

Appendix 4E

Preliminary final report

Name of entity:

Tinybeans Group Limited

ABN or equivalent company reference:

46 168 481 614

1. Reporting period

Reporting period:

Year ended 30 June 2020

Previous corresponding period:

Year ended 30 June 2019

2. Results for announcement to the market

Current Period
2020
\$

2.1 Revenue from ordinary activities	Up	54%	to	5,979,450
2.2 Loss from ordinary activities for the period after tax attributable to members	Up	31%	to	(4,527,544)
2.3 Net loss for the period attributable to members	Up	31%	to	(4,527,544)
2.4 Dividends		Amount per security		Franked amount per security
Final dividend		NIL		N/A
Interim dividend		NIL		N/A
2.5 Record date for determining entitlements to the dividends		N/A		

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

The Group acquired Red Tricycle, Inc on 27 February 2020, and its financial statements now forms part of the Consolidated Group since the date of acquisition.

The loss for the Group after income tax amounted to \$4,527,544 (2019: \$3,451,481).

The Group generated total sales revenue of \$5,979,450 up from \$3,887,876 in the previous year. The Group has also claimed Research and Development tax offsets of \$137,646 in Australia, and \$167,074 in the United States for offset against payroll tax.

Operating expenses amounted to \$10,904,056 (2019: \$7,750,270). Employee benefits expense increased by \$1,261,677 due to increased headcount during the year, including the 20 employees of Red Tricycle, Inc which account to 92% or \$1,157,826 of the increase. Also, the administrative costs were higher by \$772,823, of which \$311,151 was for Red Tricycle, Inc, and the remaining increases were mainly due to higher costs in:

- (1) hosting attributed with the increased storage and processing required to service our members and customers,
(2) legal fees associated with the acquisition of Red Tricycle, Inc, and
(3) consulting fees for various contract roles

The Group confirms that there were no associates or joint ventures through this reporting period.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Current Period 2020 \$	Previous Period 2019 \$
Revenue from contracts with customers	5,979,450	3,887,876
Other income	402,804	415,647
Bad debts expense	(21,076)	(4,669)
Depreciation and amortisation expense	(729,030)	(113,036)
Employee benefits expense	(6,062,977)	(4,801,300)
Share based payments expense	(521,384)	(229,694)
Finance costs	(24,186)	(4,941)
Administration	(2,674,035)	(1,779,232)
Marketing	(698,892)	(607,803)
Other expenses	(172,476)	(209,595)
Loss before income tax expense	(4,521,802)	(3,446,747)
Income tax expense	(5,742)	(4,734)
Loss after income tax expense from continuing operations	(4,527,544)	(3,451,481)
Attributable to:		
Members of the Parent Company	(4,527,544)	(3,451,481)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations, net of tax	(466,207)	3,561
Total comprehensive loss for the year	(4,993,751)	(3,447,920)
Basic loss per share (cents per share)	(11.17)	(10.50)
Diluted loss per share (cents per share)	(11.17)	(10.50)

4. Consolidated Statement of Financial Position

	Current Period 30 June 2020 \$	Previous Period 30 June 2019 \$
Current Assets		
Cash and cash equivalents	5,220,229	982,018
Trade and other receivables	2,138,436	1,283,324
Other assets	380,622	270,895
Total Current Assets	7,739,287	2,536,237
Non-Current Assets		
Property, plant and equipment	36,678	55,672
Right-of-use assets	397,156	-
Intangible assets	10,782,469	-
Total Non-Current Assets	11,216,303	55,672
Total Assets	18,955,590	2,591,909
Current Liabilities		
Trade and other payables	1,169,420	754,942
Contract liabilities	892,330	522,546
Lease liabilities	246,936	-
Employee benefits	130,690	163,430
Borrowings	846,677	-
Total Current Liabilities	3,286,053	1,440,918
Non-Current Liabilities		
Contract liabilities	554,866	469,395
Lease liabilities	178,215	-
Employee benefits	5,849	22,496
Total Non-Current Liabilities	738,930	491,891
Total Liabilities	4,024,983	1,932,809
Net Assets	14,930,607	659,100
Equity		
Issued capital	31,826,088	13,000,412
Reserves	408,076	531,074
Accumulated losses	(17,303,557)	(12,872,386)
Total Equity	14,930,607	659,100

5. Consolidated Statement of Cash Flows

	Current Period 30 June 2020 \$	Previous Period 30 June 2019 \$
Cash flows from operating activities		
Receipts from customers	5,693,396	3,693,074
Payments to suppliers and employees	(8,848,260)	(7,102,875)
Government grants and Research and Development Tax Offset Incentive	188,919	134,105
Interest received	31,304	24,951
Interest and other finance costs paid	(24,186)	-
Net cash used in operating activities	(2,958,827)	(3,250,745)
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(13,201)	(1,113)
Acquisition of businesses	(10,024,323)	-
Net cash used in investing activities	(10,037,524)	(1,113)
Cash flows from financing activities		
Proceeds from shares issued	17,308,222	193,445
Cost of raising share capital	(643,265)	(5,125)
Repayment of lease liabilities	(368,406)	-
Proceeds from borrowings	846,677	-
Net cash provided by financing activities	17,143,228	188,320
Net increase (decrease) in cash held	4,146,877	(3,063,538)
Cash and cash equivalents at the beginning of financial year	982,018	4,052,369
Effects of exchange rate changes on cash	91,334	(6,813)
Cash and cash equivalents at end of financial year	5,220,229	982,018

