TINYBEANS GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 46 168 481 614

tinybeans

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 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. Stephen O'Young

COMPANY SECRETARY

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

SHARE REGISTRY

Automic Group
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Sydney NSW 2000
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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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CHAIRMAN'S MESSAGE

Dear Fellow Shareholder,

I am pleased to present the half year report for the period ended December 2019 for Tinybeans Group Limited and its controlled entities (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.

As the Chairman of a company that serves nearly 1.4 million parents and their family members for the December quarter, I'm proud of the value and impact we have on people everywhere.

I'm very pleased about the growth prospects of the Company having achieved $2.32 million in sales revenue for the first half of FY20, which is a 39% increase for the same period 12 months earlier. This growth reflects the momentum continuing to build across the Company's revenue drivers, advertising, with supported recurring revenues in premium subscriptions and printed product sales.

Advertising revenues increased to over $1.66 million representing growth of over 46% on the period 12 months prior. More brands are signing up for direct advertising deals plus more advertisers are increasing their investments across the programmatic platform. These results demonstrate the value to advertisers in the Tinybeans audience and our targeting capabilities based on the unique data set to get to the right people with the right message.

The Company continues to innovate and refine its platform to give its members new capabilities, provide more ways to engage, reminisce and consume relevant content to assist in their parenting journey. We see significant upside 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.

The Company successfully raised $5 million from institutional and sophisticated investors in early August, welcoming a number of new funds onto the register. As at December 31, the Company had nearly 2,500 shareholders, which is nearly 8 times the number just 12 months prior.

I would like to thank my fellow Directors as well as our management team and staff for their efforts over what has been an incredibly busy but rewarding first half of FY20 at Tinybeans. I also thank our Shareholders for your support and belief in our ability to achieve the goals we have set out for our Company.

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

John Dougall
Non-executive Director and Chairman

TINYBEANS GROUP LIMITED
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DIRECTOR'S REPORT

I am thrilled to present the half year report ended December 2019 for Tinybeans Group Limited and its controlled entities ("Tinybeans" or the "Company").

In our first two quarters of FY20, we've delivered record revenue results of $2.32 million, demonstrating the revenue growth potential of the amazing audience that uses Tinybeans every day.

I'm very proud of the Tinybeans team and our partners that work with us and serve the 3.7 million members across the world in relation to their children. During the month of December 2019, nearly 1.4 million of these members were active on the Tinybeans platform.

The half-year of FY20 had in it a range of projects related to user growth, engagement, and various initiatives around product. As we shared in the Innovation event back in November, we've been invested in new areas of the product that should yield revenue growth later in 2020 and beyond.

We're thrilled to also report that cash receipts from customers were $2.5 million for the half year, which along with the $5 million capital raise in July resulted in ending the half year with a cash balance of over $4.76 million.

Excitingly, Tinybeans was selected as Apple's App of the Day in the U.S., a first for the Company. Growing the brand awareness is an ongoing priority. In the first half of FY20, the Company had several mentions in the media to grow the relevance of Tinybeans in the world of privacy further validating the positioning as a compelling need for families everywhere. Some of the media mentions included:

- New York Times - Build an Online Presence Without Giving Up Privacy
- Ameda Direct - The 10 Best Baby Apps for New Parents
- Forbes - How To Respect Your Customers' Data
- Forbes - How to build trust through privacy

As previously committed to the market, Tinybeans turned cash flow positive on the core product revenue in the December 31 quarter (excludes growth investment in new product).

With Tinybeans, we want to harness the power of the trust we have with our audience on an emotional level. We speak to our audience as peers, those who've been in our shoes, shared the same joys and worries, who understand the awesome responsibility of parenting, but also the incredible journey on which it takes us. We're connecting with a global community of parents over what we have in common and sharing a unique way to capture the emotional moments that mean so much.

Tinybeans expects continued growth in overall registered members and monthly active users (MAU) during FY20 and for its market share to grow. We're also expecting accelerated growth in revenues, particularly advertising revenues, based on direct and programmatic based deals. We're super excited about the next 12 months and beyond. We are delighted for you to join us on the journey as we accelerate revenue growth, expand our offering and continue to add value to our user base and brand partners.

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

Edward Geller
Chief Executive Officer

DIRECTOR'S REPORT (CONT.)

The Directors of Tinybeans Group Limited submit the financial report of the company for the half year ended 31 December 2019, which comprises the results of Tinybeans Group Limited and the entities it controlled (the "Group") during the period.

