



Q2-FY23 Quarterly Activity Results Second Quarter Fiscal 2023

(ASX: TNY; OTCQB: TNYZF)

Approved by the Board of Tinybeans Group Ltd
January 25th (24th in the US), 2023

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



Q2-FY23: Inflection to Cash Flow Positive

“We’re pleased to report that Tinybeans Group achieved cash flow positive for the month of December. This is several months ahead of schedule, driven by a very tight focus on expenses and cash flows.

The strategy to build resilient, recurring subscription revenues is delivering results as macro conditions remain challenging. These complementary consumer revenues strengthen Tinybeans and works toward reducing the impact the current advertising downturn has on revenues.

Macroeconomic conditions have continued to tighten impacting the advertising industry, as we’ve seen a significant drop in advertising revenues. We continue to monitor the situation and are managing the cost base accordingly. The company continues to be focused on remaining cash flow positive albeit under an economic downturn.

Our second quarter of the fiscal (**Q2-FY23**) **achieved revenues of over US\$3.0M**, down 23% pcp (prior corresponding period), with a cash burn of **US\$0.4M**, thus yielding a cash balance of over **US\$2.6M** as of December 31. We continue to forecast Q3 to be positive of up to US\$100k. Overall costs continued to decline, now operating at under US\$900k per month.

Our subscription revenues continue to grow, with paid subscriptions of **US\$0.51M, up 41% pcp**. The quarter finished with **53k paid subscriptions and a renewal rate of over 90%**. Affiliate revenues were a bright spot in Q2 achieving just under **US\$0.2M**, up 176% pcp.

Advertising revenues are challenged by the tightening global economy, reporting revenues of **US\$2.26M**, down 33% pcp. We remain focused on delivering value to our brand clients and driving their success on our platforms.

Our audience remained largely flat through the quarter, with **MAU hitting over 3.1M**.

Tinybeans is more relevant than ever to parents everywhere. The reason we exist is to serve parents. By relentlessly focusing on really understanding what parents need, we inject a little happiness into their days, helping them to create meaningful memories and safely sharing them with their closest family and friends.

The next 6 months promises to be an important stage for the company with the releases of our free product, an upgraded paid experience and also the relaunch of our android app, while remaining cash flow positive. “



Eddie Geller
Co-Founder and
Chief Executive Officer

Short video on our
results here

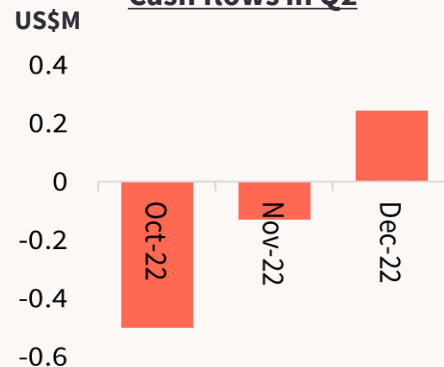
SECOND QUARTER (Q2) FISCAL 2023 SUMMARY

Cash inflection point, revenue of US\$3.0M

- Revenues of **US\$3.0M**, **down 23% pcp**, largely driven by advertising revenues of **US\$2.26M**, **down 33% pcp** and Paid subscriptions to **US\$0.51M**, **up 41% pcp**. Other Revenue include Affiliate & Photo Books.
- Digital advertising and uncertain macroeconomic conditions continue to impact Tinybeans advertising revenue, particularly brands delaying campaigns. The Q2 advertising revenue split was 52% from new brands and 48% from existing brands.
- Subscription revenues continued to grow into the quarter, **41% up** on 12 months prior.
- Affiliate revenues were **US\$193k** for Q2, up 176% on 12 months prior.
- Monthly Active Users (MAU) remained flat at over **3.1M** – Audience from SEO grew from Q1 with further work planned.
- Cash receipts for Q2 were **US\$3.0M** and cash burn was approximately **US\$0.4M**. Cash balance at end of quarter was over **US\$2.6M**.

