b>Scale Up &amp; Fit</b>	<ul style="list-style-type: none"><li>• Increase in TNY active user base from 1.37M to c. 3.37M (increase of &gt; 100%)</li><li>• Expansion of value proposition (an in-turn revenues) to TNY clients by offering the Red Tricycle platform</li><li>• 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)</li></ul>
<b>Transaction</b>	<ul style="list-style-type: none"><li>• Acquisition Consideration of ~\$9.35M AUD cash and ~825K shares at \$2.00 per share</li><li>• All Consideration Shares will be escrowed for 12 months from issuance</li></ul>
<b>Strategy</b>	<ul style="list-style-type: none"><li>• Continues Tinybeans' strategy of extending reach (to age 13 children) and accelerating growth while attracting more ad dollars from big brands and driving more engagement across active users</li><li>• Accelerates "marketplace" strategy: 600+ small businesses to be integrated onto one platform and looks to diversify revenue streams</li></ul>
<b>Financial Metrics</b>	<ul style="list-style-type: none"><li>• Acquisition multiple of 2.1x CY19 EV/Revenue* or \$5.50 AUD per active user</li><li>• The underlying businesses plan is to be cashflow positive in CY2020</li></ul>

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\* Unaudited Accounts

\*\* Based on adding CY 2019 unaudited revenues of both entities

# Transaction Summary



<b>Transaction Overview</b>	<ul style="list-style-type: none"><li>• Tinybeans to acquire 100% of Red Tricycle for the following consideration:<ul style="list-style-type: none"><li>• ~\$9.35 million AUD in cash to the shareholders</li><li>• ~825K Consideration Shares in TNY under the terms of the Acquisition</li><li>• All Consideration Shares are to be escrowed for 12 months from issue</li></ul></li></ul>
<b>Equity Raising</b>	<ul style="list-style-type: none"><li>• The Equity Raising will consist of a Placement and Share Purchase Plan (SPP) of New Shares in TNY as follows:<ul style="list-style-type: none"><li>• A Placement of <b>\$12 million</b> at an Offer Price of <b>\$2.00</b> per share to fund the cash component of the acquisition and working capital; plus</li><li>• A Share Purchase Plan (SPP) to raise up to <b>\$3 million</b> via the issue of ordinary shares to existing shareholders with an indicative share price of <b>\$2.00</b> per share</li></ul></li><li>• A sell down by founder shareholders (excluding CEO) of up to <b>\$4 million</b> at the same price as the Equity Raising with their remaining shares been put into escrow for 6 months</li></ul>
<b>Timing and Conditions</b>	<ul style="list-style-type: none"><li>• Tinybeans signed a Merger Agreement (with the Tinybeans US operation) to acquire Red Tricycle Inc (subject to this equity raising) on January 31, 2020</li><li>• The Acquisition is expected to complete on or around middle of February 2020</li><li>• Tinybeans to trade as a combined business from middle of February 2020</li></ul>

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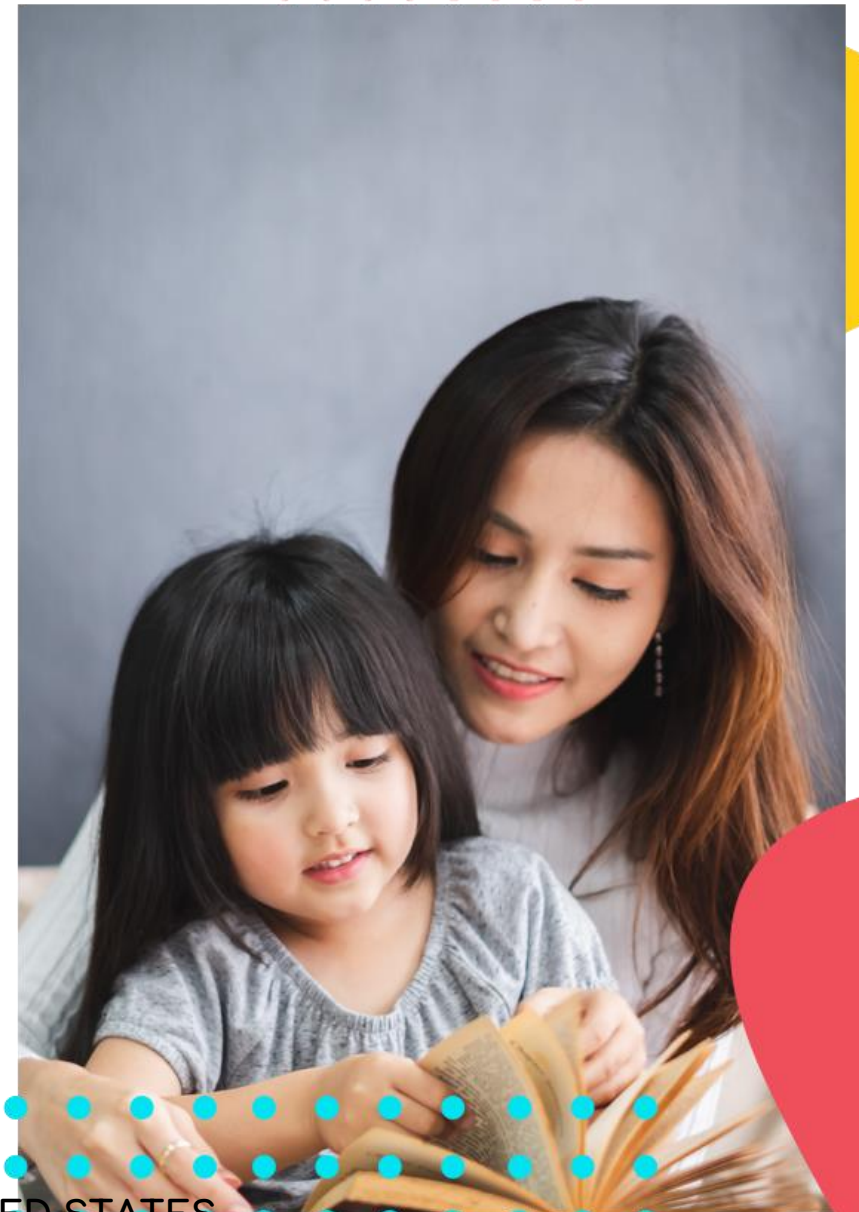


# Tinybeans Overview

- 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 3.7M members and over 1.37M monthly active users 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.

## CY2019 Highlights

- Doubling advertising revenue from CY 2018 to 2019 to circa \$3.5M\* and growing overall revenues to \$4.6M\* (growth of 71%).
- Passing 3.7M registered users and 1.37M Monthly Active Users (MAU).
- Featured as Apple's "App of the Day" in the U.S. and 100+ other countries and annualized NPS of 70, which is considered "world class\*\*".
- Closed the 100th Brand Partnership deal and cemented relationships with big brands like Lego, Haven Life, Macmillan Kids and Spin Master.
- Launched new content platform, insights offerings, ecommerce, polls and many more features that will be built upon in 2020.