Principal Activities

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

Review of Operations

The loss for the Group after income tax amounted to $1,873,090 (31 December 2018: $2,099,688). The Group has generated total revenue of $2,324,354 up from $1,668,631 in the previous year's financial half-year.

Operating expenses amounted to $4,205,540 (31 December 2018: $3,787,315). The share based payments on options expense increased by $344,144 as a result of the weighted number of options increasing 4.5 times since the majority of the options were issued in December 2018. The administrative costs were higher by $98,891 mainly for the higher hosting costs attributed with the increased storage and processing required to service our members and customers.

AASB 16 'Leases' had no significant impact on the current period. The current profit before income tax expense was increased by $2,250. This included a reduction in rent of $203,524, offset by an increased depreciation expense of $196,038 and increased finance costs of $5,236. As at 31 December 2019, net current assets were reduced by $371,230 (attributable to current lease liabilities) and net assets increased by $11,861 (attributable to right-of-use assets and lease liabilities).

The December reporting period saw continued growth, with monthly active users (MAU) increasing by 29% for the period reaching just under 1.4 million users compared last year's MAU of 1.1 million.

The financial half-year had cash receipts from customers of $2,489,249.

Significant Changes in the State of Affairs

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

Matters Subsequent to the Reporting Period

On 31 January 2020, Tinybeans Group Ltd signed a merger agreement to acquire 100% of Red Tricycle Inc. for a total amount of USD7.65 million which is 85% payable in cash and 15% payable shares in Tinybeans Group Ltd.

On 6 February 2020, Tinybeans Group Ltd successfully raised $12,000,000 by issuing 6,000,000 shares at an issue price of $2 per share. The Group intends to use the funds from the capital raise to part-fund the acquisition of Red Tricycle Inc. and provide additional growth capital for the combined group.

On 7 February 2020, the Group offered its shareholders to participate in the Share Purchase Plan (SPP) of up to $3 million, providing each shareholder the opportunity to subscribe for up to $30,000 worth of Tinybeans shares at a price of $2 per share. The SPP funds will be provisioned for additional working capital to support the integration and growth of the combined group. The SPP offer ends on 21 February 2020.

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.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

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.

DIRECTOR'S REPORT (CONT.)

Auditors' Independence Declaration

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

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

____
Edward Geller
Chief Executive Officer
New York, 17 February 2020

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Tinybeans Group Ltd for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 17 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 DEC 2019 $	31 DEC 2018 $
Sales revenue	2	**2,324,354**	1,668,631
Other income	2	**13,986**	23,730
Total income		**2,338,340**	1,692,361
Depreciation and amortisation expense	3	**(211,616)**	(56,401)
Employee benefits expense	5	**(2,306,652)**	(2,440,137)
Share based payments expense	3	**(348,158)**	(4,014)
Finance costs	3	**(9,807)**	-
Administration		**(922,256)**	(823,365)
Marketing		**(307,649)**	(351,483)
Other expenses		**(99,402)**	(111,915)
Loss before income tax expense		**(1,867,200)**	(2,094,954)
Income tax expense		**(5,890)**	(4,734)
Loss after income tax expense for the half-year		**(1,873,090)**	(2,099,688)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		**(3,125)**	8,596
Total comprehensive loss for the period		**(1,876,215)**	(2,091,092)
Basic loss per share (cents)	6	**(5.05)**	(6.41)
Diluted loss per share (cents)	6	**(5.05)**	(6.41)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 DEC 2019	30 JUN 2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**4,755,478**	982,018
Trade and other receivables		**1,338,331**	1,283,324
Other assets		**239,308**	270,895
TOTAL CURRENT ASSETS		**6,333,117**	2,536,237
NON-CURRENT ASSETS			
Property, plant and equipment		**52,762**	55,672
Right-of-use assets	8	**597,272**	-
TOTAL NON-CURRENT ASSETS		**650,034**	55,672
TOTAL ASSETS		**6,983,151**	2,591,909
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**680,195**	754,942
Contract liabilities		**619,077**	522,546
Lease liabilities	9	**371,230**	-
Employee benefits		**104,464**	163,430
TOTAL CURRENT LIABILITIES		**1,774,966**	1,440,918
NON-CURRENT LIABILITIES			
Contract liabilities		**523,998**	469,395
Lease liabilities	10	**237,903**	-
Employee benefits		**28,260**	22,496
TOTAL NON-CURRENT LIABILITIES		**790,161**	491,891
TOTAL LIABILITIES		**2,565,127**	1,932,809
NET ASSETS		**4,418,024**	659,100
EQUITY			
Issued capital	11	**18,297,398**	13,000,412
Reserves	12	**833,657**	531,074
Accumulated losses		**(14,713,031)**	(12,872,386)
TOTAL EQUITY		**4,418,024**	659,100

