



ASX RELEASE

25 January 2024

Q2 FY24 Quarterly Activities Report

Tinybeans Group Limited (ASX: TNY) (OTCQB: TNYF) (“Tinybeans” or “the Company”), provides this update on its business activities alongside the Company’s Appendix 4C cash flow report for the quarter ended 31 December 2023 (Q2 FY24).

Q2 FY24 Key Callouts:

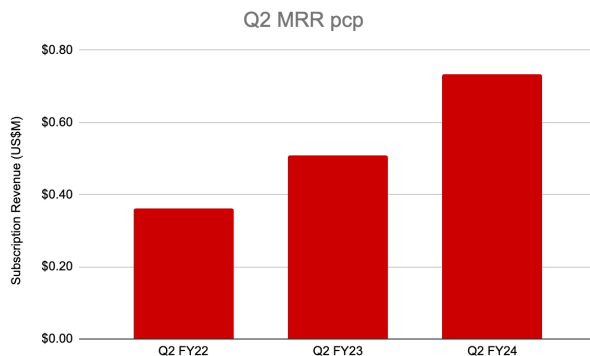
- Continuing to execute on the updated strategy announced at the AGM in November 2023
- Q2 FY24 achieved the highest subscription revenue ever in a quarter at US\$0.73m, with annual renewal rates strong (at 80%) after Tinybeans+ price increase, due to improved product experience and customer communication
- In Q2 FY24, 96% of monthly Paid Subscribers and 80% of annual Paid Subscribers renewed their subscription, a pleasing result given 21k of annual subscribers were rolling onto the new Tinybeans + pricing for the first time, with an increase in annual plan pricing of 87%
- Strong renewals, expense and cash management reduced cash burn to US\$388k for Q2 FY24, and at 31 Dec 2024 the cash position was US\$2.34m (A\$3.43m)
- Tinybeans brand refresh, including refreshed Tinybeans website, will be released over January and February 2024, bringing to market a compelling, cohesive experience designed to drive subscriber and revenue growth
- New sales team leadership and two new sales team members appointed early in Q3 FY24 to drive advertising revenue pipeline opportunities
- New Android app receiving improved customer ratings in Google Play Store, with US Star rating lifting from 2.1 to 3.8 Stars since its launch in September 2023; with an average of 4.5 Stars in ratings received over November and December 2023
- Positive discussions continue with potential investment and strategic partners to allow full implementation of the new strategic plan

New strategy focussed on valuable subscription revenue

- The go-forward company strategy delivered at the AGM in November 2023 focussed on the growth of the Tinybeans subscription business, where there is unrealised value and greater potential for enterprise value creation
- Execution of the new company strategy has commenced, with the implementation of a clarified customer focus and refined product and content strategy, together with the refreshed brand strategy and visual design to be launched later this month
- Organisational changes were implemented to improve operational performance, resulting in a 25% reduction in costs in H1 FY24 on pcp
- Go-forward strategy will include premium brand, affiliate and e-commerce revenue, more closely tied to core customer and Tinybeans value proposition; and steps have been taken to address inherited problems with advertising team and pipeline

Subscription recurring revenue increases by 45% on pcp

- Q2 FY24 paid subscription recurring revenue increased by 45% pcp to US\$0.73 million, up from US\$0.51
- This is the highest paid subscription quarterly revenue in the Company's history, demonstrating the strength of the subscription product and value of recurring revenue



