



ASX RELEASE

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Transcript from Investor Conference Call

Tinybeans Group Limited (ASX: TNY) ("Tinybeans" or "the Company"), the technology platform that connects parents with the most trusted tools and resources on the planet to help every family thrive, is pleased to share the key takeaways from today's conference call with investors.

Tinybeans CEO, Eddie Geller, said

"We are pleased to provide investors with this transcript of our responses to the questions we recently received from investors.

The Company continues to see solid organic growth across all key metrics. We're also very encouraged by early signs post the Red Tricycle Acquisition. We continue to be excited about extending the child life cycle as a value proposition to our users, enhancing our value to brands and accelerating newer revenue streams with the marketplace.

And with the integration plan already underway we're building foundations for long term growth.

We hope this information is informative and continues to showcase our strategy in becoming the most trusted parenting platform on the planet. We also hope these materials convey the potential of TNY, and confidence as we deliver on the Company's tremendous potential."

For more information, please contact:

Michael Brown

+61 400 280 080

mbrown@pegasusadvisory.com.au

About Tinybeans Group

Tinybeans Group Limited (ASX: TNY) is a mobile and web-based technology platform that connects parents with the most trusted digital tools and resources on the planet to help every family thrive. Being Apple's App of the Day in the U.S. in October 2019 puts Tinybeans in the elite company of best apps in the world!

Tinybeans serves a deeply engaged user base of nearly 4 Million monthly active in over 200 countries/territories and enjoys over 90,000 5-star reviews in the Apple App Store and the Google Play stores.

Everyday millions of people including celebrities, politicians and high-profile families rely on Tinybeans as their primary platform for capturing and sharing their children's life stories while engaging in valuable and personalised content to help them in the journey of parenting.

www.tinybeans.com



1) What's your vision for TNY and how has the opportunity progressed since the company was started?

Our vision is to offer a platform where millions of families can access personalized content to help them in the journey of parenting, whilst also capturing the everyday of their kids and share them with the family privately. Through this highly trusted experience, we tailor product, content and service recommendations based on the age and stage of their children.

2) What market and customer demographic are you targeting and why?

We're targeting expecting women and families with babies in their first year. Historically they have derived the most value from our platform and our goal is to super-serve those families. With the most recent acquisition we can now offer a tailored experience all the way until their children are 13. With a relationship that spans over 10 years, there is a huge amount of upside in growing our LTV metrics.

3) Where would you like to see TNY in three years' time?

In three years' time, I would like to see a profitable and growing Tinybeans that continues serving millions of families every day. The team and I are very excited about what we have on the roadmap and how those efforts will delight parents. I'm confident 2020 will allow continued growth as we integrate Red Tricycle onto the platform.

Organic Growth

4) How has the value proposition for advertisers evolved and revenues grown in recent years?

For advertisers, we allow them to reach families at the moment they're researching what they need for the next stage of their child's development. We allow them to reach the entire family, so parents, but also grandparents, and aunts and uncles. Oftentimes grandparents are looking for advice on what to buy for birthdays and holidays and we're there for them with age-appropriate recommendations.

As for revenue, we've seen it double year on year. In CY 2019, the advertising revenues alone hit \$3.4M.

5) How has user growth been tracking?

Excitingly, in Oct 2019, the Tinybeans app was featured as Apple's "App of the Day" in the U.S. and 100+ other countries, so organic growth is still very strong. Evidenced by our Net Promotor Score of 70, which is considered "world class".

6) How has attracting the right advertisers on the platform changed as the user growth has continued?

Back in 2018, the Company would take on smaller deals (less than \$10k) as it wanted to prove out the platform, in 2019 and now, TNY changed the strategy to accept only larger deals (min \$25k) with advertisers that would be more likely to re-sign for more campaigns. Given the strategy for larger and longer-term deals, the timing of these deals can be difficult to predict. Having said that, as the company invests further in sales and marketing resources,



the pipeline will be smoothed over and more predictability with larger advertisers will be forthcoming.

7) What about Premium Subscription Revenues? Are they still growing?