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 DEC 2019	30 JUN 2019

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Shares on Issue	Reserves	Accumulated losses	Total
		$	$	$	$
Balance at 1 July 2018		12,674,511	339,229	(9,420,905)	3,592,835
Loss for the period		-	-	(2,099,688)	(2,099,688)
Other comprehensive income		-	8,596	-	8,596
Total comprehensive income for the period		-	8,596	(2,099,688)	(2,091,092)
Transactions with owners, as owners					
Shares issued during the period		241,028	-	-	241,028
Costs of capital raising		(5,125)	-	-	(5,125)
Movements in options reserve	12	-	4,014	-	4,014
Balance at 31 December 2018		12,910,414	351,839	(11,520,593)	1,741,660
Balance at 1 July 2019		13,000,412	531,074	(12,872,386)	659,100
Change for change in accounting policy (Note 1)				13,363	13,363
Balance at 1 July 2019 - restated		13,000,412	531,074	(12,859,023)	672,463
Loss for the period		-	-	(1,873,090)	(1,873,090)
Other comprehensive income		-	(3,125)	-	(3,125)
Total comprehensive income for the period		-	(3,125)	(1,873,090)	(1,876,215)
Transactions with owners, as owners					
Shares issued during the period		5,476,361	-	-	5,476,361
Costs of capital raising		(179,375)	-	-	(179,375)
Movements in options reserve	12	-	305,708	19,082	324,790
Balance at 31 December 2019		18,297,398	833,657	(14,713,031)	4,418,024

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 DEC 2019	31 DEC 2018
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**2,489,249**	1,532,477
Payments to suppliers and employees		**(3,429,365)**	(3,825,561)
Interest received		**10,650**	16,774
Interest and other finance costs paid		**(9,807)**	
Net cash used in operating activities		**(939,273)**	(2,276,310)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from disposal of (payments to acquire) property, plant and equipment		**(12,276)**	792
Net cash (used in)/provided by investing activities		**(12,276)**	792
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**5,102,000**	241,028
Cost of raising share capital		**(179,375)**	(5,125)
Repayment of lease liabilities		**(199,701)**	-
Net cash provided by financing activities		**4,722,924**	235,903
Net (decrease)/increase in cash held		**3,771,375**	(2,039,615)
Cash and cash equivalents at beginning of financial half-year		**982,018**	4,052,369
Effects of foreign currency exchange		**2,085**	(660)
Cash and cash equivalents at end of financial half-year		**4,755,478**	2,012,094

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements were authorised for issue on 17 February 2020 by the Directors of the Company.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019
Operating lease commitments as at 1 July 2019 (AASB 117)	794,072
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4% (AASB 16)	(30,901)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	-
Accumulated depreciation as at 1 July 2019 (AASB 16)	(644,183)
Right-of-use assets (AASB 16)	118,988
Lease liabilities - current (AASB 16)	(105,625)
Lease liabilities - non-current (AASB 16)	-
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 July 2019	13,363

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 2: INCOME

	31 DEC 2019	31 DEC 2018
	$	$
Sales revenue		
Advertising revenue	1,659,471	1,140,075
Photobook revenue	180,773	187,137
Subscription revenue	484,110	341,419
Total sales revenue	**2,324,354**	1,668,631
Other income		
Interest received	**10,069**	17,538
Other revenue	**11,498**	5,669
Research and development grant income	**(7,654)**	-
Gain on disposal of assets	**-**	523
Other income	**73**	-
Total other income	**13,986**	23,730
Total income	**2,338,340**	1,692,361

NOTE 3: RESULTS FOR THE YEAR

	31 DEC 2019	31 DEC 2018
	$	**$**
Expenses		
Rent	**4,260**	208,759
Share based payments expense	**348,158**	4,014
Depreciation	**211,616**	22,386
Amortisation of intangible assets	**-**	34,015
Finance costs		
Interest and finance charges paid/payable on payables	**8,094**	-
Interest and finance charges paid/payable on lease liabilities	**1,713**	-
Total finance costs	**9,807**	-