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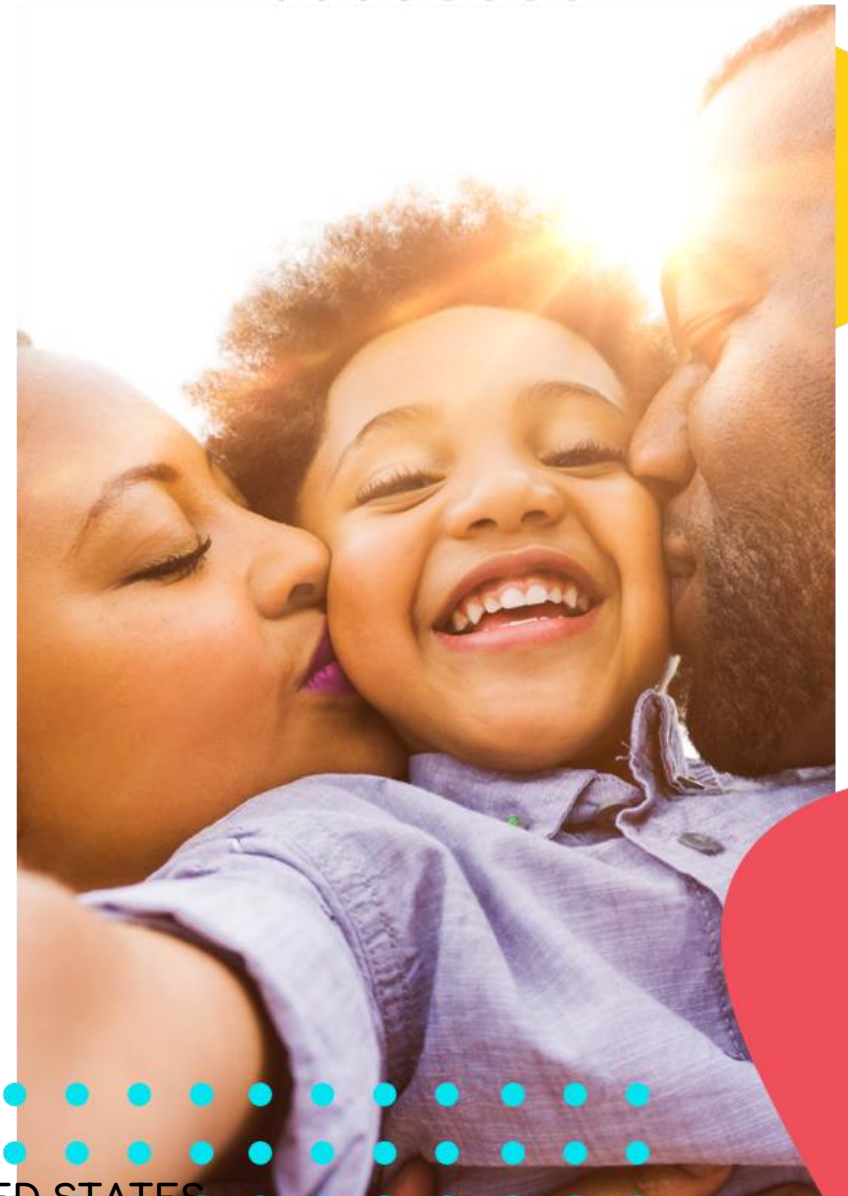
\* Unaudited Accounts

\*\* <https://www.questionpro.com/blog/nps-considered-good-net-promoter-score/amp/>

# Q2 FY20 Company Performance (TNY pre acquisition)

- Monthly Active Users (MAU) grew to over 1.37M, up 100K on the previous quarter
- Registered users hit 3.7M, growth of over 150K new users in the previous quarter
- H1-FY20 revenue of \$2.35M, an increase of 40% on H1-FY19
- Several key brand partnership deals (> \$300K US) deferred into H2-FY20. Expecting far stronger H2-FY20
- Premium revenue for Q2-FY20 was a record \$255K, up 42% on Q1-FY19 with total paid subscriptions hitting over 18,600 (up 1,300 on Q1-FY20)
- Key investment areas of ecommerce, polls, 3rd party login launched and being optimized in 2020
- Cash Balance as at end of Q2 of \$4.75M (before capital raise)
- Cash burn for Q2-FY20 of \$498K, made up of; \$71K - One off costs, \$534K - Product invest related, positive gain of \$107K from core product related expenses.
- Tinybeans turned cash flow positive on the core product revenue in the quarter (excludes growth investment in new product).

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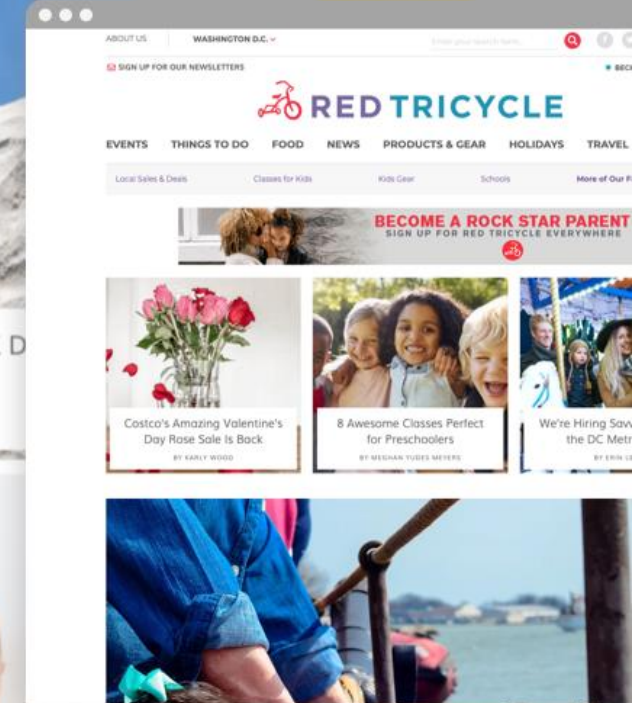
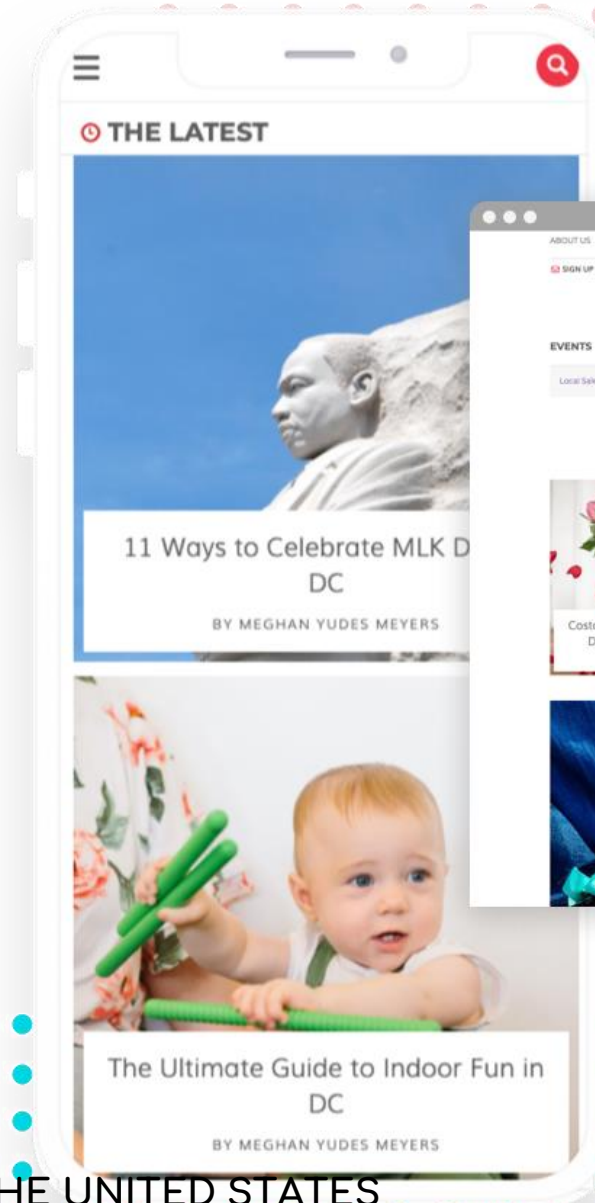
# Red Tricycle Overview