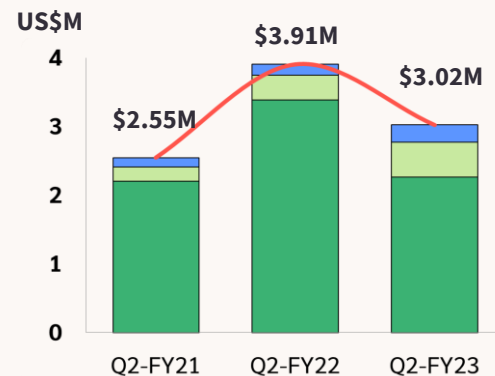


Cash flows in Q2



Q2 exit rate
– Cash flow
positive

Revenue to US\$3.02M

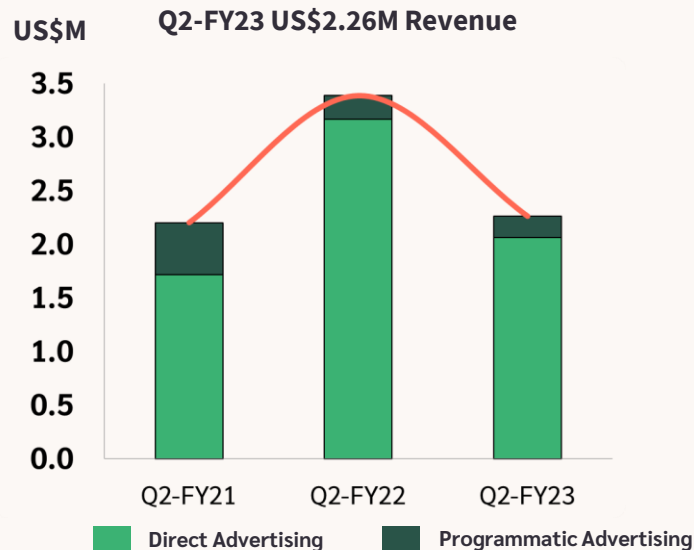


Advertising Subscriptions Other Total

ADVERTISING REVENUES

Strong economic headwinds continue to affect advertising revenues

- We are obsessed about serving parents and are focused on the new “Mother”. Through solving their problems, we monetize several ways including with advertising.
- Advertising revenues* hit **US\$2.26M, down 33% pcp**, related to continuing challenges in the advertising industry based on the slowdown in economic activity.
- Contracted 6 x \$100k+ deals through the first half. Key partnerships in the quarter include Netflix, Marriott, Paramount+, Myrtle Beach, Smithfield and Disney+.
- A key indicator of the health of the advertising business, within a tightened market, is that Marriott, Paramount+, Myrtle Beach, Disney and Smithfield are all returning partners based on the performance delivered.



