



Q1-FY23 Quarterly Activity Report

First Quarter Fiscal 2023

(ASX: TNY; OTCQB: TNYYF)

Approved by the Board of Tinybeans Group Ltd
October 27th (26th in the US), 2022

Unless otherwise noted, amounts are in **USD** and are unaudited



Q1-FY23: Continuing the Path to Cash Flow Positive

“As we start our new fiscal year, macroeconomic conditions have significantly tightened and Tinybeans is remaining focused on achieving our top priority for the year: becoming cash flow positive in the next 12 months. We are pleased to report that as we close up our first quarter, we are on track to achieve our cash flow goals by growing our subscription revenues and offsetting our declining ad revenues due to the economic climate with sound expense management.

Q1 achieved revenues of US\$2.17M, down 15% pcp (prior corresponding period), with a cashburn of US\$1.2M*, and yielding a cash balance of over US\$3M as of September 30. We are forecasting Q2’s cashburn to reduce significantly to between US\$400k and US\$700k.

Our subscription business is showing strong growth, with paid subscriptions of **US\$517K, up 130% pcp and monthly recurring revenues (MRR) of US\$172k, up more than double on 12 months prior**. The quarter finished with **53k paying subscribers and a renewal rate of over 90%**. We are committed to driving accelerated results through FY23, launching new services in 2023 calendar year, and augmenting our results with affiliate revenue.

Advertising revenues are challenged by the tightening global economy, reporting revenues of **US\$1.56M**, down 31% pcp. We remain focused on delivering value to our brand clients and driving their success on our platforms. Given the conditions, remaining flat in advertising revenues in FY23 would be a positive outcome.

Our audience remained largely flat through the quarter, with **MAU hitting just under 3M**.

Overall costs are reduced 20% on previous quarters, now operating at around US\$1M per month.

We have made further changes to the leadership team and in our product, engineering and growth teams, including recruiting Kath Hamilton, our new Chief Product & Technology Officer.

Tinybeans is more relevant than ever to parents everywhere. According to the Tinybeans Insights Lab, **77% of families say that the pandemic gave them newfound appreciation of their kids**. Families are focused on what really matters—spending time together. Tinybeans serves as a trusted member of the family, inspiring parents to create meaningful memories with their kids and privately and safely sharing those memories.

Every month, millions of families count on Tinybeans to help them raise amazing kids.”

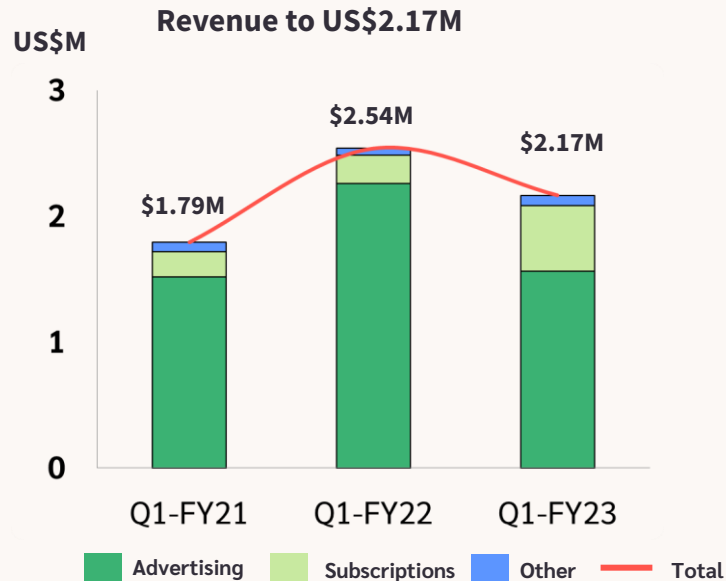


Eddie Geller
Co-Founder and
Chief Executive Officer

Short video on our
results here

Cash burn reduces, revenue of US\$2.2M

- Revenues of **US\$2.17M**, **down 15% pcp**, largely driven by advertising revenues of **US\$1.56M**, **down 31% pcp** and Paid subscriptions to **US\$517K**, **up 130% pcp**. Other Revenue include Printing and Affiliate.
- Slump in digital advertising and uncertain macroeconomic conditions impacting Tinybeans advertising revenue, particularly brands delaying campaigns. The Q1 advertising revenue split was 36% from new brands and 64% from existing brands.
- Subscription revenues continued to grow into the quarter, **130% up** on 12 months prior and also **8% up** on Q4.
- Monthly Active Users (MAU) remained flat at just under **3M** – Audience from SEO grew from Q4 with further work planned.
- Cash receipts for Q1, were US\$2.4m, 20% up on pcp. Cash burn was approximately **US\$1.2M**. Cash balance end of quarter was over **US\$3M**.