- There was a slight decline in total Paid Subscribers to 53.5k (down 5% v Q1 FY 24) due to high volume of annual plans rolling onto higher pricing during Q2 FY24
- In Q2 FY24, 96% of monthly Paid Subscribers and 80% of annual Paid Subscribers renewed their subscription, a pleasing result given 21k of annual subscribers were rolling onto the new Tinybeans + pricing for the first time, with an increase in annual plan pricing of 87%
- New strategies to increase Free and Paid Subscriber growth to drive net subscriber growth, including paid marketing, SEO & content and lifecycle marketing, are being implemented from Q3 FY24. It is hoped to include talent, influencers and major partnerships in H2 FY24, dependent on capital and resources
- In-app engagement remains strong for a consumer subscription business with 83% of Paid Subscribers active within the last 30 days, and 65% active within the last week
- Conversion of Free to Paid Subscribers in Q2 FY24 reached 9%, which is at the top end of industry benchmark for consumer subscription businesses
- The 'daily use' metric of Daily Active Users over Weekly Active Users (DAU/WAU) remains high for Paid Subscribers at 59%, indicating strength of Tinybeans as a daily use product

Rebuilding advertising sales team, pipeline and revenue

- In an effort to address the previously outlined inherited weak advertising sales pipeline and team structure, a new leader with a strong track record leading business development and sales in high growth global ecommerce businesses, has been promoted to oversee all revenue in the newly created Chief Commercial Officer role
- Changes have also been made to the sales team, with the recruitment of two experienced sellers better suited to a nimble and fast paced digital business
- The review of the Company's advertising sales channel was completed by an external consultant in October 2024 and the tactical recommendations have been implemented. This included a rebuild of the sales packages on offer, with an enhanced sales narrative built around a multi-channel, high-engagement platform giving brands unprecedented access to, and a relationship with, new parents and families.
- Prospecting efforts have increased with focus on state or national brands that can spend meaningfully in an effort to increase the historically lower median deal size from local accounts



- Q2 FY24 saw pleasing campaign performance and signs of restored trust in Tinybeans from key US advertisers in toy, travel and entertainment categories, with some already signalling intention to run future campaigns in the 2024 calendar year
- Advertising sales revenue is showing positive signs of improvement, but any material benefit is unlikely to be realised until H1 FY25, and will not be at historical levels due to go-forward company strategy focussed on growth of the subscription business

Strong cash and expense management, with low quarterly cash burn

- Cash balance at the end of Q2 FY24 was US\$2.34 million (A\$3.43 million), decreasing from US\$2.74m at 30 October 2023
- Operational cash burn for Q2 FY24 was US\$388k, compared to US\$709k in Q1 FY24 and US\$516k in Q2 FY23
- The lower cash burn reflected very focused cost control with expenses reduced by 25% compared to Q2 FY23, offset by lower advertising sales and customer receipts. Early payment by Apple and Stripe on a portion of paid subscription revenue expected in Q3 FY24 contributed US\$210k to the cash position at Q2 FY24
- The Company expects further cash burn in Q3 FY24, most likely higher than Q2 FY24 due to less paid subscription renewals during the period, with the level dependant on ability to rebuild the advertising sales pipeline and grow subscription incomes
- Item 6.1 (in 4C below) pertain to salary and fee payments to the executive and non-executive directors of \$63k

New brand and website relaunch coming soon

- New brand strategy focussed on 'daily dose of joy & connection' plus modern, compelling and unified visual design being rolled out across Tinybeans mobile apps and marketing channels in late January 2024
- New Tinybeans.com website, reflecting clear, unified strategy and refreshed brand, with stronger ability to convert visits to Tinybeans app subscribers, will be rolled out in February 2024
- Refreshed brand and website will support subscriber growth, while allowing for sales, partnership and affiliate revenue growth; together with a course correction following the merger of Tinybeans and Red Tricycle websites causing confusion to consumers and advertisers

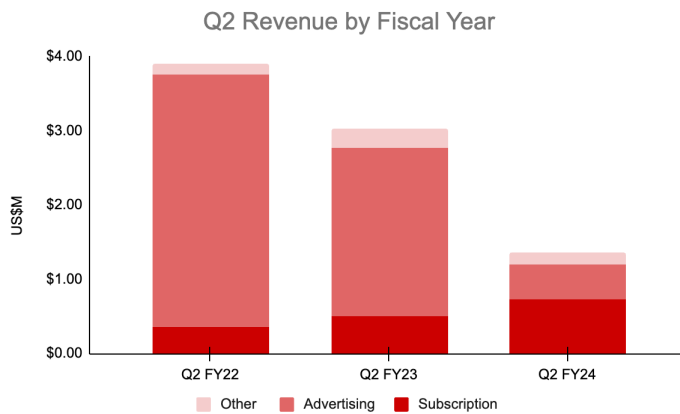
Android app steadily increasing US & Global ratings