NETFLIX

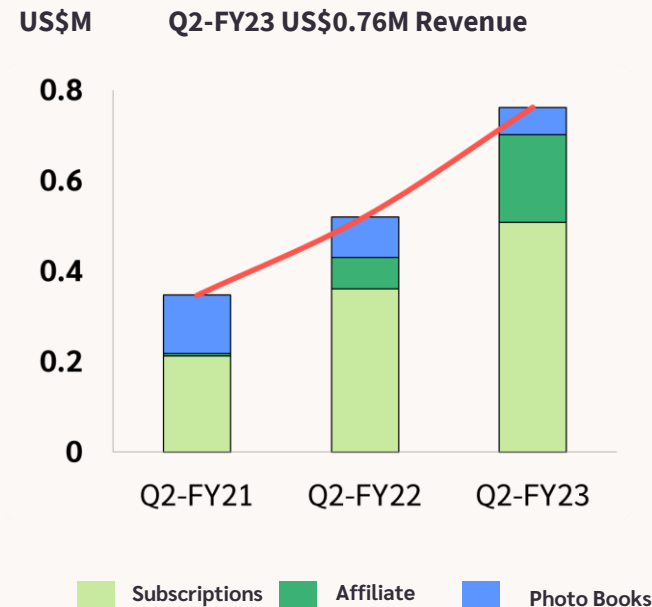


CONSUMER REVENUES

Subscriptions Growth with affiliate

- Consumer revenues hit a record **US\$0.76M, up 46% pcp**. Subscription revenue hit **US\$0.5M, up 41% pcp**, with the number of paid subscriptions at **53k**. Monthly Recurring Revenues (MRR) was flat at **US\$172k**.
- Trial to paid conversion for Q2-FY23 was **88%** (+1% vs Q1-FY23) mainly driven by our yearly subscribers trial to paid conversion rate increase from 92% Q1 to 93% Q2-FY23.
- Renewal rate for the qtr was **93%** despite the big renewal event in November after a year since we launched the paid wall. Signalling the value and stickiness of the paid product.
- Affiliate revenues were a bright spot in Q2 achieving just under **US\$0.2M, up 176% pcp** driven by daily shopping content production at a higher commission and flat fees.
- The Company will be launching a new referral program as well as enhancing push notifications in Q3-FY23 to ensure keep growing our top of the funnel and increase engagement of our users.