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# About Red Tricycle

- Red Tricycle is one of the world's leading parenting websites reaching over 2 million unique parents monthly – [www.redtri.com](http://www.redtri.com)
- Red Tricycle is a trusted content and business directory platform focused on parents and kids from 0 – 13 years of age and with over 10.5M in social reach
- Red Tricycle has deep content in 60+ U.S. markets with 30,000 active events recorded and marketed on the site
- Top clients include: Amazon (multiple departments), Nickelodeon, Smuckers, Disney (multiple divisions), Paramount, Nike, Egglands Best. Top ten clients represent about 50% of revenue. The remainder is spread among 500 or so small businesses, with much of it recurring revenues
- Through Q4-2019, the website had over 2M monthly unique users and in Dec-2019 it generated over 12 million-page views
- Revenue of \$5.27M\* AUD and EBITDA of \$778K\* AUD for CY 2019
- Experienced longstanding leadership team strengthened by recent key appointments to scale operations and sales opportunities



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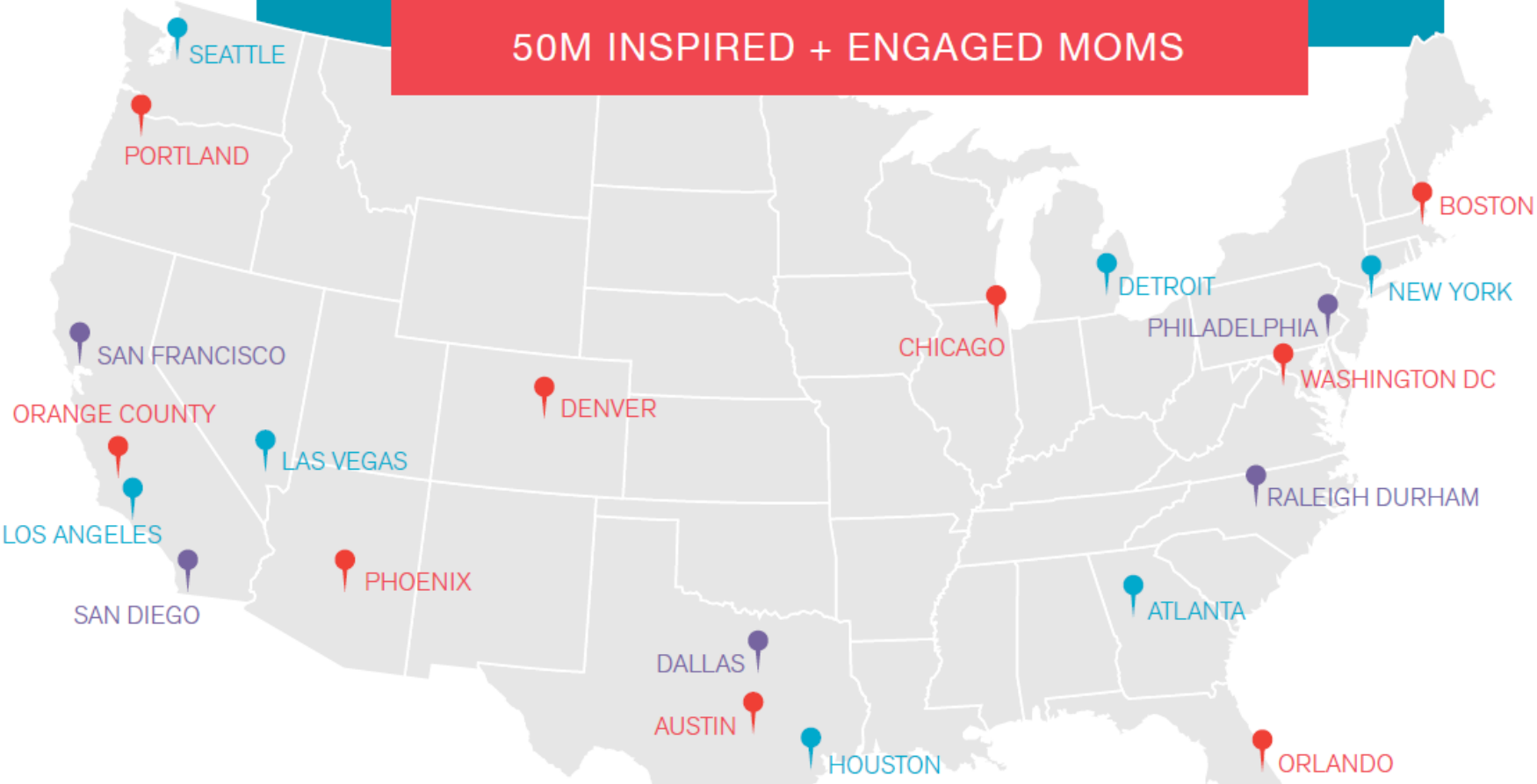
\* \$0.69 USD/AUD exchange rate used, and based on unaudited accounts provided by Red Tricycle



# Red Tricycle – Deep local market content

OFFERING INFLUENCE AT SCALE

50M INSPIRED + ENGAGED MOMS



Deep local market penetration with a national footprint allows brand partners to geo-target moms across the US with contextually relevant messaging.