NOTE 4: OPERATING SEGMENTS

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

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

Operating segment information

31 DEC 2019

	USA	Australia	Total
	$	$	$
Revenue and Other Income			
Sales to external customers	2,287,112	37,242	2,324,354
Other income	3,941	10,045	13,986
Total revenue and other income	2,291,053	47,287	2,338,340
EBITDA	(124,339)	(1,531,507)	(1,655,846)
Depreciation and amortisation	(156,776)	(54,840)	(211,616)
Finance costs	(4,871)	(4,936)	(9,807)
Interest revenue	28	10,041	10,069
Profit before income tax expense	(285,958)	(1,581,242)	(1,867,200)
Income tax expense	(5,890)	-	(5,890)
Profit after income tax expense	(291,848)	(1,581,242)	(1,873,090)
Assets	2,096,976	4,886,175	6,983,151
Liabilities	7,806,991	(5,241,864)	2,565,127
Intersegment eliminations	(6,074,593)	6,074,593	-
Net Liabilities	1,732,398	832,729	2,565,127

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. Therefore, the current and comparative EBITDA are not directly comparable.

NOTE 4: OPERATING SEGMENTS (CONT).

31 DEC 2018

	USA	Australia	Total
	$	$	$
Revenue and Other Income			
Sales to external customers	1,640,799	27,832	1,668,631
Other income	6,189	17,541	23,730
Total revenue and other income	1,646,988	45,373	1,692,361
EBITDA	(1,150,226)	(904,126)	(2,054,352)
Depreciation and amortisation	(19,447)	(36,954)	(56,401)
Finance costs	(30)	(1,709)	(1,739)
Interest revenue	-	17,538	17,538
Profit before income tax expense	(1,169,703)	(925,621)	(2,094,954)
Income tax expense	(4,734)	-	(4,734)
Profit after income tax expense	(1,174,437)	(925,251)	(2,099,688)
Assets	1,620,671	1,647,949	3,268,620
Liabilities	6,835,126	(5,308,166)	1,526,960
Intersegment eliminations	(5,475,333)	5,475,333	-
Net Liabilities	1,359,793	167,167	1,526,960

NOTE 5: EMPLOYEE BENEFITS

	31 DEC 2019	31 DEC 2018
	$	$
Salaries and wages	**2,255,042**	2,391,594
Superannuation	**51,610**	48,543
Total employee benefits	**2,306,652**	2,440,137

NOTE 6: LOSS PER SHARE

	31 DEC 2019	31 DEC 2018
	$	$
a. Reconciliation of earnings:		
Loss after tax	(1,873,090)	(2,099,688)

NOTE 6: LOSS PER SHARE (CONT.)

		No.	No.
	Weighted average number of ordinary shares outstanding during the period used in calculating		
b.	Calculating EPS	**37,094,592**	32,749,011
		Cents	**Cents**
c.	Basic EPS	(5.05)	(6.41)
d.	Diluted EPS	(5.05)	(6.41)

NOTE 7: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		31 DEC 2019	**31 JUN 2019**
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*

NOTE 8: NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	31 DEC 2019	30 JUN 2019
	$	$
Land and buildings - right-of-use	789,818	-
Less: Accumulated depreciation	(192,546)	-
Total	597,272	-

Additions to the right-of-use assets during the half-year were $789,818 as a result of the adoption of AASB 16 Leases, as disclosed in Note 1.

The consolidated entity leases land and buildings for its offices under agreements of three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTE 9: LEASE LIABILITIES

	31 DEC 2019	30 JUN 2019
	$	**$**
CURRENT		
Lease liabilities	**371,230**	-

NOTE 10: LEASE LIABILITIES

	31 DEC 2019	30 JUN 2019
	$	**$**
NON-CURRENT		
Lease liabilities	**237,903**	-

NOTE 11: ISSUED CAPITAL

	31 DEC 2019		30 JUN 2019	
	No of Shares	**$**	**No of Shares**	**$**
Ordinary shares				
Fully Paid				
At the beginning of reporting period	**33,045,551**	**13,000,412**	32,508,796	12,674,511
Shares issued	**5,588,928**	**5,476,361**	536,755	331,026
Cost of raising capital	**-**	**(179,375)**	-	(5,125)
Closing balance at reporting date	**38,634,479**	**18,297,398**	33,045,551	13,000,412

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 12: RESERVES

	31 DEC 2019	30 JUN 2019
	$	$
Options reserve	**784,472**	478,764
Foreign currency translation reserve	**49,185**	52,310
Total	**833,657**	531,074

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.