6. Consolidated Statement of Changes in Equity

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	12,674,511	339,229	(9,420,905)	3,592,835
Loss for the year	-	-	(3,451,481)	(3,451,481)
Other comprehensive income	-	3,561	-	3,561
Total comprehensive income (loss) for the year	-	3,561	(3,451,481)	(3,447,920)
Transactions with owners in their capacity as owners:				
Issued capital	144,857	-	-	144,857
Issued capital on the exercise of options	89,998	(41,410)	-	48,588
Issued capital to directors	96,171	-	-	96,171
Costs of capital raising	(5,125)	-	-	(5,125)
Movements in options reserve	-	188,284	-	188,284
Balance at 30 June 2019	13,000,412	531,074	(12,872,386)	659,100

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	13,000,412	531,074	(12,872,386)	659,100
Change for change in accounting policy	-	-	13,363	13,363
Balance at 1 July 2019 - restated	13,000,412	531,074	(12,859,023)	672,463
Loss for the year	-	-	(4,527,544)	(4,527,544)
Other comprehensive income	-	(466,207)	-	(466,207)
Total comprehensive income (loss) for the year	-	(466,207)	(4,527,544)	(4,993,751)
Transactions with owners in their capacity as owners:				
Issued capital	18,770,062	-	-	18,770,062
Issued capital on the exercise of options	347,886	(95,164)	-	252,722
Issued capital to directors	350,993	-	-	350,993
Costs of capital raising	(643,265)	-	-	(643,265)
Movements in options reserve	-	438,373	83,010	521,383
Balance at 30 June 2020	31,826,088	408,076	(17,303,557)	14,930,607

7. Dividends (in the case of a trust, distributions)

Date dividend is payable

N/A

[†]Record date to determine entitlements to the dividend

N/A

If it is a final dividend, has it been declared?

N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
Final dividend: Current year	NIL	N/A	N/A
Interim dividend: Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim plus final)

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

8. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the
†dividend or distribution plans

N/A

9. Consolidated retained profits/(accumulated losses)

	Current Period 2020 \$	Previous Period 2019 \$
Accumulated losses at the beginning of the financial period	(12,872,386)	(9,420,905)
Change for change in accounting policy	13,363	-
Net loss attributable to members	(4,527,544)	(3,451,481)
Movements in options reserve	83,010	-
Accumulated losses at end of financial period	(17,303,557)	(12,872,386)

10. NTA backing

	Current Period 2020	Previous Period 2019
Net tangible asset backing per ordinary share	0.0906	0.0199
Number of ordinary shares on issue used in the calculation of net tangible asset backing per ordinary share	45,782,275	33,045,551

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets backing per share represent total assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at year end.

11. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

The Group acquired Red Tricycle Inc. on 27 February 2020, and its financial statements now forms part of the Consolidated Group since the date of acquisition.

There was a 54% increase in sales revenue to \$5,979,450 of which \$1,626,810 came from Red Tricycle Inc.'s revenue. Advertising revenue reached \$4,441,329 for FY20, up by 58% on FY19 as Tinybeans both renewed and attracted new advertisers on the platform. Also, with 21,000 Tinybeans paying subscribers, the premium subscription revenue grew in FY20 to \$1,045,267, representing growth of 42% on FY19.

Operating expenses increased by over 40% to \$10,904,056 of which \$1,955,317 pertains to Red Tricycle Inc.'s expenses. The employee benefits expense and administrative costs account for 84% of the total operating expenses.

AASB 16 'Leases' had no significant impact on the current period. The current profit before income tax expense was decreased by \$23,748. This included a reduction in rent of \$384,226, offset by an increased depreciation expense of \$392,186 and increased finance costs of \$15,788. As at 30 June 2020, net current assets were reduced by \$246,936 (attributable to current lease liabilities) and net assets decreased by \$27,996 (attributable to right-of-use assets and lease liabilities).

The increase in trade and other receivables was driven by a greater accounts receivable and accrued revenue and other receivables balances as at 30 June 2020 of \$1,113,219 (2019: \$522,781) and \$438,471 (2019: \$300,130) respectively, mostly from direct and programmatic advertising partners. Also, the grants receivable for the Research and Development tax offsets amounts to \$586,746 (2019: \$460,413) including the Tinybeans USA Ltd's R&D tax incentive which is being used to offset payroll tax.

