

ASX RELEASE

21 January 2021

Record Results for Q2 FY21 – Operating Cashflow Positive, 157% Revenue Growth on PCP, 167% Improvement in Operating EBITDA and 5m Registered Users

Tinybeans Group Limited (ASX: TNY) ("Tinybeans" or "the Company"), the technology platform that connects parents with the most trusted digital tools and resources on the planet to help every family thrive, provides the following business update and 4C Cash Report for the Q2-FY21.

Q2-FY21 Highlights

- Revenue in Q2 of AUD \$3.13M, an increase of 157% on Q2-FY20, and 25% (+28% in USD) on the prior quarter
- Record performance in Free Cashflow of -\$16k, 97% up on PCP and 98% up on Q1, used to fund growth investments of \$933k to build further scale
- EBITDA for Q2 was -\$124K, 63% improvement on Q1. Excluding growth investments, TNY delivered its second positive operating EBITDA profit of \$809k (83% up on Q1-FY21)
- Subscription revenue of \$291k, an increase of 4% on Q2-FY20 with total paid subscriptions reaching over 23k
- Registered users reached 5M, growth of 35% on Q2-FY20. Monthly Active Users grew to over 4.8M, growth of 253% on Q1-FY20 and a staggering 21% on the previous quarter.
- Advertising wins from both new and existing partners including Apple TV+, Netflix, Amazon, Walmart & Reckitt Benckiser
- Net operating cash flow turned positive \$96k, with cash receipts \$3.16m, +48% on previous quarter. Net cash balance \$4.46m at Dec 31st – Tinybeans is well capitalized to fund its accelerated growth strategy.

Tinybeans Chief Executive Officer Eddie Geller, said:

"I'm thrilled to report a record quarter of strong growth. This is despite COVID disruptions to our operations and to our brand partners. The first half of our financial year has delivered outstanding results across all aspects of the Company. User engagement grew hitting 4.8M monthly active users, growth of 21% on the last quarter, whilst revenue hit an all-time high of \$3.1M, delivering further growth of 25% compared to the previous quarter.

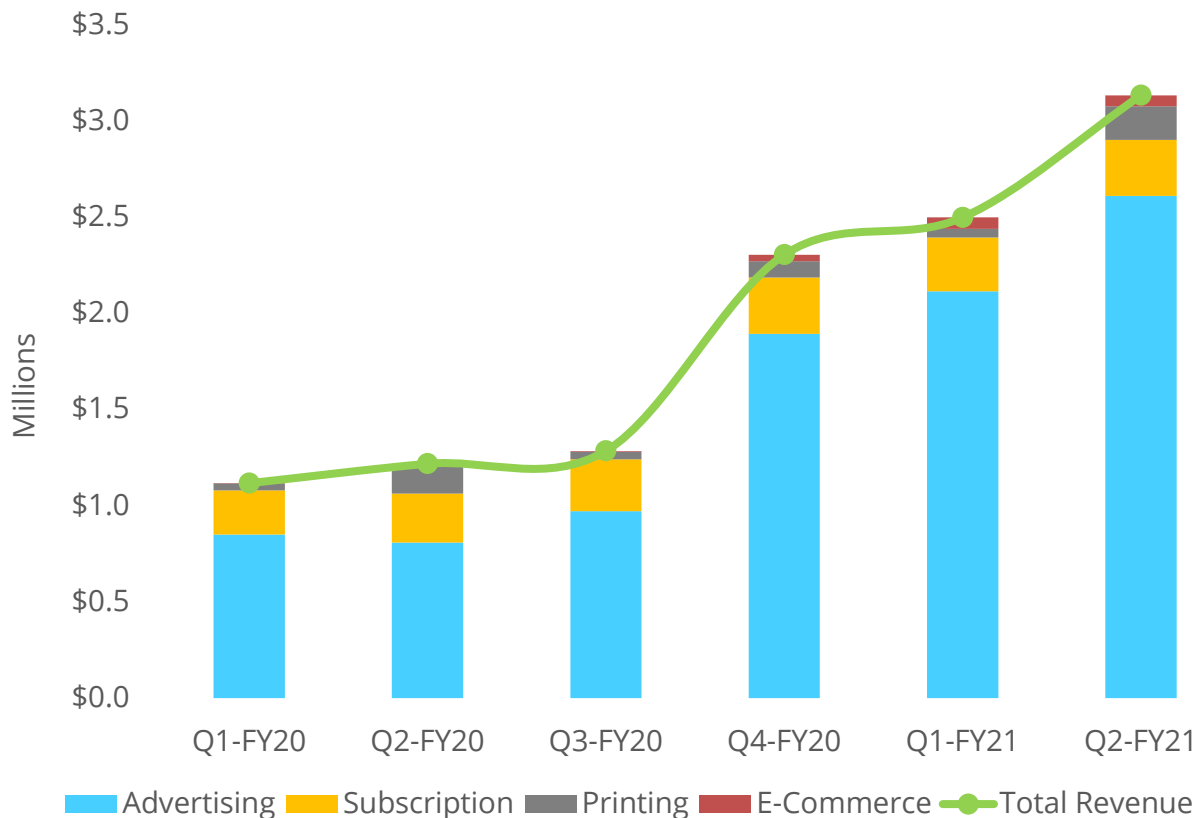
As expected, the holiday quarter delivered a record result with \$2.6M in advertising revenue, which was 23% above the previous quarter and an incredible growth of 223% on the same period 12 months earlier. A spectacular outcome! With all the current challenges in the world, we are pleased with the evidence that our upgraded and enhanced offer continues to resonate with the market to drive growth.