The premium subscription revenues continue to grow. In Q2-FY20, it hit a record \$255K, up 42% on Q2-FY19 with total paid subscriptions hitting over 18,600 (up 1,300 on Q1-FY20). We see opportunities to further invest in the premium product through 2020 and beyond, which should further see growth in this recurring revenue stream.

Red Tricycle Acquisition

8) Why did TNY acquire Red Tricycle and what was the structure of the deal?

The Company decided to acquire 100% of Red Tricycle Inc (Red Tricycle) – www.redtri.com, which is one of the world's leading parenting websites offering rich local content and a business directory platform focused on parents with kids 0 – 13 years of age – accelerating the Tinybeans vision. Content has always been a vital part of the company's engagement so this acquisition cements that value proposition.

The acquisition was for \$7.6M USD, which equates to approx 2.1x 2019 revenues, where 85% is in cash and the 15% in TNY shares escrowed for 12 months. The main reason for the substantial cash component is based on the VC backed nature of Red Tricycle. Nearly all the cash is for non-executives/external investors leaving the register, and the 15% in shares is mostly for executives being retained in the business.

9) What does the combined entity look like post the RT acquisition?

The combined entity will serve an active **monthly** audience of over **3.5 million** users plus over 10 million on social platforms. It will also extend TNY's retention through the parenting journey given Red Tricycle's child age profile goes up to 13 years (TNY targets 0-6 age children). Combining revenues gets it close to \$10 million annually however that is likely to accelerate post integration.

10) How will this combined value proposition serve advertisers?

The combined reach (including social) is over 20M users so the value proposition to advertisers is enormous. Once integrated, TNY will be in the top 20 parenting destinations in the world. Early initial feedback from brands has been very positive. There is strong interest in enhanced value proposition and sales teams are already offering both capabilities. An incremental \$1.3M has been added to the advertising pipeline in the first 30 days.

11) How have the teams reacted to the news?

Staff engagement has gone up post deal, and everyone is highly motivated and excited about the future. Early days post completion is as we expected if not slightly ahead and we've begun looking at all the various ways we could grow and drive operational cost benefits already. Also, the management of Red Tricycle remain involved in the business and the founding shareholders remain committed to the business.



12) What does the future look like beyond advertising?

The acquisition complements TNY's App + Web platform strategy by adding a rich content platform that has over 30,000 pieces of content, over 30,000 events and a very scalable way by having nearly all the content authored by a variable/freelancer-based cost model. With over 600 small business service providers on the Red Tricycle platform marketing its products and services, they will integrate into TNY's experience and allow newer revenues to come online and scale. From affiliate revenues with ecommerce transactions to cost per lead fees when a user wants an insurance quote for home insurance are just a few of the examples of newer revenues coming online.

Integration & Growth plan

13) How is the integration going, albeit it's only been a handful of weeks?

It's been only a few weeks, but the early signs are positive. The sales teams have begun to drive incremental revenues and forming a joint value proposition. The marketing teams are also working through various tactical benefits and working on a brand integration plan. The joint org chart is being formed with the structure likely finalized in the next 90 days. Also, the product and engineering teams have begun engaging to work through operational efficiencies where scale and costs can be reviewed and optimised.

14) Why did the two Sydney founders step down given the most recent acquisition?

With over 95% of revenues and over 85% of the audience in the U.S. the consolidation of product and engineering to the U.S. makes strategic sense. As part of the acquisition of Red Tricycle, the decision was made to consolidate to the US and relocation simply wasn't an option.

15) Going forward, what does the cash balance look like?

Post transaction, and excluding monies from the SPP, the company will have north of \$6.5m, more than adequate to implement the integration of the two businesses. It will be used to accelerate growth across the sales, marketing and product areas of the company.

16) What are the key operational deliverables for the next 100 days/CY20 together?

Post completion (which should happen shortly), the key deliverables over the next 100 days are:

- Create a unified sales team and marketing team with key roles/projects identified through 2020.
- Craft a single org chart with a financial plan supporting growth with a view to enabling cash flow positivity in calendar 2020.
- Recruit key roles to augment the team to enable further growth and transition product/engineering knowledge from Sydney to NY.