3

Contracts >
US\$100k
(19 in FY22)



53K

Paying
Subscribers



>90%

Subscription
Renewal Rate

ADVERTISING REVENUES

Strong Economic headwinds affecting Advertising Revenues

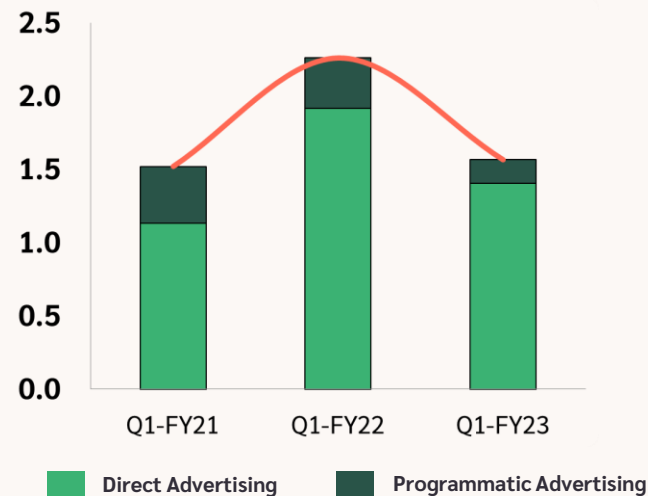
- We serve consumers and help parents raise amazing kids. Through solving their problems, we monetize several ways including with advertising.
- Direct Advertising declined 27% pcp to **US\$1.4M**, while programmatic declined 53% **to US\$0.16M**. Programmatic decline is driven by the intentional removal of ads in the app to improve the value proposition of the subscription product.
- Advertising revenues* hit **US\$1.56M, down 31% pcp**, related to challenges in the advertising industry based on the slowdown in economic activity.
- Partnerships in the quarter include Hill's Pet, CooperVision, Smithfield Foods, Peacock's Minions, Disney's Pinocchio, and Paramount's Paws of Fury and Paw Patrol.
- The travel advertising category continues to be a bright spot at +9% vs year prior and partnerships with Marriott, Myrtle Beach, Buffalo NY and Travel South.

*includes programmatic



US\$M

Q1-FY23 US\$1.56M Revenue



The most high trust touchpoints



- First-party data targeted advertising
- Consumer + campaign research
- Parenting insights