Audience engagement also grew as we were able to deliver on improved retention. 12-month retention across the Tinybeans premium subscription audience grew to a record 92%. This high retention rate shows the value of the platform to our families.

I am proud of the way the team is executing our clear growth strategy. With our upgraded capabilities and enhanced offer, we are well placed to drive scale with ongoing growth and operating leverage."

Revenue

Revenues for Q2 reached a record high **\$3.13M**, an increase of **157%** on the same period 12 months prior. This record result further illustrates the value proposition to parents and brands. Premium subscriptions grew strongly reaching a record with over 23k paying subscribers.



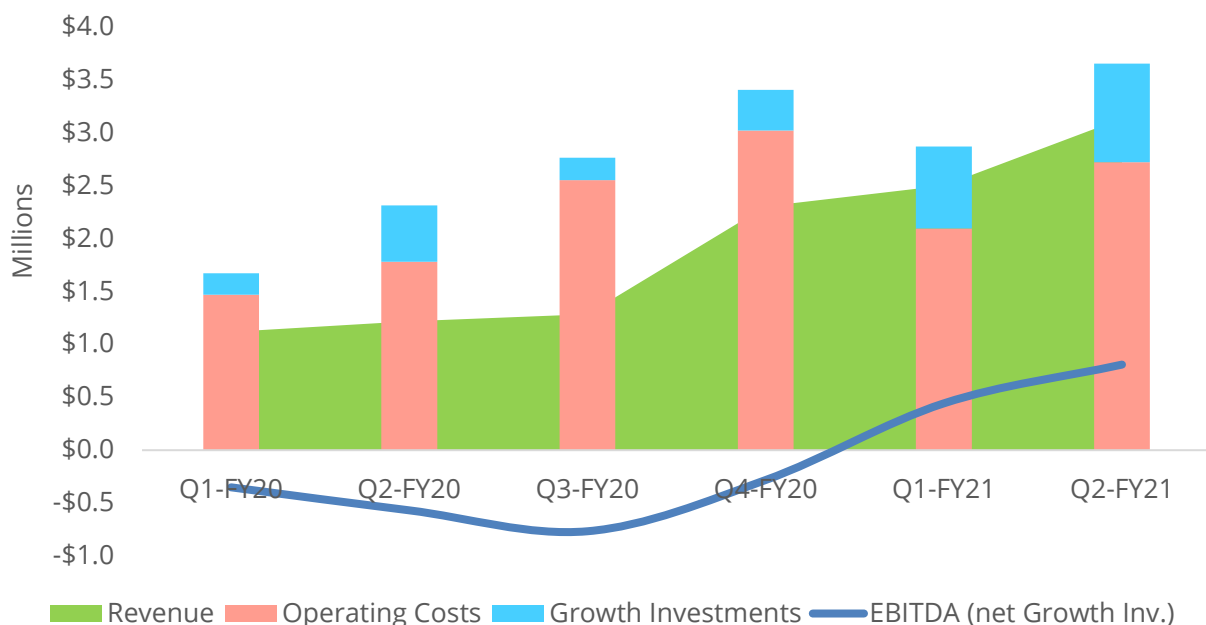
	Q2-FY19	Q2-FY20	Q2-FY21	% Growth
Advertising Revenue	\$ 733,407	\$ 808,340	\$ 2,611,775	223%
Subscription Revenue	\$ 179,117	\$ 254,686	\$ 290,605	14%
E-commerce Revenue	\$ 2,643	\$ 9,950	\$ 57,375	477%
Printing Revenue	\$ 172,755	\$ 145,502	\$ 174,080	20%
Total Revenue	\$ 1,087,922	\$ 1,218,479	\$ 3,133,835	157%