-  THINGS TO DO
-  RECIPES
-  DIY, SCIENCE & CRAFTS
-  PARENTING NEWS
-  TIPS & HACKS
-  TRAVEL

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50 million reference above is the potential market size in the markets highlighted here.

# Red Tricycle Growth Strategy



## | CONTENT IS QUEEN

### FOCUS ON POSITIVE DIGITAL CONTENT

#### NATIONAL CONTENT

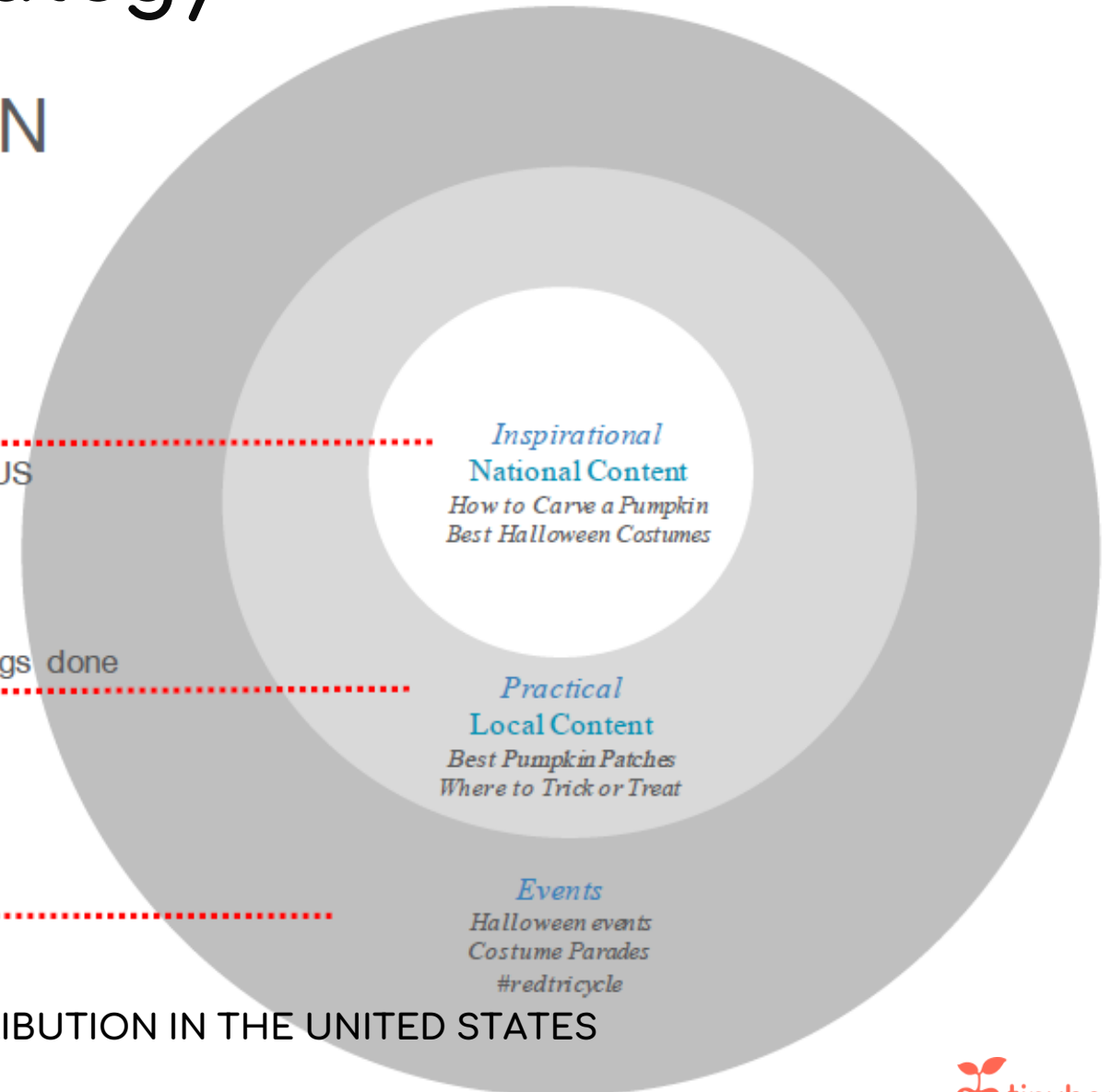
Ties into seasonal themes that resonate with moms across the US and inspires them to do something with their kids.

#### LOCAL CONTENT

Practical and problem-solving, local content helps mom get things done in her city and neighborhood.