- IRL events
- Virtual events
- Webinars
- Sampling



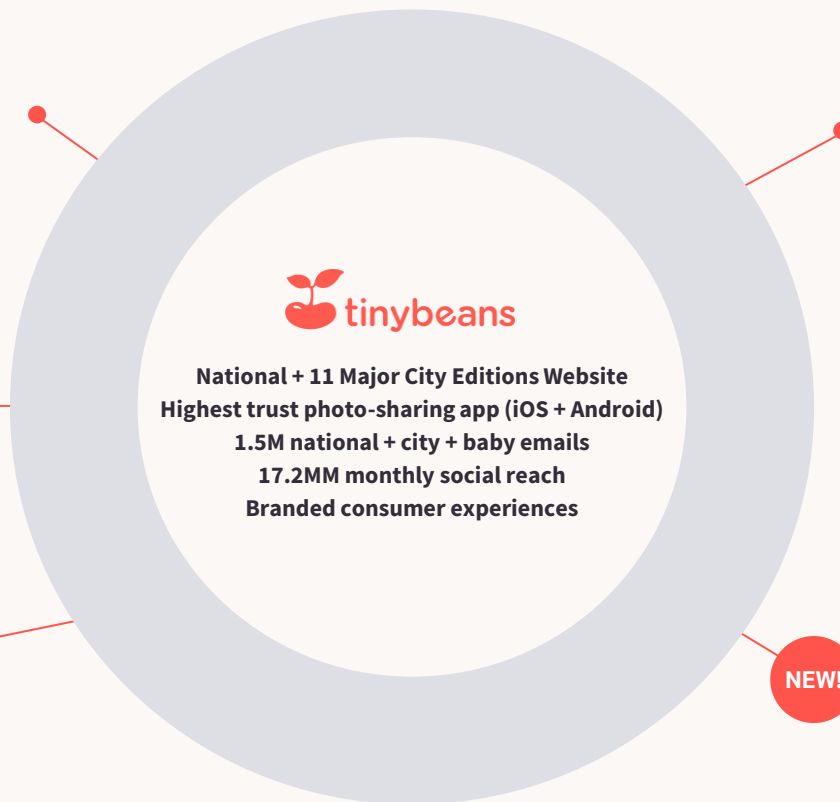
- Product reviews
- Editor's Adventure
- Influencer activations
- Real mom testimonials



- Premium branded and sponsored content
- Shoppable content
- Custom video solutions
- Custom landing pages
- Interactive quizzes, polls, and more
- Dedicated emails

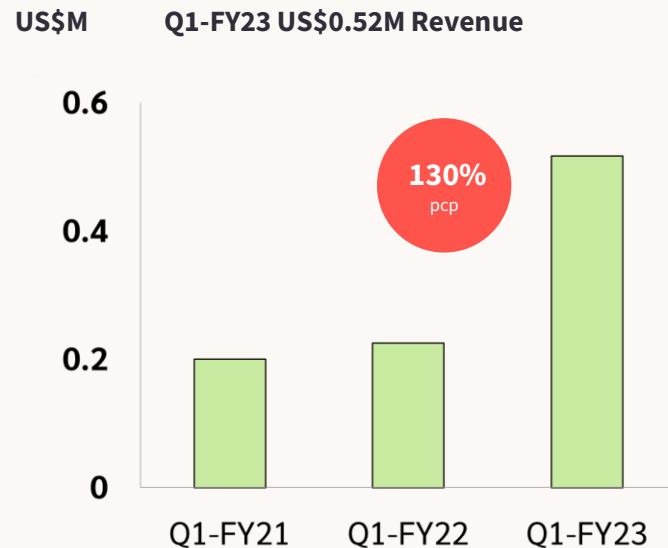
HIGH-IMPACT + SUPPORTING MEDIA

- Homepage + Mobile takeovers
- Native ads
- Editorial newsletter sponsorships
- Social amplification
- **Expanded** video solutions