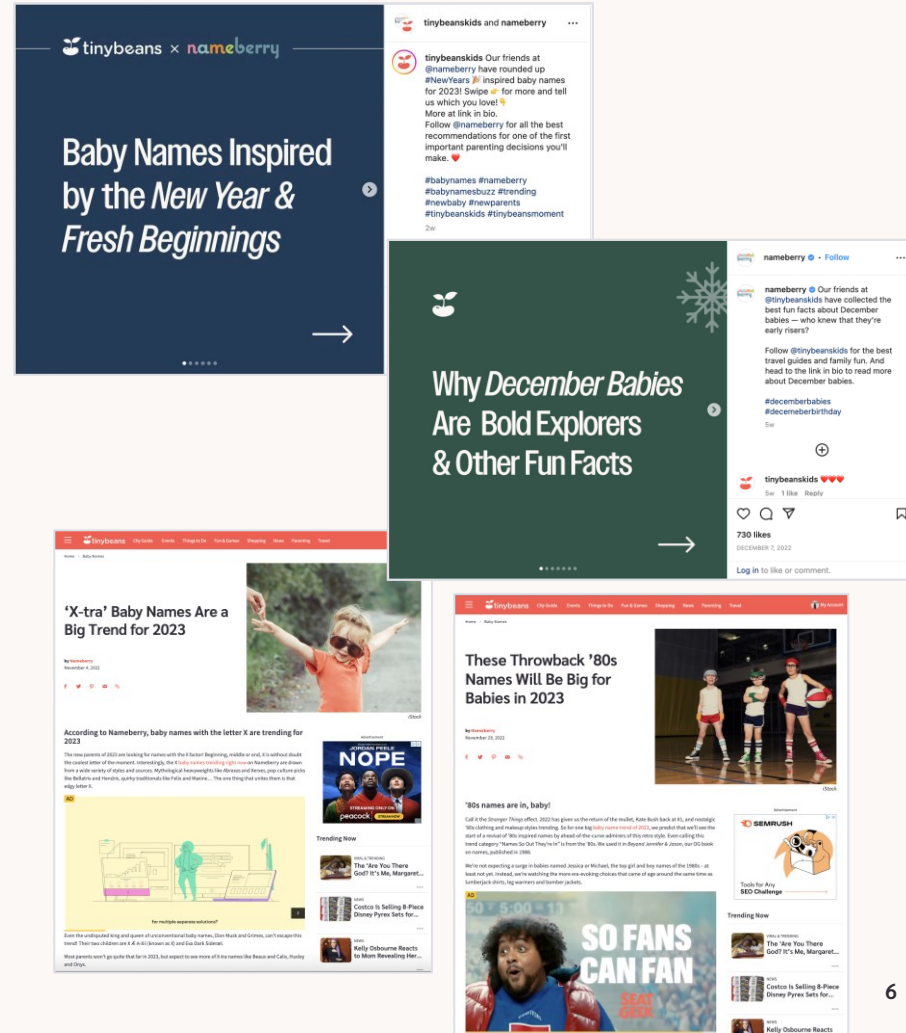
130%
pcp



EVOLVING AUDIENCE MODEL

Audience

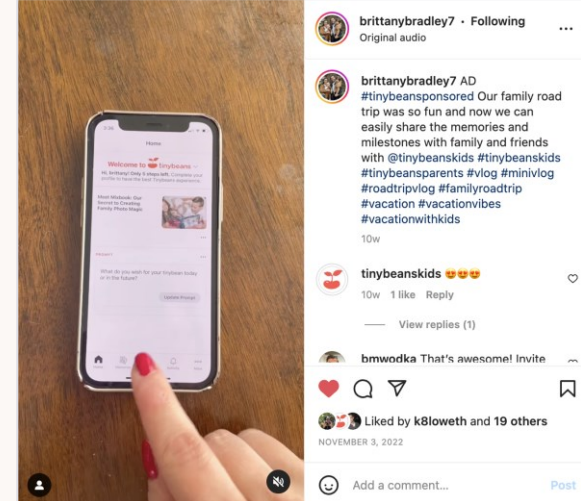
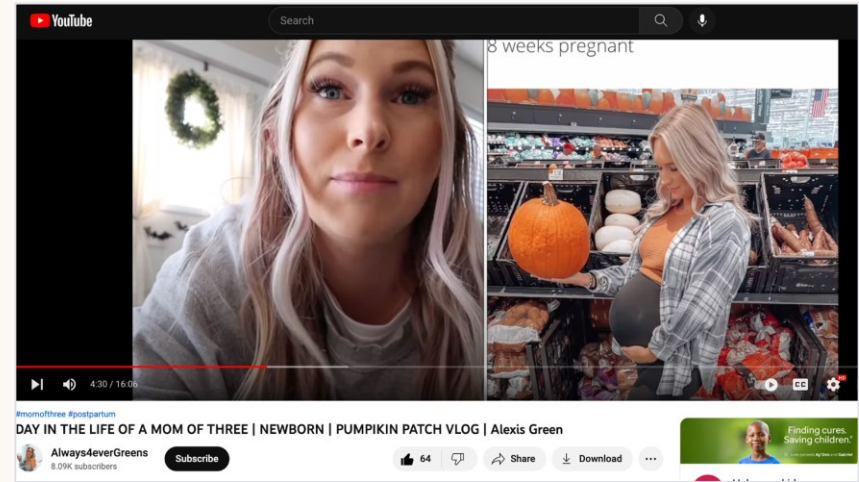
- Monthly Active Users (MAU) across **Q2-FY23** grew to over **3.1M** for the qtr.
- Continued investment in Search Engine Optimizations (SEO) and implementing several improvements, resulted in an increase of **6%** to the **Organic User channel** in Q2 vs previous quarter.
- Tinybeans launched a partnership with Nameberry, #1 baby name website. This partnership significantly expands Tinybeans prenatal and baby audiences and offers brands partner a combined cross brand reach of 30+M parents and families. Several campaigns have already been sold on Nameberry as part of an overall Tinybeans campaign strategy.
- New video content will be created using social reels through Q3 and deliver these to our audience.



INFLUENCERS

Trial Phase: Results & Strategy

- Soft launch of our micro-influencer strategy targeting new mothers
- Partnered with 5 different micro influencers . As a result, delivered reach of 210k, 5k impressions and more than 2k likes in the posts booked. Leading to only 2 installs.
- The micro-influencer strategy has led to disappointing results, therefore the Company is pivoting to run trials with mid tier influencers and engaging with one macro influencer in Q3-FY23
- Our main goal with our influencer strategy is to increase brand awareness and generate buzz among new mothers and in turn having them sign up to the Tinybeans product.