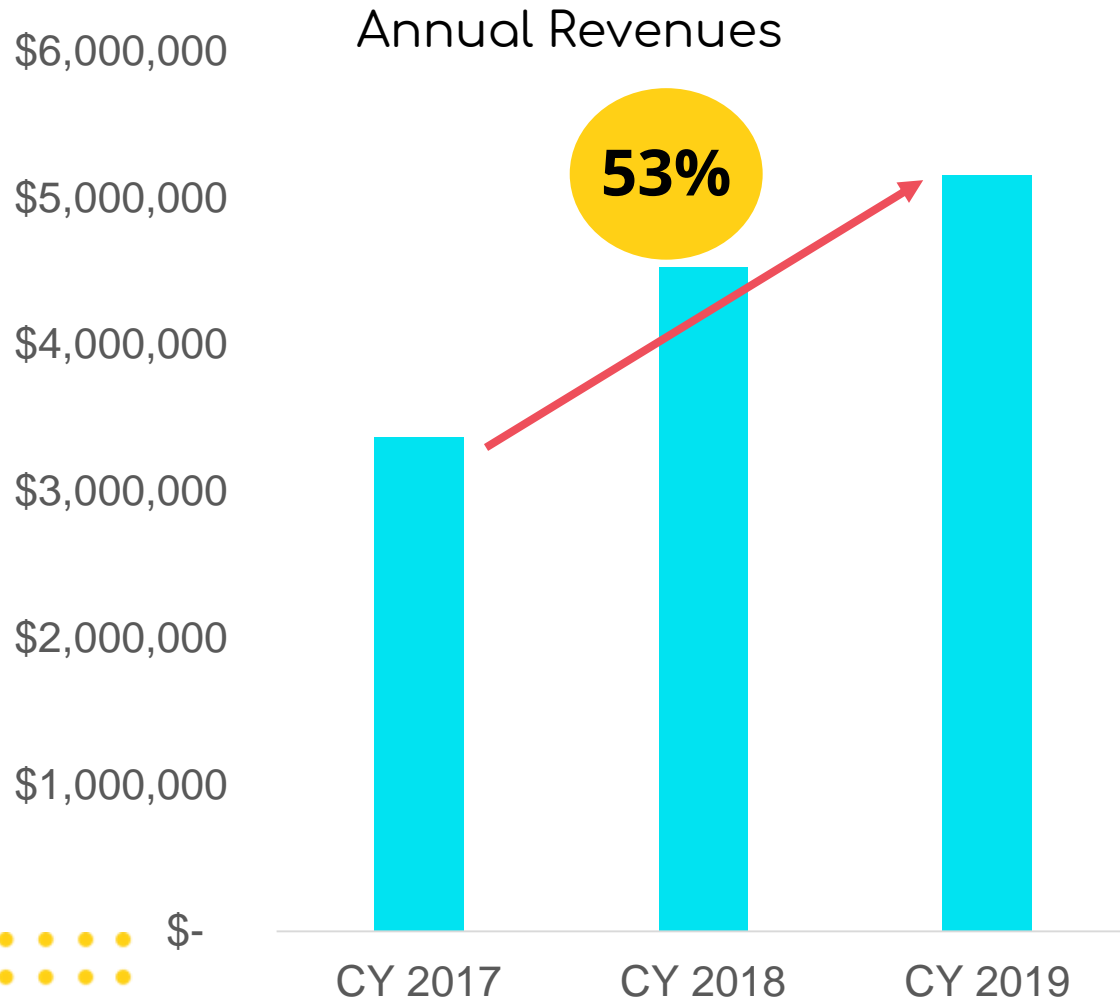
#### EVENTS

Entertaining and actionable, local events are highly engaging as it connects mom with her community

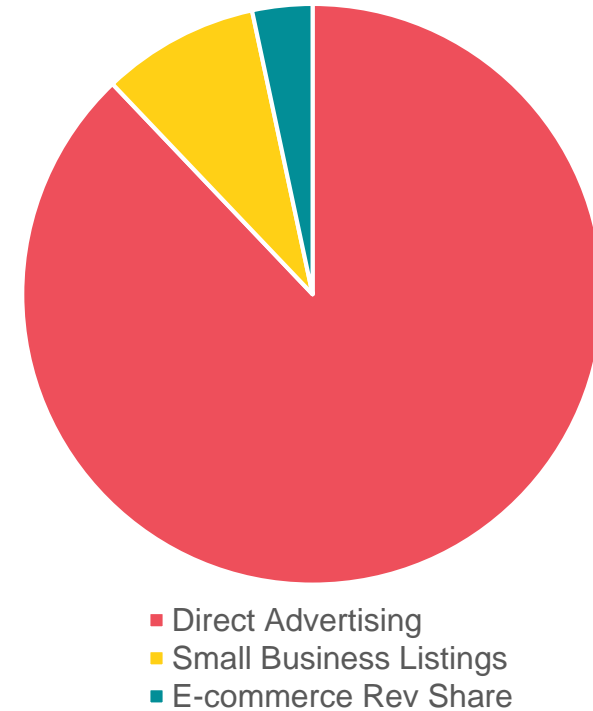


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# Red Tricycle Financials\*



### CY 2019 Revenue Breakdown




















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# Tinybeans & Red Tricycle: a powerful combination

			Combined
<b>Key Metrics</b>			
Monthly Active	~1.37M	~2M	~3.37M
Registered Members	~3.7M	~0.7M	~4.4M
Social Reach	0.2M	10.5M	10.7M
CY19 Revenue (AUD)*	~\$4.6M	~\$5.2M	~\$9.8M
<b>Strategic Business Rationale</b>			
<b>Content Platform:</b> Significant content platform built out with scalable editorial system and syndication potential			
<b>E-commerce:</b> Product recommendations across both platform in their infancy. Once integrated and further invested in, this may be a significant revenue stream			
<b>Marketplace:</b> With over 600+ businesses on the Red Tricycle platform, with further investment, this accelerates the Tinybeans vision with sustainable revenue streams			
<b>App/Web Platform:</b> The combination of Tinybeans' iOS and Android apps with Red Tricycles Web platform, supports audiences irrespective of their channel choice			
<b>Big Brand Clients:</b> Huge cross sell opportunities across brand clients as very few currently buy from both. More inventory means more revenue potential			

\* Unaudited Accounts

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# Strong Strategic Fit: Tinybeans & Red Tricycle

- Increases TNY's active user base to c. 3.37M
- Expands TNY's value proposition to brands through a broader content platform
- Improves ability to grow existing brand budgets and attract more brands looking for scale (i.e. supported with larger campaign budgets)
- Extends TNY's retention through the parenting journey given Red Tricycle's child age profile goes up to 13 years
- Upgrades TNY's reach with over 10M users on social
- Complements TNY's App + Web platform strategy
- Accelerates execution of TNY's marketplace strategy – more ways to capture and transact on the TNY platform
- 600+ small business service providers will be integrated into TNY's platform and be able to offer their products/ services to TNY's expanded user base
- Scope for cost synergies with tech and platform consolidation into the US
- Strengthens leadership team, development and sales and marketing capabilities
- Combined P & L may enable cash flow positivity in Calendar 2020

 Extends reach | Accelerates growth

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# Acquisition of Red Tricycle – Strategic Rationale

## Audience

- Active user base to 3.37M
- Social audience to over 10M
- Parents with kids 0 though to 13

## Trusted Offerings

- Rich milestone and memory apps
- Personalised products based on age and stage
- Activities/Events/content based on stage/location

## Brand Partnerships

- Broadened offering to brands to win more \$\$
- Cross selling revenue growth
- Win more brands with richer capability set

## Revenue Streams

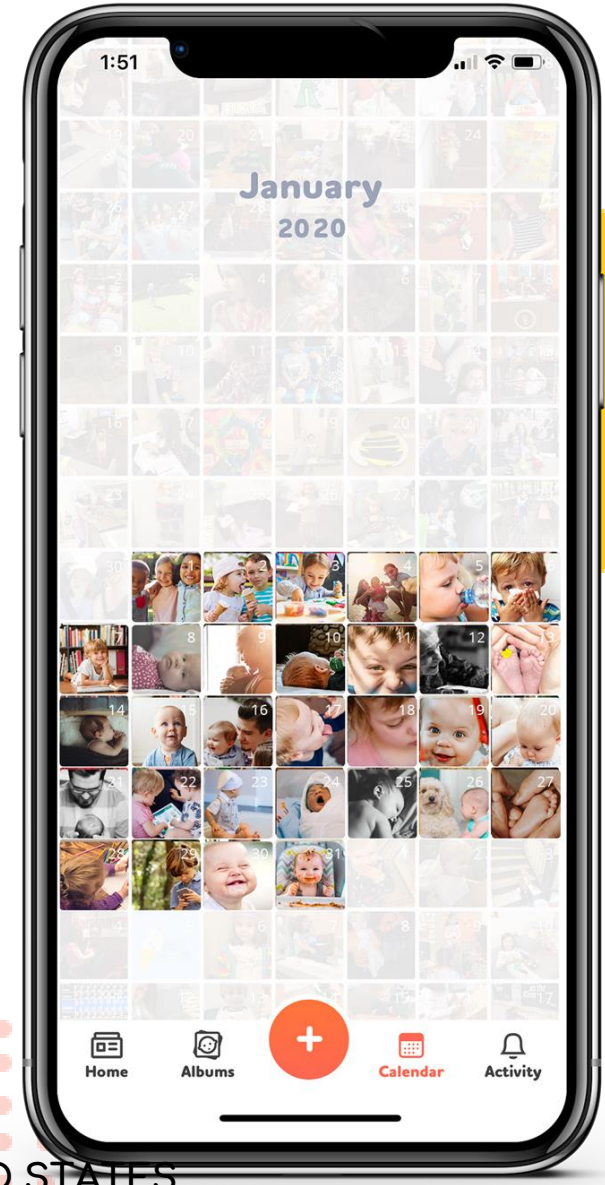
- Grow revenue with ecommerce
- Grow business listing revenues that scale
- New revenue streams with events, etc..