Subscriptions Continue to Grow

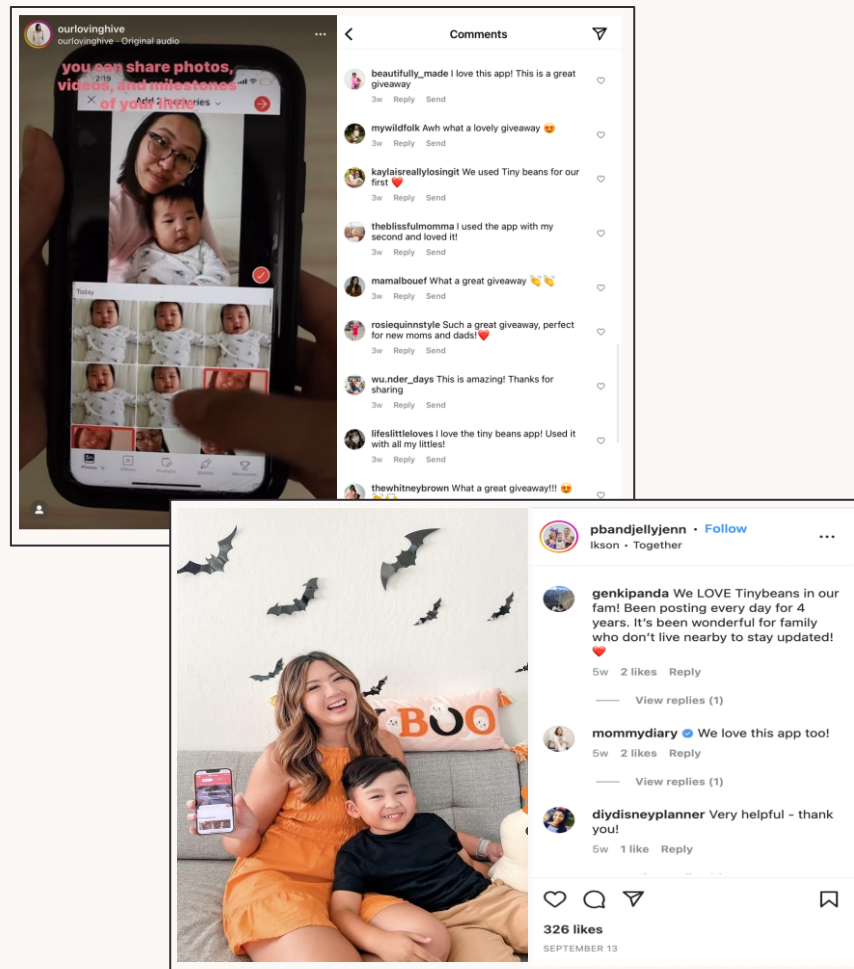
- Subscription revenue hit a record **US\$517K, up 130% pcp**, with the number of paid subscribers to **53k**. Monthly Recurring Revenues (MRR) grew to **US\$172k**.
- Trial to paid conversion for Q1-FY23 was **86%** (-3% vs Q4-FY22) mainly driven by our yearly subscribers trial to paid conversion rate decrease from 94% Q4 to 92% Q1-FY23. Despite growing audiences and experimenting with paid acquisition, we see strong conversion rates driven by new product development and optimization of the acquisition channels.
- Renewal rate for the qtr was an all time high of **94%**. Signalling the value and stickiness of the paid product.
- Launched an influencer & partnership program and we expect to see results through FY23.
- We will be launching a new Referral program as well as enhancing push notifications in this quarter to ensure keep growing our top of the funnel and increase engagement of our users.



EVOLVING AUDIENCE MODEL

Audience

- Monthly Active Users (MAU) across **Q1-FY23 remained flat at around 3M for the qtr.**
- Continued investment in Search Engine Optimizations (SEO) and implemented improvements that resulted in an increase of **21% Organic Sessions** Q1-FY23 vs previous quarter.
- Launched the influencer & partnership program end of Q1-FY23 and expecting to see results in following quarters.



Q1 Highlights

Thrilled to announce that Kath Hamilton, the company's new Chief Product & Technology Officer joined the company. Expect to see further and enhanced efforts to continue to improve all product and technology efforts to create a high performing team.

iOS App

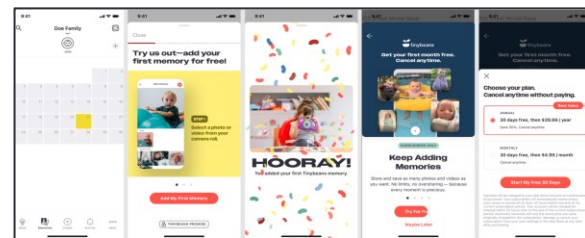
- Add a "Free" Memory (iOS)
- iOS bug fixes to improve performance
- Referrals & Discount Codes (launching from end Q2)

Android App

- Android photo & video upload fixes (99% crash free rate)
- Further work on redevelopment of the Android app to improve the quality of the experience

Web & Emails

- Back-to-School Affiliate Web Pages
- Daily & Flashback emails design updates
- Tinybeans Video Units and PreRoll code complete
- iOS home feed launched



Add a Free Memory (iOS)

★★★★★ English
I've been using this app since 2018. It's my happy place and has a special place in my heart. The new update fixed all the technical issues I was having for a few weeks. Now video uploads are instant. Thanks for updating so I can respond to comments too! I love the ability to chat with my family on the app ❤️



Android Feedback



Back-To-School - Affiliate Web

FINANCIAL RESULTS (in USD)