PRODUCT & TECHNOLOGY

Q2 Highlights

DRIVE GREATER SUBSCRIPTION TRIALS

Tactics are meeting or exceeding goals

Highlight is a 20% increase in signups to downloads

- Optimize user onboarding (iOS)
- User education prompts (iOS)
- Enable editorial to manage in-app communications (iOS)
- Pay wall optimizations (iOS)
- Remove programmatic ads from Memories emails

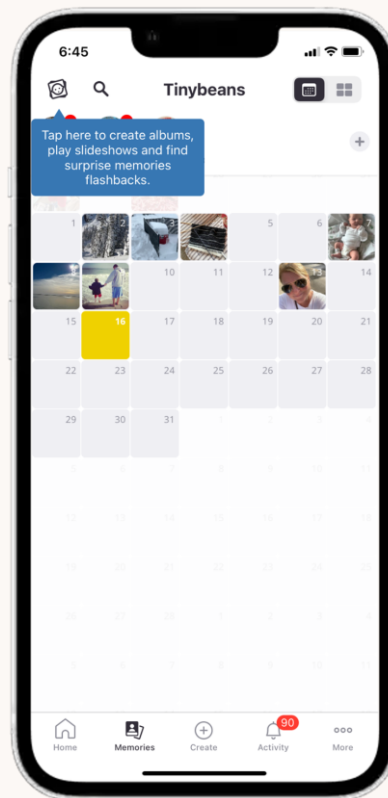
DRIVE REVENUE

- Affiliate Web Templates
- Side rail ad improvements

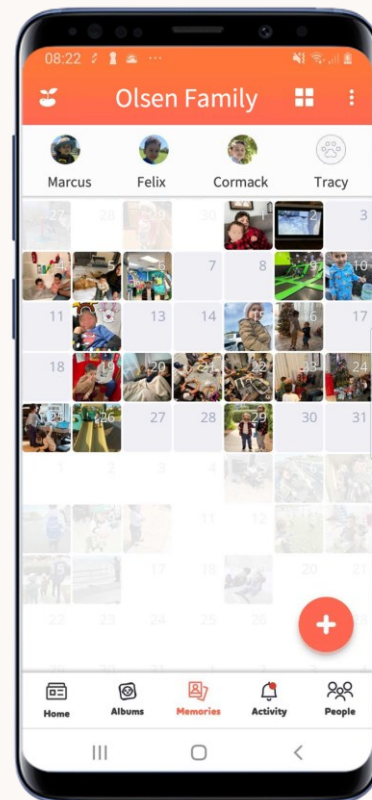
PRODUCT STABILITY

- SEO Improvements (driving 6% increased in organic traffic)
- Android 5.0 pre-alpha

- Test editorial in-app push messaging (iOS)
- Enhanced Home Feed experience (iOS)
- Updated Photo Editing Feature, adding Holiday Stickers
- In-app Discount Code Redemptions (iOS)
- Infinite scroll generates multiple articles in a single view to engage users more deeply in content and generate further engagement and retention



New User Education Prompts (iOS)



Android v5.0 (new version)

FINANCIAL RESULTS (in USD)