All revenue lines exceeded expectations with the quarter delivering record revenue across advertising, subscription, e-commerce and printing. Q2, which is the holiday period in the U.S. is traditionally a very strong quarter. The Company does not expect these advertising revenues to sustain into Q3 as the start of the advertising calendar year is notoriously a slower quarter as annual budgets are reset. 12-month retention for paid subscriptions hit an all-time high of 92%, up from 90% previously.

Positive Operating EBITDA

As previously shared, the Company is at the early stages of an exciting strategic growth phase. Through most of 2020, the product strategy has been evolving to grow beyond a photo sharing app to a platform for parents to use daily. The first phase of this strategy was the acquisition of Red Tricycle, followed by transitioning the product team to the U.S. and then selecting the right leaders to take the product to the next level.

As announced to the market at the [Innovation event](#), the product roadmap is ambitious, so the right balance of capital investment is needed to ensure its success. Since July-2020, the Company has ramped its capital investment (highlighted below as “Growth Investments”) to begin executing on this vision but it is important to note that this is being done prudently with the right balance of revenue growth and cash management.



	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21	Q2-FY21
Revenue	\$ 1,117,375	\$ 1,218,479	\$ 1,285,441	\$ 2,305,235	\$ 2,499,207	\$ 3,133,835
Operating Costs	\$ 1,468,232	\$ 1,779,227	\$ 2,551,440	\$ 3,019,364	\$ 2,094,559	\$ 2,719,655
Growth Investments	\$ 202,798	\$ 533,861	\$ 210,777	\$ 385,142	\$ 774,384	\$ 933,064
EBITDA (net Growth Inv.)	\$ (350,858)	\$ (568,330)	\$ (765,767)	\$ (281,752)	\$ 442,558	\$ 808,855

Growth investment areas include:

- Core Memory experience – Several upgraded features to further enhance the memory making experience.
- Community – New features around community related features where parents will be able to access answers, insights and experiences from other parents.
- Content - Personalized newsletters and bite-sized articles that include save-able highlights produced by our editors, guest contributors & trusted local experts.
- Subscriptions – Laying the foundations for new subscription services launching through 2021.

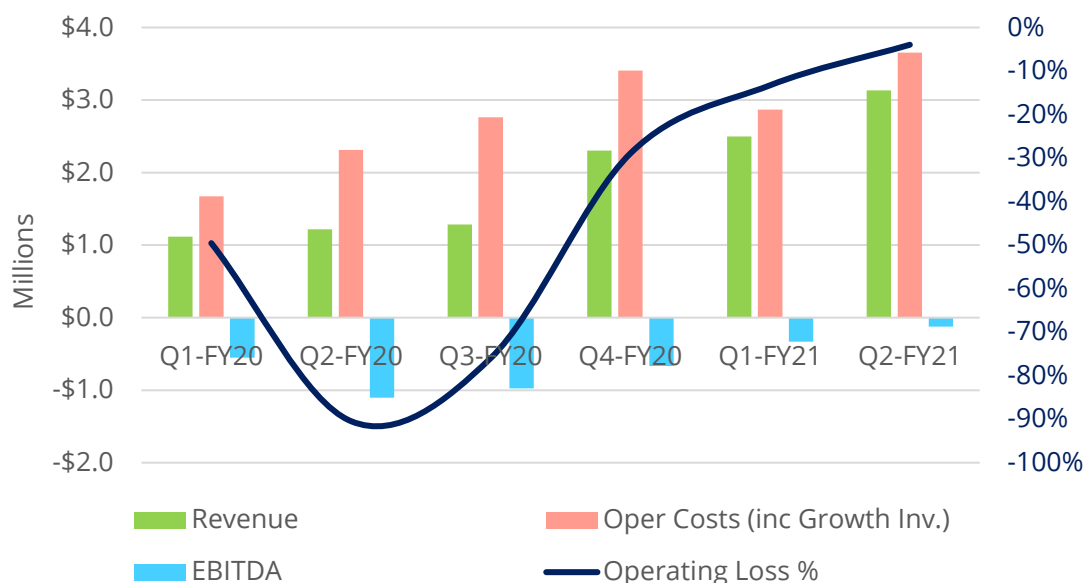
Given the 90%+ operating margin for the digital products offered, the Company can intentionally balance capital investment with sustained growth, without substantially depleting cash reserves. The chart below clearly shows we are investing in the future and strive to generate more sustained and recurring revenues. These recurring revenues are anticipated to deliver significant future cashflows in the years to come.