The increase in contract liabilities was driven by a greater deferred revenue balance as at 30 June 2020 of \$1,447,196, mainly from premium subscriptions of which \$554,866 is a non-current component.

The borrowing of \$846,667 pertain to the loan made by Tinybeans USA Ltd and Red Tricycle Inc under the SBA's Paycheck Protection Program which is one of the US government's initiatives to support businesses impacted by COVID-19. Loan funds are used by the borrower to retain its workers and maintain its payroll or make its mortgage payments, lease payments, and utility payments.

Tinybeans Group Ltd successfully raised \$5,000,000 by issuing 5,000,000 shares at an issue price of \$1 per share on 31 July 2019, and \$12,000,000 by issuing 6,000,000 shares at an issue price of \$2 per share on 31 January 2020. The funds from the former capital raise were used in its operations while the funds in the latter capital raise were used to part-fund the acquisition of Red Tricycle Inc. and provide additional growth capital for the combined group.

Red Tricycle, Inc has contributed to the Group a net loss of \$328,507 since acquisition (Feb 27, 2020). Its net income for the previous financial year was \$260,798.

12. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

13. Commentary on the results for the period

13.1 Earnings per security (EPS)

	Current Period 2020	Previous Period 2019
Basic loss per share (cents)	(11.17)	(10.50)

13.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2019 \$	Previous Period 2018 \$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
Total	-	-

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

13.3 Significant features of operating performance

NIL

13.4 Segment Information

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The consolidated entity is organised into operating segments based on geographical location, USA and Australia.

2020	USA \$	Australia \$	Total \$
Revenue and other income			
Sales to external customers	5,667,764	311,686	5,979,450
Other income	171,416	231,388	402,804
Total income	<u>5,839,180</u>	<u>543,074</u>	<u>6,382,254</u>
Employee benefits inc share-based payments	4,310,663	2,273,698	6,584,361
Administration and cost of listing	1,674,202	999,833	2,674,035
Product development, marketing and other expenses	920,863	(4,233)	916,630
Depreciation and amortisation	617,383	111,647	729,030
Profit before income tax expense	(1,683,931)	(2,837,871)	(4,521,802)
Income tax expense	(5,742)	-	(5,742)
Profit after income tax expense	(1,689,673)	(2,837,871)	(4,527,544)

Segment assets	14,400,162	4,555,428	18,955,590
Segment liabilities	10,196,762	(6,171,779)	4,024,983
Intersegment eliminations	(7,119,313)	7,119,313	-
Total liabilities	3,077,449	947,534	4,024,983
2019			
	USA	Australia	Total
	\$	\$	\$
Revenue and other income			
Sales to external customers	3,621,306	266,570	3,887,876
Other income	352,214	63,433	415,647
Total income	3,973,520	330,003	4,303,523
Employee benefits inc share-based payments	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
Depreciation and amortisation	38,819	74,217	113,036
Profit before income tax expense	(1,380,473)	(2,066,274)	(3,446,747)
Income tax expense	(4,734)	-	(4,734)
Profit after income tax expense	(1,385,207)	(2,066,274)	(3,451,481)
Segment assets	1,577,338	1,014,571	2,591,909
Segment liabilities	7,007,582	(5,074,773)	1,932,809
Intersegment eliminations	(5,692,138)	5,692,138	-
Total liabilities	1,315,444	617,365	1,932,809

13.5 Report on trends in performance

Cashflows

During the financial year, the Company had a significant cash inflow from financing activities of \$17,143,228 of which \$10,024,323 was used to acquire Red Tricycle Inc. Cash balances increased from \$982,018 at 30 June 2019 to \$5,220,229 at 30 June 2020.

Sales Revenue

Sales revenue has grown in the financial year, as Tinybeans both renewed and attracted new advertisers on the platform. Sales revenue has increased by 54% to \$5,979,450, driven largely by advertising revenues amounting \$4,441,329 representing growth of 58%. Premium revenue was \$1,045,267 which is 42% increase from last financial year.

With the acquisition and operational integration of Red Tricycle Inc, Tinybeans to focus on our enhanced value proposition which heightens our ability to drive revenue growth. Our single team, single focus has proven to be successful as it has expanded on the products we offer to our partners.

Other Income

Other income includes R & D rebates of \$304,720.

Expenses

Operating expenses increased by over 40% to \$10,904,056 with the employee benefits expense and administrative costs accounting for 84% of the total operating expenses, both of these expenses increased as detailed above.

Balance Sheet

Although the cash balance increased as detailed above, and the trade and other receivables increased at a higher rate than the increase in the trade and other payables, there are new current liabilities such as lease liabilities and borrowings at the end of this year, resulting for the current ratio to be at 2.36:1, slightly higher than last year's current ratio of 1.76:1.

13.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

N/A

14. Compliance statement

This report is based on accounts to which one of the following applies.

(Tick one)

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

15. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

N/A

16. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A

Sign here:



Date: 28 August 2020

Print name: Edward Geller
Chief Executive Officer