Profit & Loss Summary

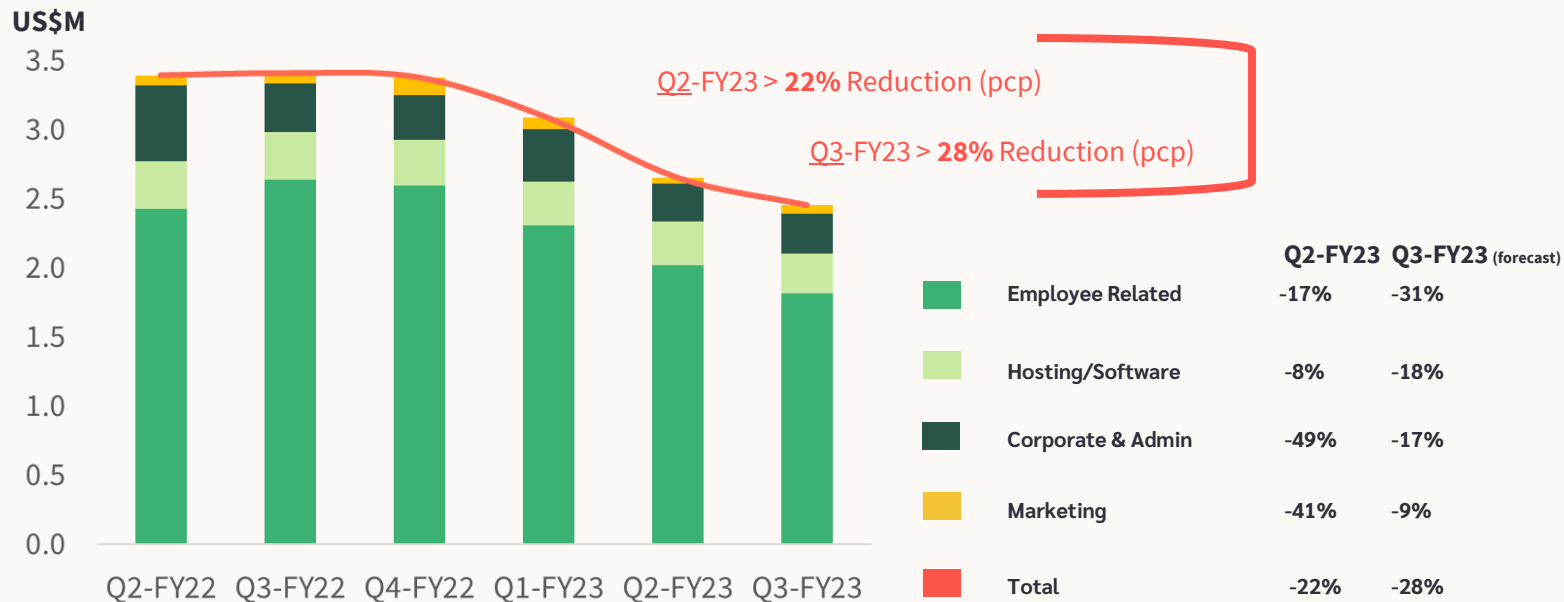
Highlights:

- Positive **EBITDA result of 3% for Q2**, demonstrating how the company can become profitable more sustainably.
- Revenue down **20% vs prior year**, largely driven by the decline in ad revenues.
- **Gross Margin settled at 90%**, as ad sales costs increased in the holiday quarter.
- Operating Expenses were **30% down** on the prior year led by reduction in people expenses and supporting administrative costs.
- Costs continued to be reduced across the entire business - now at over **US\$4M annually in savings** across FY23.
- Based on current forecasts and the current market conditions, the Company expects **FY23 EBITDA margins to be between -8% and -13%**, significantly better than -24% in FY22.

USD (US\$M)	Q2-FY23	Q2-FY22	% Chg
Total Revenue	3.03	3.65	-20%
Cost of Goods Sold	(0.3)	(0.37)	-23%
Gross Margin	2.72	3.29	-21%
Gross Margin %	90%	90%	
Operating Expenses	(2.63)	(3.34)	-30%
Adjusted EBITDA*	0.09	(0.05)	6%
Adjusted EBITDA Margin %	3%	-1%	