Note that all growth investments are expensed. The Company does not capitalise any of its Research & Development (R & D).

EBITDA & Operating Leverage

With the increase in revenues through Q2, the Company continued to see further improvements to its operating EBITDA. While revenues increased to \$3.13M for the quarter, operating loss as a percentage of revenue hit an all-time low of just 4% (including all capital investment costs). This demonstrates the high operating margin across the business (currently 94%), so as revenue accelerates, the rate at which costs grow are substantially lower. The calculations used in the table and chart below include one-off costs except for acquisition costs in Q3-FY20.

	Q1-FY20	Q2-FY20	Q3-FY20	Q4-FY20	Q1-FY21	Q2-FY21
Revenue	\$ 1,117,375	\$ 1,218,479	\$ 1,285,441	\$ 2,305,235	\$ 2,499,207	\$ 3,133,835
One-off costs	\$ 62,260	\$ 70,623	\$ 511,869	\$ 102,699	\$ (92,730)	\$ 28,945
Oper Costs (inc Growth Inv.)	\$ 1,671,030	\$ 2,313,088	\$ 2,762,217	\$ 3,404,506	\$ 2,868,943	\$ 3,652,719
EBITDA	\$ (553,655)	\$ (1,102,191)	\$ (976,544)	\$ (666,895)	\$ (331,826)	\$ (124,209)
Operating Loss %	-50%	-90%	-76%	-29%	-13%	-4%



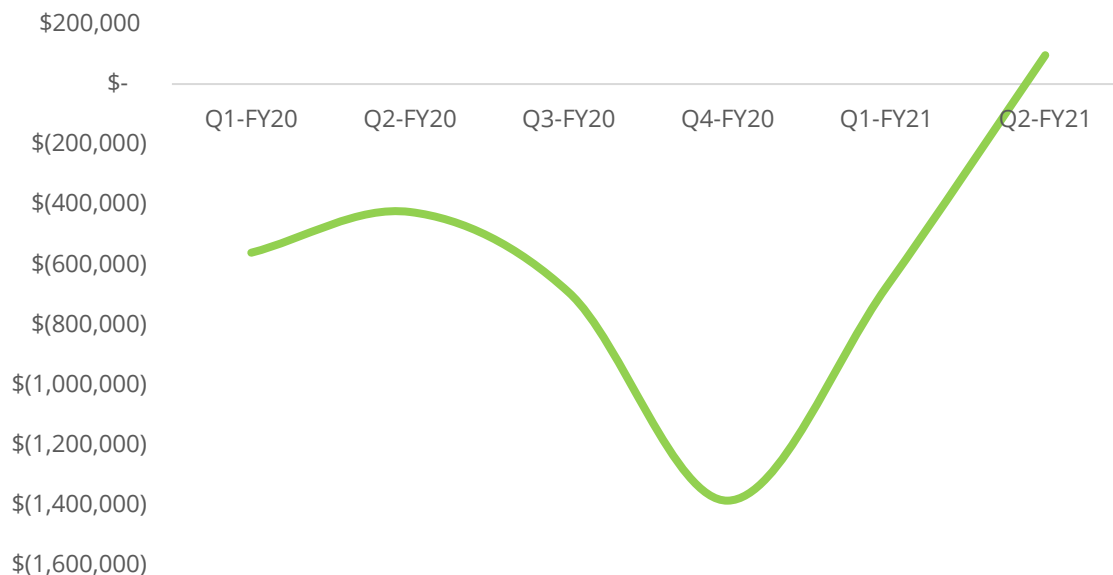
Note. The line in the above graph demonstrates the lower operating loss percentage and continued improvement over the last 18 months.