	Option reserve	Foreign currency translation reserve	Total
Balance at 1 July 2019	478,764	52,310	531,074
Additions during the half-year	392,793	(3,125)	389,668
Disposals during the half-year	(63,717)		(63,717)
Exercise of options during the half-year	(23,368)		(23,368)
Balance at 31 December 2019	**784,472**	**49,185**	**833,657**

NOTE 13: SHARE BASED PAYMENTS

During the half-year period, 659,733 options were issued to key personnel at an issue price of $1.10 per share and a total transactional value of $168,224. 180,000 options were issued to an advisor at a strike price at $1.10 per share with a fair value of $22,870. The Group has also taken up $201,700 in share based payments for the prorated cost of 4,066,530 options issued in FY2019 expensed out throughout the vesting period.

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

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

NOTE 13: SHARE BASED PAYMENTS (CONT.)

31 Dec 2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Cancelled	Balance at the end of the half-year
18/04/2017	18/04/2020	$0.3210	149,158	-	-	-	149,158
18/04/2017	18/04/2020	$0.5364	109,065	-	-	-	109,065
21/04/2017	21/04/2021	$1.2000	119,250	-	(26,500)	(39,750)	53,000
15/09/2017	15/09/2021	$1.2000	40,000	-	-	-	40,000
01/07/2018	01/07/2022	$0.6000	117,000	-	(117,000)	-	-
10/12/2018	10/12/2022	$0.6000	516,530	-	-	(102,688)	413,842
10/12/2018	10/12/2022	$0.7500	800,000	-	-	-	800,000
10/12/2018	10/12/2022	$1.0000	800,000	-	-	-	800,000
10/12/2018	10/12/2022	$1.5000	1,600,000	-	-	-	1,600,000
20/05/2019	20/05/2023	$0.6000	26,500	-	-	-	26,500
23/05/2019	01/03/2023	$0.6000	26,500	-	-	(26,500)	-
02/04/2019	02/04/2023	$0.6000	60,000	-	-	-	60,000
02/04/2019	02/04/2023	$0.6000	60,000	-	-	-	60,000
02/04/2019	02/04/2023	$0.6000	60,000	-	-	-	60,000
19/08/2019	19/08/2023	$1.1000	-	248,800	-	-	248,800
19/08/2019	19/08/2023	$1.1000	-	410,933	-	(100,000)	310,933
04/09/2019	04/09/2023	$1.1000	-	180,000	-	-	180,000
			4,484,003	839,733	(143,500)	(268,938)	4,911,298
Weighted average exercise price			$1.03	$1.10	$0.71	$0.87	$1.06

31 Dec 2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Cancelled	Balance at the end of the half-year
18/04/2017	18/04/2020	$0.3210	149,158	-	-	-	149,158
18/04/2017	18/04/2020	$0.5029	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	-	-	-	145,750
15/09/2017	15/09/2021	$1.2000	172,500	-	-	(79,500)	93,000
01/07/2018	01/07/2022	$0.6000	-	117,000	-	-	117,000
10/12/2018	10/12/2022	$0.6000	-	793,013	-	-	793,013
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
			673,090	4,110,013	-	(79,500)	4,703,603
Weighted average exercise price			$0.80	$1.06	-	$1.20	$1.02

NOTE 14: DIVIDENDS

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

NOTE 15: CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent assets and liabilities during the period ended 31 December 2019.

NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE

On 31 January 2020, Tinybeans Group Ltd signed a merger agreement to acquire 100% of Red Tricycle Inc. for a total amount of USD7.65 million which is 85% payable in cash and 15% payable shares in Tinybeans Group Ltd.

On 6 February 2020, Tinybeans Group Ltd successfully raised $12,000,000 by issuing 6,000,000 shares at an issue price of $2 per share. The Group intends to use the funds from the capital raise to part-fund the acquisition of Red Tricycle Inc. and provide additional growth capital for the combined group.

On 7 February 2020, the Group offered its shareholders to participate in the Share Purchase Plan (SPP) of up to $3 million, providing each shareholder the opportunity to subscribe for up to $30,000 worth of TNY shares at a price of $2 per share. The SPP funds will be provisioned for additional working capital to support the integration and growth of the combined group. The SPP offer ends on 21 February 2020.

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.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

John Dougall
Non-executive Director and Chairman
Sydney, 17 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

TINYBEANS GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tinybeans Group Ltd which comprises the consolidated statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

GNS

Sydney, NSW
Dated: 18 February 2020

G N Sherwood
Partner