



ASX RELEASE

19 October 2023

Q1 FY24 Quarterly Activities Report

Tinybeans Group Limited (ASX: TNY) (OTCQB: TNYFF) (“Tinybeans” or “the Company”), provides this update on its business activities alongside the Company’s Appendix 4C cashflow report for the quarter ended 30 September 2023 (Q1 FY24).

Strategic review being undertaken by the new CEO and Board:

- Zsofi Paterson assumed the role of Chief Executive Officer (CEO) on 17 July 2023
- The new Board and management team is currently undertaking a full strategic review of the business operations
- Initial findings have highlighted the inherent and continued challenges of the historical business plan

Business challenges identified:

- Initial findings from the strategic review have identified the inherent challenges and lack of sustainability of operating both an advertising revenue business and a paid subscription business given the resources and capability within the business
- Advertising revenue has been in steady decline over the past 18 months and has continued to decline in Q1 FY24. Revenue was impacted by:
 - A cost reduction exercise undertaken in FY23 reducing the size of the advertising sales team substantially, reducing momentum and losing key relationships with advertisers and agencies
 - Replacement of key senior sales staff in H2 FY23 to pivot the advertising strategy, has not delivered the desired results
 - Large key contracts were not renewed in FY23, materially impacting the sales pipeline, whilst the renewal rate for advertising campaigns has continued to drop substantially year on year

Realigning the business strategy to high growth opportunities:

- Under Tinybeans’ new Board and management, the Company is refining its operational framework and growth strategy to establish a sustainable business model focused on high-growth, high-value sectors to maximise shareholder value
- A core focus moving forward will be realising the substantial opportunity and underlying value that lies within Tinybeans’ core subscription offering and user base, where recent growth has been limited due to the team’s split focus and diverted resources
- A strategic and operational reset is needed to turnaround the business and improve the future financial performance of the Company
- The renewed strategy will be presented to shareholders at the Company’s AGM to be held on 30 November 2023



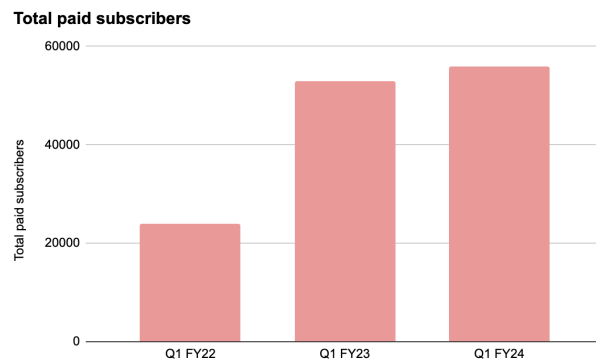
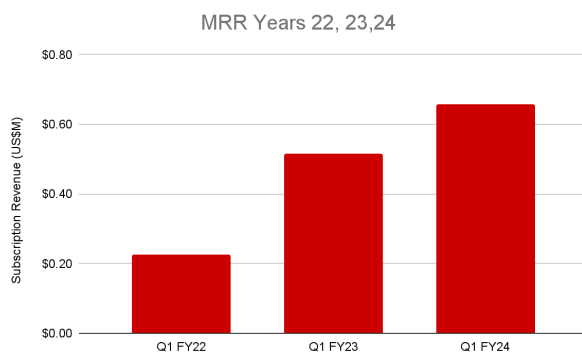
Tinybeans' CEO Zsofi Paterson said:

"I commenced as Tinybeans' new CEO knowing that work was needed to renew the Company's operational framework and unify the customer, product and revenue strategy to drive sustainable growth and value. The challenges the business faces are greater than initially expected, with financial pressure due to a weak sales platform and pipeline highlighting the need to address the Company's go forward strategy immediately.

Together with the new Board and the management team, we are determined to develop a sustainable go forward business model centered around Tinybeans' core value proposition. Our product continues to be trusted and loved by thousands and thousands of parents, and I am confident that with laser focus, shareholder support and bold decisions we will be able to deliver on the Company's potential and generate shareholder value."