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

Operational Costs Waterfall with Q3-FY23 Forecast

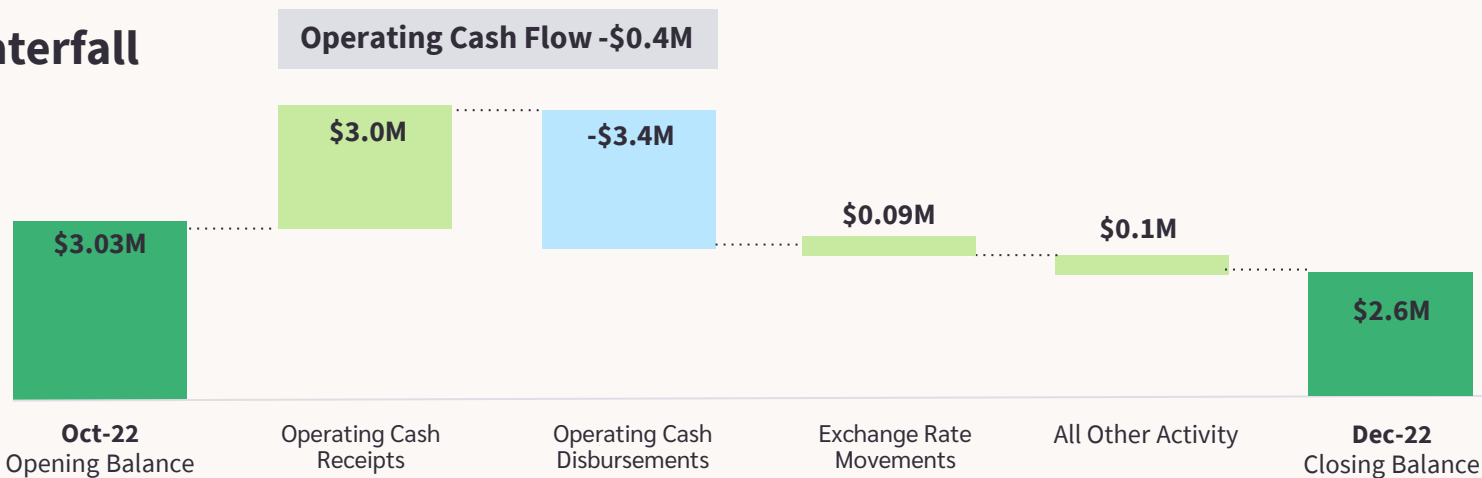


Highlights:

- Operating costs run rate approx. US\$2.5M per quarter
- **Continue to optimize cost base and adapt to market forces**
- **Q3-FY23 is a forecast of the cost base as at the day of release**

FINANCIAL RESULTS (in USD)

Cash Waterfall



Highlights:

- Operating cash flow **was -\$0.4M, versus -\$1.2M in Q1-FY22.**
- **\$89k was related to exchange rate gains.** This has no impact to operations as all funds being used for the business are in USD.
- **Cash receipts for the quarter were \$3M.**
- Trailing 12 month operating cash flow remains at approximately **-\$3.2M.**
- **The expected operating cash flows for Q3-FY23 is up to \$100k.**
- The company has significantly removed its cash flow losses through expense management, while maintaining and growing revenues.

FINANCIAL RESULTS (in USD)

Path to Sustainable Cash Flows*



Based on forecast to June 30, 2023, utilising the information available on day of release.

Guidance Assumptions

- Cash flows for this coming quarter (Q3-FY23) are expected to be positive of up to US\$100k. Q4-FY23, albeit an early forecast, is expected to be another cash positive quarter.
- Tinybeans plans to fund its operations through customer receipts. Operational (Opex) costs were detailed on page 10 of this release.
- Conservatively, the Company expects the cost base to average out at between US\$2.5M and US\$2.6M per quarter.
- Achieving 50/50 revenue split between Advertising and Consumer, is forecast to be 2026 or earlier



Other

Item 6.1 (in 4C below) pertain to salary and fee payments to the executive and non-executive directors of US\$105k.

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 a product-led company that is built by parents, for parents. We are parent obsessed. We start with serving new families and continue through all the stages of the parenting journey. Parents today are hyper focused on spending time with their kids, and Tinybeans is uniquely positioned to serve their needs by inspiring them to create meaningful memories, and privately sharing them through our high trust photo sharing app. Spending time with their amazing kids is parents' top priority. Helping them make that happen is ours.

Tinybeans engages 28 million Millennial and Gen Z parents every month through the #1 most trusted private photo sharing app and the #1 local and national website dedicated to fun things to do with your kids. Tinybeans enjoys over 130,000 5-star reviews in the Apple App and Google Play stores and has been recognized by Apple for excellence for 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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,041	5,356
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(303)	(436)
(c) advertising and marketing	(52)	(134)
(d) leased assets	-	-
(e) staff costs	(1,821)	(4,005)
(f) administration and corporate costs	(1,381)	(2,343)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(1)	(2)
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	(516)	(1,561)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(6)	(16)
(d) investments		
(e) intellectual property		
(f) other non-current assets	(118)	(118)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		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	(124)	(126)

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)
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)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3031	4,214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(516)	(1,561)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(124)	(126)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		(15)
4.5	Effect of movement in exchange rates on cash held	229	108
4.6	Cash and cash equivalents at end of period	2,620	2,620

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	2,620	2,620
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)	2,620	2,620

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	105
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)	(516)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,620
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	2,620
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
<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:January 25, 2023.....

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.