Profit & Loss Summary

Highlights:

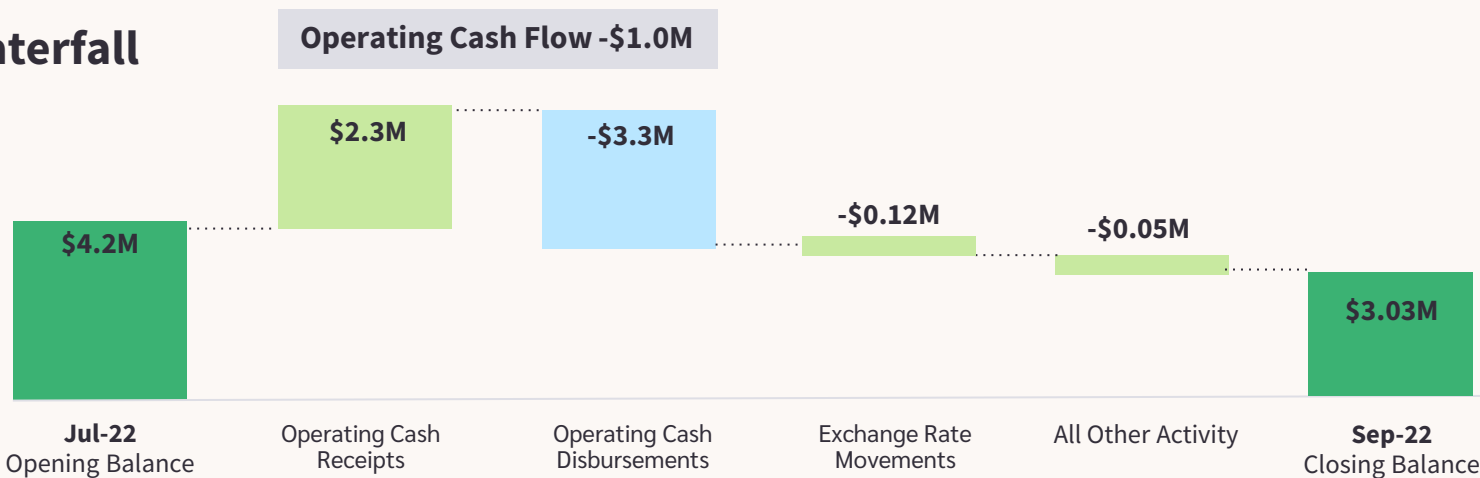
- Revenue down **15% vs prior year**, largely driven by the decline in ad revenues.
- **Gross Margin settled at 94%**, as ad sales and subscription costs stabilized.
- Operating Expenses were 14% up on the prior year, however down 15% on Q4-FY22.
- Costs continued to be reduced across the entire business. With now over US\$2.5M in costs saved across FY23, including closing down the NY office and going remote, and much more efficiency across many teams in role optimizations, amongst other actions taken.
- Based on current forecasts and the current market conditions, the Company expects **full year margins to be between -9% and -13%**, significantly better than -24% in FY22.

USD (US\$M)	Q1-FY22	Q1-FY23	% Chg
Total Revenue	2.54	2.17	-15%
Cost of Goods Sold	(0.13)	(0.13)	-82%
Gross Margin	2.41	2.04	-15%
Gross Margin %	95%	94%	
Operating Expenses	(2.57)	(2.8)	-14%
Adjusted EBITDA*	(0.7)	(0.76)	-21%
Adjusted EBITDA Margin %	-27%	-35%	

* Adjusted EBITDA defined as reported EBITDA excluding share based payments expense & other non-operating income & expenses.

FINANCIAL RESULTS (in USD)

Cash Waterfall



Highlights:

- Operating cash flow **was -\$1.0M, versus -\$1.0M in Q1-FY22**
- **-\$121k was related to exchange rate losses.** This has no impact to operations as all funds being used for the business are in USD.
- **Cash receipts for the quarter were \$2.3M**, 20% higher than pcg, due to revenue growth and timing of collections
- Trailing 12 month operating cash flow remains at approximately **-\$3.2M**
- The expected operating cash burn for Q2-FY23 is between \$400k and \$700k
- The company is focused on significantly narrowing its cash flow losses through expense management, while maintaining and growing revenues.