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# Product & Engineering to U.S.

- With over 95% of revenues and over 85% of the audience in the U.S. the consolidation to the U.S. makes strategic sense
- As part of the acquisition of Red Tricycle, the Tinybeans product and engineering capabilities based in the Sydney team, will be transitioned to the NY based team
- Australian based co-founders Stephen O'Young and Sarah-Jane Kurtini will be stepping down in their respective roles after assisting with the transition
- Modest increase in operating costs (~\$50K-\$80K pm) to be offset with expected uplift in revenues



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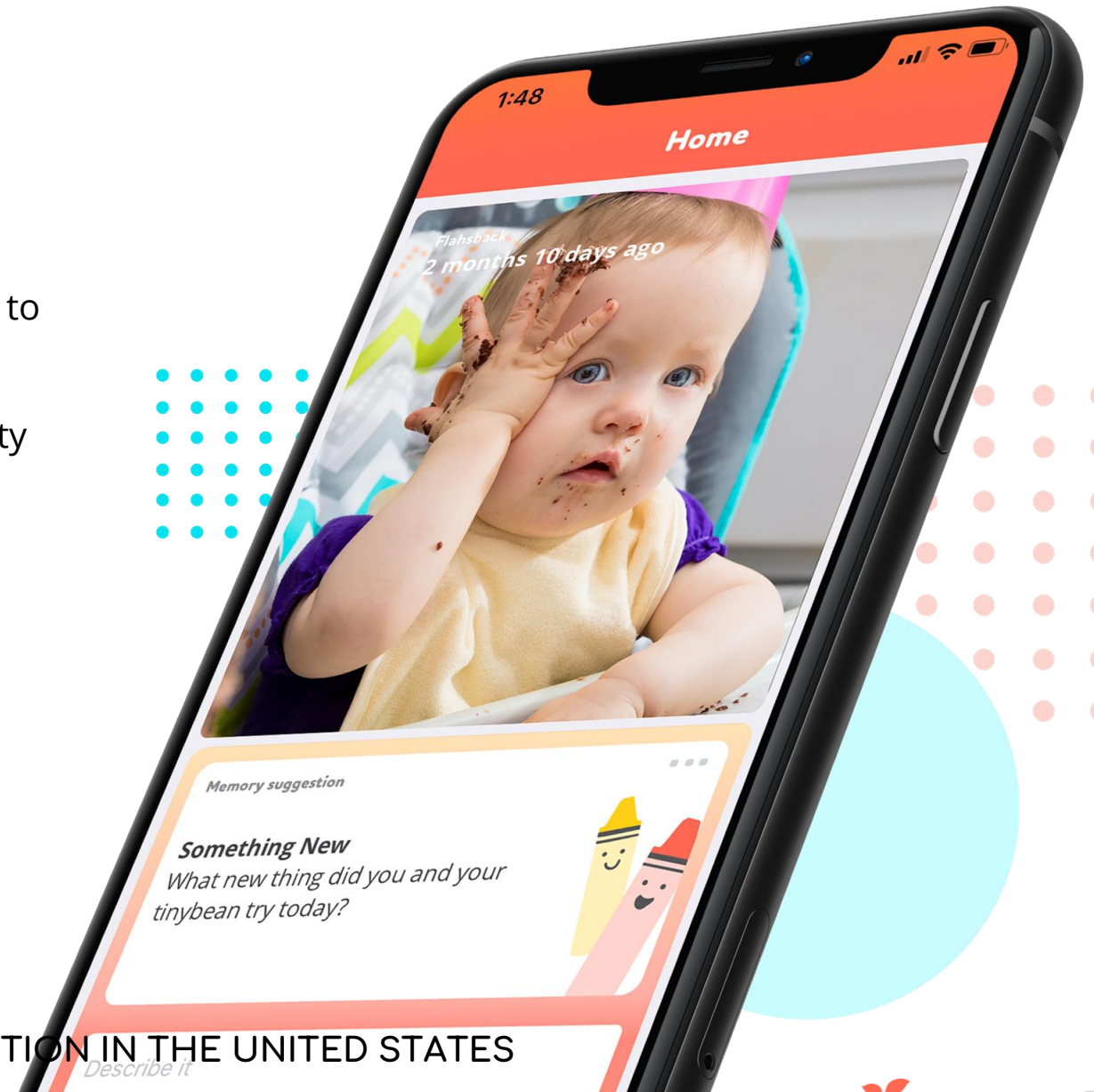
# Conclusion

- Compelling acquisition - firmly in line with TNY's strategy to become the leading, most trusted parent and family platform
- Enhances TNY's user base, social reach and value proposition to brands
- Upgrades TNY's app and web platform, and resource capability
- Accelerates marketplace strategy
- Strongly value accretive, Red Tricycle has strong sales growth, and positive EBITDA and cash flow

*"We have admired Red Tricycle for some time and are delighted to acquire the business. The transaction makes compelling strategic and financial sense. TNY will have far more users with extended reach and an upgraded value proposition to big brands. We look forward to delivering the anticipated synergy benefits and are well placed to deliver sustainable growth and long-term success."*

said Eddie Geller, TNY CEO.