Positive Net Operating Cash flow

Tinybeans is pleased to report its first positive net operating cash flow since the business commenced operations in 2012.

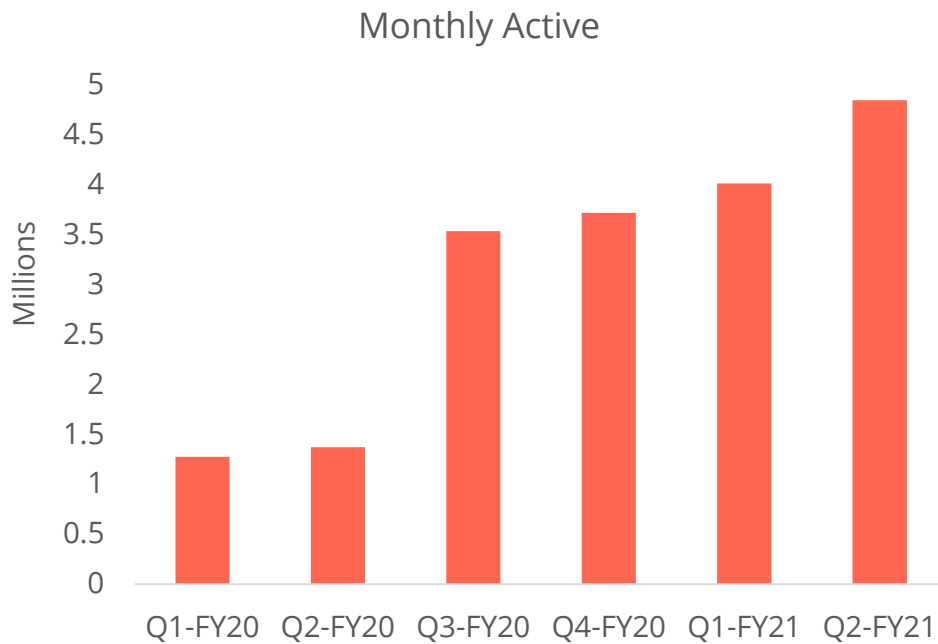
Net operating cash flow in **Q2-FY21 was +\$96k**, compared to an outflow of \$675k in Q1-FY21, and an outflow of \$425k in the PCP. Cash receipts, aided by strong seasonal trading in the period, were \$3.16M, an increase on 48% on the previous quarter and 129% on the PCP. Q3 receipts are typically seasonally lower than in Q2, although Q4 is usually a strong trading quarter for Tinybeans.

In Q2, we also continued to invest to strengthen our capacity and capability. Cash staff costs increased to \$2.09M, a rise of 8.1% on Q1. Net cash balance was \$4.46m at Dec 31st. Tinybeans is well capitalized to fund its accelerated organic growth strategy.



Audience Growth

Monthly Active Users grew to over **4.8M**, an increase of **800k new active users**. This growth was across both the Red Tricycle web site and Tinybeans app/website. Note that this is a record for the Company given the time of year. The Company expects the rate of active user growth to reduce in the next quarter given the traditionally slower Q3 activity levels.



Some other highlights for the quarter include:

- Redtri.com Pageviews hit 54M, up 57% on 12 months prior;
- Redtri.com Sessions hit 10.6M, up 29% on 12 months prior; and
- Redtri.com Pageviews per session (relates to retention/engagement) hit 5.1, up 22% on 12 months prior.

FY21 Key Execution Priorities

The Company continues to perform well with the COVID backdrop on top of the tense U.S. cultural unrest, as was noted in the Company's execution priorities highlighted in August's [investor presentation](#). The teams' overall performance continues to deliver across many key metrics.

World Class Sales

- Q2 continued to deliver on the commitment to further develop the advertising sales team and drive our value proposition to brands.
- The success in Q2 was evidenced by growth in advertising from the previous quarter of 23% (in USD).
- Total advertisers in Q2 hit a record 127 brands. 88 local advertisers and 39 national advertisers.
- The first half of the fiscal had 9 partners contract over \$100k campaigns with the average national deal size hitting over \$50k – a record!