- New Tinybeans Android app was launched in September 2023. Since launch, product improvements and bug fixes, plus proactive engagement campaigns, have translated to material increase in ratings on US and Global Play Store, with US Play Store rating lifting from 2.1 Stars in September 2023 to 3.8 Stars in January 2024
- Australian Play Store rating still needs improvement, with 2.4 Stars as current rating up from 1.6 Stars in September 2023
- Product and engineering initiatives are ongoing to continue to address remaining bugs and app performance issues as a result of a lack of focus and investment over several years, but the team is making pleasing progress in addressing these, and efforts are being reflected in ratings



Operating Performance

- Q2 FY24 Total Revenue of US\$1.36 million decreased by 55% compared to pcp, predominantly due to the ongoing decline in advertising revenue
- For the first time in the Company's history, subscription revenue outpaced sales revenue, with US\$0.74m from paid subscription revenue vs US\$0.47m for advertising revenue
- Q2 FY24 advertising revenue was down 79% pcp, from US\$2.26 million Q2 FY23 to US\$0.47 million Q2 FY24 due to negligible pipeline entering FY24, an underperforming sales team and lack of time to rebuild it for key Q2 FY24 sales
- Initiatives underway to address and improve advertising sales revenue for future quarters, as detailed above
- Strong costs and expense management, with total expenses down 25% against pcp Q2 FY23 and 19% against Q1 FY24



Avenues to fund go-forward strategy being pursued

The CEO & Board have started implementing the go-forward strategy announced at the AGM in November 2023 whilst beginning the review of opportunities to fund this growth plan, which may include partnerships or joint ventures.

H1 FY24 Results

A full update on the business will be given via a market call towards the end of February 2024. Details of the call will be provided in due course.

This ASX announcement has been approved for release by the TNY Board.

All the financial information in this release is unaudited and all numbers are in US\$ unless otherwise stated.

For more information, please contact:

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About Tinybeans Group



Tinybeans Group Limited (ASX:TNY, OTCQB:TNYF) Tinybeans is a leading global consumer subscription platform, serving millions of Millennial and Gen Z parents and their families monthly. At its core, Tinybeans is a private photo-sharing app and media platform that connects families and turns moments into memories. Tinybeans has been loved and trusted by parents and families around the world since its founding in Australia in 2012, and is an ongoing resource for parents due to its insightful, relatable and credible content written by a team of dedicated parents and experts. Tinybeans enjoys over 150,000 5 star reviews in the Apple App and Google Play stores, and has users in almost every country in the world.

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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 2023

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (.....months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,964	3,692
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(138)	(267)
(c) advertising and marketing	(70)	(199)
(d) leased assets		
(e) staff costs	(1,325)	(2,982)
(f) administration and corporate costs	(822)	(1,347)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	11
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	(388)	(1,095)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(0)	(73)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (.....months) \$USD'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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	(0)	(73)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(0)	2,243
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	(0)	(242)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
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	(0)	2,001
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,741	1,547
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(388)	(1095)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(73)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (.....months) \$USD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(0)	2,001
4.5	Effect of movement in exchange rates on cash held	(13)	(41)
4.6	Cash and cash equivalents at end of period	2340	2340

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 \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	2340	2741
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)	2340	2741

6. Payments to related parties of the entity and their associates		Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	63
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

7. Financing facilities <i>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.</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'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	\$USD'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(388)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2340
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	2340
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.03
<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.

25 January 2024

Date:

Zsofi Paterson, CEO

Authorised by:
 (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.

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