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# Appendix A Transaction Details

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# Equity Funding and Terms

<b>Acquisition Consideration</b>	<ul style="list-style-type: none"><li>• Tinybeans to acquire 100% of Red Tricycle for the following consideration:<ul style="list-style-type: none"><li>• \$9.35 AUD million in cash to the shareholders</li><li>• ~825K Consideration Shares in TNY under the terms of the Acquisition</li><li>• All Consideration Shares are to be <u>escrowed for 12 months</u> from issuance</li></ul></li></ul>
<b>Offer Structure</b>	<ul style="list-style-type: none"><li>• The Equity Raising will consist of a Placement and Share Purchase Plan (SPP) of New Shares in TNY as follows:<ul style="list-style-type: none"><li>• A Placement of <b>\$12 million</b> at an Offer Price of <b>\$2.00</b> per share to fund the cash component of the acquisition and working capital; plus</li><li>• A Share Purchase Plan to raise up <b>to \$3 million</b> via the issue of ordinary shares to existing shareholders with an indicative share price of <b>\$2.00</b> per share</li><li>• A sell down by founder shareholders (excluding CEO) of up to <b>\$4 million</b> at the same price as the Equity Raising with their remaining shares been put into <u>escrow for 6 months</u>.</li></ul></li></ul>
<b>Offer Price</b>	<ul style="list-style-type: none"><li>• \$2.00 per share</li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>• New Shares issued under the Offer will rank pari passu with existing shares on issue</li></ul>

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# Indicative Equity Raising Timetable

Timetable	Date
TNY Trading Halt	9am, Wednesday, 29 <sup>th</sup> January, 2020
Bids Due	4pm, Wednesday, 29 <sup>th</sup> January, 2020
Placement Allocations Advised	6pm, Wednesday, 29 <sup>th</sup> January, 2020
Investor Confirmations due	12pm, Thursday, 30 <sup>th</sup> January, 2020
Announcement of the Acquisition and Equity Raising	10am, Friday, 31 <sup>st</sup> January, 2020
Settlement of Placement	Friday, 7 <sup>th</sup> February, 2020
Allotment of Placement Shares	Tuesday, 11 <sup>th</sup> February, 2020
Completion of Transaction	On or around Monday, 17 <sup>th</sup> of February, 2020

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# Capital Structure (pre SPP)

	Current TNY Capital Structure	Capital Raising and Acquisition Consideration	Post-Acquisition Capital Structure
Issue Price <sup>1</sup>	\$2.00	\$2.00	\$2.00
Ordinary Shares	38,634,479	6,825,000	45,459,479 <sup>2</sup>
Market Capitalisation at Offer Price	~\$77.3 million	N.A.	~\$90.9 million
Indicative Enterprise Value	~\$72.6 million <sup>3</sup>	N.A.	\$84.3 million <sup>3</sup>
Revenue	~\$4.6 million <sup>4</sup>	~\$5.2 million <sup>5</sup>	~\$9.8 million
Monthly Active Users	~1.37 million	~2 million	~3.37 million
Indicative EV/Revenue Multiple	~18x	~2.2x	~8.6x
Options on Issue	4,394,865 <sup>6</sup>	N.A.	4,394,865 <sup>6</sup>

\*Note:

- 1) All share price calculations are set at the Placement Offer Price for illustrative purposes
- 2) Estimated net cash position of ~\$6.6 million after transaction excluding SPP
- 3) Based on the issue price of \$2.00
- 4) TNY Unaudited Revenue CY19
- 5) Red Tricycle Unaudited Revenue CY19
- 6) Various exercise prices and expiry dates.

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Includes the Placement and Consideration Shares only and excludes any additional shares to be issued under the Share Purchase Plan.



# Appendix B Summary of Material terms

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# Summary of Material Terms

<b>Acquisition Structure</b>	<ul style="list-style-type: none"><li>• Tinybeans Group Limited (Tinybeans) will set up a wholly owned, US subsidiary which will then acquire and merge with Red Tricycle Inc (Red Tricycle) for cash and shares in Tinybeans.</li></ul>
<b>Conditions precedent to Completion</b>	<ul style="list-style-type: none"><li>• Completion of due diligence on Red Tricycle to the satisfaction of Tinybeans;</li><li>• Execution of new employment agreements by certain key Red Tricycle employees;</li><li>• Certain Red Tricycle employees entering into non-solicit and non-compete arrangements with Tinybeans;</li><li>• Red Tricycle shareholders entering into voluntary escrow arrangements for their consideration shares;</li><li>• Consent being obtained from material Red Tricycle customers and suppliers to the change of ownership (as required under relevant contracts);</li><li>• Tinybeans raising at least AUD\$12m via the Equity Raising;</li><li>• Tinybeans and Red Tricycle obtaining all necessary approvals to give effect to the Acquisition and Equity Raising; and</li><li>• Net Working Capital adjustment at Completion.</li></ul>
<b>Cash holdback and share escrow</b>	<ul style="list-style-type: none"><li>• Cash holdback – A portion of the cash consideration (approx. USD\$650,000) will be held back for the purposes of satisfying, at least in part, any indemnity claim by Tinybeans against Red Tricycle shareholders (see below), with 100% released 15 months after completion.</li><li>• Share escrow – The consideration shares will be voluntarily escrowed by those recipients for a period of 12 months from their date of issue.</li></ul>

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Please note that this is a summary of the material terms of the Acquisition of Red Tricycle Inc. by Tinybeans Group Limited and therefore does not contain every detail of the Acquisition Agreement. It is also subject to change as the Acquisition Agreement is still being finalized.

# Summary of Material Terms

## Warranties & indemnities

- Warranties and representations by:
  - Red Tricycle including as to corporate standing, property, intellectual property, financial statements, tax, employment and other matters; and
  - Tinybeans and its acquisition vehicle in relation to corporate standing and authority.
- Subject to certain limitations, indemnities from each Red Tricycle shareholder, severally including for any breach of warranty or covenant by Red Tricycle, unpaid transaction expenses and fraud by Red Tricycle or a Red Tricycle shareholder.

## Termination

- In addition to standard termination provisions (e.g. by mutual consent or for material breach), the Acquisition Agreement may be terminated:
  - by Tinybeans at any time prior to completion of the Acquisition if Tinybeans has not completed its due diligence review on Red Tricycle to its satisfaction on or around 31 January 2020; or
  - by either Tinybeans or Red Tricycle if the Acquisition does not complete by 15 March 2020.

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# Appendix C Key Risks

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# Key Risks: Introduction

This section discusses some of the key risks associated with an investment in New Shares in Tinybeans. These risks may affect the future operating and financial performance of Tinybeans (both standalone and post-Acquisition, as applicable) and the value of Tinybeans shares.

The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Tinybeans.

Before investing in Tinybeans, you should consider whether this investment is suitable for you. Potential investors should carefully review publicly available information on Tinybeans (such as that available on the websites of Tinybeans and ASX), carefully consider their personal circumstances (including the ability to lose all or a portion of their investment) and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Tinybeans is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Tinybeans's operating and financial performance (both standalone and post-Acquisition, as applicable).

Nothing in this Presentation is a financial product or tax advice and this document has been prepared without taking into account your investment objectives or personal circumstances. Tinybeans is not licensed to provide financial product advice in relation to Tinybeans shares or any other financial product. You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Tinybeans, its directors and management. Further, you should note that this section focuses on the key risks and does not purport to list every risk that Tinybeans may have now or in the future. It is also important to note that there can be no guarantee that Tinybeans will achieve its stated objectives or that any forward looking statements, expectations, illustrations or forecasts contained in this Presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position. Cooling off rights do not apply to the acquisition of New Shares under the Equity Raising.