Marketing

- The marketing team cemented a strategic partnership with Apple by incorporating high quality parenting content into Apple Maps and Guides products.
- The platforms saw strong year on year growth across several channels with active users skyrocketing and pages per session growing 22% to over 5.
- Re-launched Bump & Baby section on redtri.com growing audience 10% MoM. Including new user generated, shoppable content.

Product

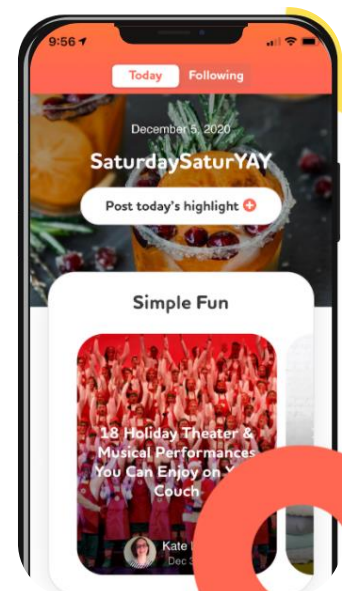
- Launched the new TODAY screen in the app across the US audience delivering new content to the parents daily.
- Released its new app onboarding experience and doubled activation rates so more registered users experience the app features faster.
- Redesigned the redtri.com newsletter subscription flow to drive more conversion of email subscribers.

Technology

- Completed the data management platform upgrade allowing for secure and reliable access to the Company's first-party data.
- Completed optimization project of server infrastructure to ensure cost utilization across hosting services are maximized.

People

- Continued to support all staff through a difficult time, both in terms of COVID-19, but also significant unrest across the U.S., through November and December.





- Continued to drive a performance culture as one team with one goal with alignment on our values, mission & vision.
- Recruited a top CMO to lead the consumer brand and its revenues.

Other

Item 6.1 (in 4C below) pertain to salary and retainer fee payments to the executive and non-executive directors of \$83k.

This announcement is authorised by the TNY Board.

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For more information, please contact:

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About Tinybeans Group

Tinybeans Group Limited (ASX: TNY) is a leading app and web platform enabling parents to capture their children's everyday memories and share them privately with families everywhere. The platform provides rich recommendations that spark everyday family inspiration for what to do, what to buy, and which services to use for their children's needs. Being Apple's App of the Day in the U.S. in October 2019 and again in March 2020, puts Tinybeans in the elite company of best apps in the world!

Tinybeans' Red Tricycle website also is Apple's exclusive parenting partner for Apple's newest Maps feature—Guides. With 61 Guides (and counting!) Red Tricycle is Apple's biggest partner. All guides are available [here](#).

Tinybeans serves a deeply engaged user base in over 200 countries/territories and enjoys over 100,000 5-star reviews in the Apple App Store and the Google Play stores.

www.tinybeans.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

TINYBEANS GROUP LIMITED

ABN

46 168 481 614

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		3,163	5,294
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(92)	(166)
(c) advertising and marketing		(144)	(395)
(d) leased assets		-	-
(e) staff costs		(2,089)	(4,023)
(f) administration and corporate costs		(792)	(1,423)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	6
1.5 Interest and other costs of finance paid		(3)	(9)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		39	86
1.8 Other (provide details if material – mainly for the cash flow boost)		13	51
1.9 Net cash from / (used in) operating activities		96	(579)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(9)	(18)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	3
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(9)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	132
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.6	Repayment of borrowings	(103)	(189)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(103)	(57)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,553	5,220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	96	(579)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(103)	(57)
4.5	Effect of movement in exchange rates on cash held	(73)	(105)
4.6	Cash and cash equivalents at end of period	4,464	4,464

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,464	4,553
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,464	4,553

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

83

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1 pertain to salary and retainer fee payments to the executive and non-executive directors.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at
quarter end
\$A'000**

**Amount drawn
at quarter end
\$A'000**

-

-

-

-

-

-

-

-

7.5 Unused financing facilities available at quarter end

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	96
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,464
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,464
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	47

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date:January 21, 2021.....

Authorised by: Edward Geller, Executive Director and CEO.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.