Path to Cash Flow Positive

Operational Improvements

- Cash burn for Q1-FY23 was US\$1.2M, noting that 120k was related to exchange rate fluctuations.
- The expected operating cash burn for Q2-FY23 is between US\$400k and US\$700k.
- The Company has continued to reduce its costs across all departments generating now US\$2.5M in annualized savings.
- **The Company continues to execute on its goal to become operationally cash flow positive.**



Guidance Assumptions

- Conservatively, the Company expects the cost base to average out at between US\$2.9M and US\$3.1M per quarter.
- Advertising Revenues will likely remain flat in FY23 compared to FY22. Paid Subscriptions and Affiliate are expected to grow through FY23.
- **Overall, revenue for FY23 is expected to be up on FY22, albeit under difficult economic conditions.**



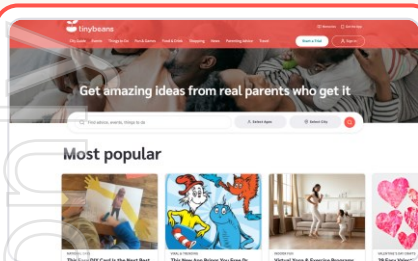
Additional Comments

- Tinybeans recently reviewed all costs with the goal of becoming cash flow positive. To provide more flexibility in the expenses in order to deal with any unforeseen circumstances
- **Growth ambitions adjusted to be more modest**
- Achieving 50/50 revenue split between Advertising and Consumer, is now forecast to be 2026



GROWTH AND STRATEGY

Tinybeans. Synonymous with Parenting.



Single Brand

A single brand and destination to help parents raise amazing kids. Tinybeans is striving in becoming the place where parents go, from capturing memories to getting inspiration and engaging with other parents.



Addressable Market

The parenting market is huge and with the trust Tinybeans has with its core customers, creates a significant opportunity to grow lifetime value and its share of the market



Audience

Value proposition for the platform targeted to new parents, their families and parents of older children. Trust and Privacy still remains high to drive growth.



Multiple Revenue Streams

Growing advertising revenues while accelerating consumer revenues to build a sustainable commercial model for many years to come, striving for a 50/50 split. Huge potential of reaching US\$1000 LTV in future years

Other

Item 6.1 (in 4C below) pertain to salary and fee payments to the executive and non-executive directors of US\$66k.

This announcement is authorized by the TNY Board.

For More Information

E: investors@tinybeans.com **I:** www.tinybeans.com

Tinybeans Group Limited (ASX:TNY, OTCQB:TNYF) is the only high trust app and web platform offering a personalized experience for new and growing families that helps them achieve their #1 goal in life—to raise amazing kids. Our purpose is bigger than simply making parenting easier. We help families thrive by giving them a safe, useful and inspirational place to go to capture and share memories, engage with trustworthy content and find thoughtful recommendations tailored to their family's needs, interests and where they live.

Tinybeans engages 28 million mindful parents every month, enjoys over 130,000 5-star reviews in the Apple App and Google Play stores, and has been recognized by Apple for excellence in both content-top 3 most viewed and exclusive parenting partner for Apple Guides, and utility-twice being named U.S. app of the day.

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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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,315	2,315
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(133)	(133)
(c) advertising and marketing	(82)	(82)
(d) leased assets	-	-
(e) staff costs	(2,184)	(2,184)
(f) administration and corporate costs	(962)	(962)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,045)	(1,045)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(10)	(10)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	8	8
	(d) investments		
	(e) intellectual property		
	(f) 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	(2)	(2)

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		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(15)	(15)
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	(15)	(15)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,214	4,214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,045)	(1,045)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(15)	(15)
4.5	Effect of movement in exchange rates on cash held	(121)	(121)
4.6	Cash and cash equivalents at end of period	3,031	3,031

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	3,031	3,031
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)	3,031	3,031

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	66
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
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	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,045)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,031
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	3,031
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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?	
Answer:	
8.6.2 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?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date:October 27, 2022.....

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.