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# Key Risks: Acquisition Specific Risks

## Acquisition Risk

Tinybeans and its advisers have undertaken targeted financial, operational, legal, tax and other analyses in respect of Red Tricycle in order to determine its attractiveness to Tinybeans and whether to pursue the Acquisition. It is possible that such analysis, and the assumptions made by Tinybeans and its advisers, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic or other circumstances or otherwise). To the extent that the actual results achieved by Red Tricycle are weaker or its actual position is different than those indicated by Tinybeans' analysis, there is a risk that there may be an adverse impact on the financial position and performance of Tinybeans.

## Key Person Risk

The successful operation of Red Tricycle's business relies on its ability to retain experienced and high-performing key management and operating personnel with the Red Tricycle Group. Red Tricycle as a subsidiary of Tinybeans may not successfully retain existing, and / or attract new, key management personnel.

Although a condition of the Acquisition is that certain key Red Tricycle employees enter into new employment agreements with Tinybeans, the unexpected loss of any key members of management or operating personnel may prevent or delay integration of the Acquisition and / or may have a material adverse effect on the financial performance of Red Tricycle and Tinybeans after completion of the Acquisition.

## Assumed Liabilities

Following the Acquisition, Tinybeans will be required to account for any outstanding liabilities that Red Tricycle has incurred in the past, including any liabilities which were not identified during its due diligence or which are greater than expected, for which insurance may not be available, and for which Tinybeans may not have post-completion recourse under the Acquisition Agreement and which may include fines, penalties or other sanctions. These could include liabilities relating to current or future litigation, default on tax obligations, failure by Red Tricycle or a subsidiary to hold required regulatory approvals, authorisations or licences, non-compliance with law, regulatory actions (including without limitation in relation to any such failure), health and safety claims (including in relation to accidents that occurred or will occur in the course of Red Tricycle's operations), warranty or service level claims and other liabilities. Such liabilities may adversely affect the financial performance or position of Red Tricycle post-acquisition and even put at risk the group's capacity to carry on its business, either at all or from one or more of the geographic sites from which the group currently operates, which may be more costly than expected to remedy. There is a risk that potential liabilities were not uncovered as part of Tinybeans' due diligence review or that such liabilities may be larger or have more serious consequences than Tinybeans anticipated and Tinybeans may be required to account for these liabilities, which may materialise and have an adverse impact on its financial position, financial performance and its share price.

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# Key Risks: Acquisition Specific Risks

<b>Completion Risk</b>	<p>Completion of the Acquisition is subject to a number of conditions, including those set out on slide 21. If these conditions are not satisfied or they take longer than anticipated to satisfy (and they are not otherwise waived), completion of the Acquisition may be delayed, or may not occur at all. If these conditions are not satisfied by the sunset date set out in the Acquisition Agreement, then Red Tricycle may terminate the Acquisition Agreement.</p> <p>If completion of the Acquisition is delayed, Tinybeans may incur additional costs and it may take longer than anticipated for Tinybeans to realise the benefits of the Acquisition (including the anticipated synergy benefits).</p>
<b>Red Tricycle Warranties</b>	<p>Any losses arising out of warranty breaches or indemnity claims for which Tinybeans has no recourse against the Red Tricycle shareholders may have a material adverse effect on the performance of Tinybeans after completion of the Acquisition.</p> <p>The Acquisition Agreement contains warranties by Red Tricycle in relation to its business and an indemnity by each Red Tricycle shareholder for any breach of a Red Tricycle warranty. The indemnity is several and not joint and is also subject to limitations including as to quantum. Accordingly, there is a risk that Tinybeans may not be able to fully recover any loss suffered as a result of a breach of a Red Tricycle warranty. This may have a material adverse impact on Tinybeans following completion of the Acquisition.</p>
<b>Change of Control</b>	<p>The Acquisition will result in a change of control of Red Tricycle. There are a number of contractual arrangements that Red Tricycle has with customers and suppliers which are the subject to review, consent or termination rights on change of control. There is no guarantee that these customers and suppliers will not exercise these rights, including to terminate their arrangements with Red Tricycle. If these rights are exercised, this could have materially adverse consequences for Tinybeans following completion of the Acquisition including loss of revenue and disruption to its business.</p>
<b>Compliance Burden</b>	<p>Red Tricycle is a business based in California, United States. There may be increased operational costs for Tinybeans following completion of the Acquisition as a result of operating in an additional jurisdiction, including costs related to legal and regulatory compliance.</p>

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# Key Risks: Acquisition Specific Risks

## Due Diligence Risk

Tinybeans undertook a due diligence process in respect of Red Tricycle, which relied in part on the review of financial and other information provided by Red Tricycle. While Tinybeans considers the due diligence process undertaken to be appropriate in the circumstances of the opportunity to enter into the Acquisition, Tinybeans is not able to guarantee that its due diligence investigations were comprehensive, nor is it able to verify the accuracy, reliability or completeness of all of the information which was provided to it against independent data. Similarly, Tinybeans has prepared (and made assumptions in the preparation of) the financial information included in this Presentation relating to Red Tricycle on a stand-alone basis and also relating to Tinybeans post-Acquisition in reliance on limited financial information and other information provided by Red Tricycle. Some of this information was unaudited. Tinybeans is unable to verify the accuracy or completeness of any of the information provided by or about Red Tricycle. If any of the data or information provided to and relied upon by Tinybeans in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Tinybeans may be materially different to the financial position and performance expected by Tinybeans and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen issues and risks may arise, which might also have a material impact on Tinybeans (for example, Tinybeans may later discover liabilities or defects which were not identified through due diligence or for which there is no protection or recourse for Tinybeans).

This might adversely affect the operations, financial performance or position of Red Tricycle and Tinybeans (either directly or indirectly). Further, the information reviewed by Tinybeans includes forward-looking information. While Tinybeans has been able to review some of the foundations for the forward-looking information relating to Red Tricycle, forward-looking information is inherently unreliable and based on assumptions that may not be achieved or satisfied in the future.

## Future Earnings

Tinybeans has undertaken financial and business analysis of Red Tricycle in order to determine its attractiveness to Tinybeans and whether to pursue the Acquisition. To the extent that the actual results achieved by Red Tricycle are weaker than those anticipated, or any unforeseen difficulties emerge in integrating the operations of Tinybeans, there is a risk that the revenue achieved by Red Tricycle, or the financial performance of Red Tricycle or Tinybeans may differ from Tinybeans' analysis in a material adverse way.

## Achievement of Synergies

There is a risk that the realisation of synergies or benefits described in this Presentation or inherent as part of the Acquisition may not be achieved in a timely manner, at all or to the extent envisaged, or that the costs associated with achieving them may be higher than anticipated. Potential issues and complications influencing the achievement of targeted benefits include experiencing lower than expected cost savings, experiencing lower than expected productivity improvements, experiencing lower than expected increase in services, unanticipated losses of key employees, and changes in market conditions.

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