Subscription growth & renewals continue to grow, reflecting the strength of the core product offering:

- Q1 FY24 paid subscription monthly recurring revenue (MRR) increased by 28% pcp to US\$0.66 million (Q1 FY23: US\$0.52 million primarily reflecting the roll-out of Tinybeans+ as well as the iOS app price increases implemented in April 2023)
- Total paid subscribers grew to 55,887 at the end of Q1 FY24, an increase of 5.6% pcp vs Q1 FY23

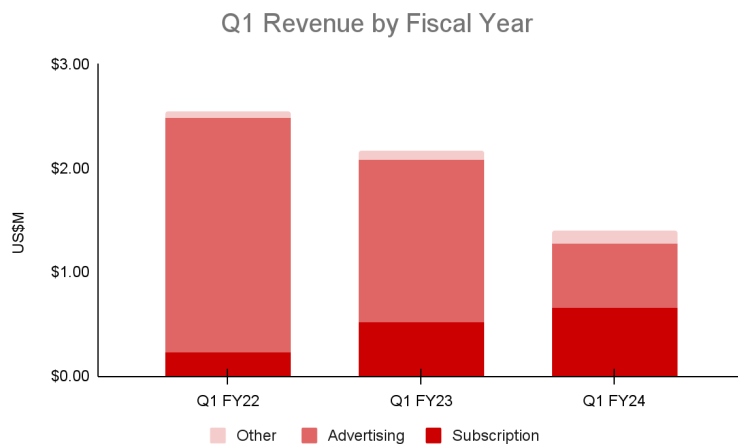


- With very limited marketing investment, there continues to be encouraging growth across the subscription business which is driven by a loyal user base. In-app engagement remains very strong with 80% of paid subscribers active within the last 30 days, and 64% active within the last week
- Across Q1 FY24, 95% of monthly paid subscribers and 80% of annual paid subscribers renewed their subscription
- Price increases implemented in April 2023 on iOS apply to all subscribers renewing in FY24. Annual subscription prices increased 87% from US\$39.99 to US\$74.99 and a 60% increase for monthly plans from US\$4.99 to US\$7.99.
- This price increase will continue to grow MRR, however there have been some negative reviews from customers on the level of price adjustment, which may impact renewals
- Tinybeans anticipates that there may be some renewal weakness in Q2 FY24 due to a large iOS annual renewal event in October and November 2023. Appropriate initiatives, including product and lifecycle marketing plans, have been implemented to reasonably address any potential renewal weakness



Q1 FY24 operating performance:

- Q1 FY24 Total Revenue of US\$1.4 million decreased by 35% compared to pcp, due to the decline in advertising revenue
- The current operating results are due to the historical decisions and actions made in the business that created a weak revenue pipeline and a lack of clarity and focus resulting in an unsustainable drain on cashflow and resources
- Despite the challenges identified across the business, Tinybeans has experienced continued growth in paid subscriptions and MRR year on year, with Q1 FY24 subscription revenue up 28% to US\$0.66 million.
- The business also launched its new Android app in September 2023, which has provided Android users with access to better performance and a stronger user experience reflected in an average 4+ star rating in October 23
- The Company has also been developing a fast-tracked brand strategy, with a visual brand redesign and website refresh well progressed in order to provide a platform to drive further subscription growth in FY24



Investment in new product features to increase customer value and grow subscribers:

- Maximising the core user experience remains a focus to grow the engaged subscriber base
- Tinybeans is acutely aware of the product enhancements required in order to deliver a premium service. Recent new product features that have been released include:
 - new editing tools
 - unified photo and video uploading
 - uploading directly from camera roll
- The Q2 FY24 product roadmap includes further features to improve user experience and aid subscription acquisition with improved funnel performance
- Initiatives designed to support Tinybeans Free subscriber growth, the funnel to paid subscriber growth (that has not been fully enabled to date) have been fast-tracked for early 2024. This includes:
 - brand and visual redesign
 - website refresh with clear funnel to the app
 - subscriber referral programs
 - platform agnostic codes to enable brand partnerships

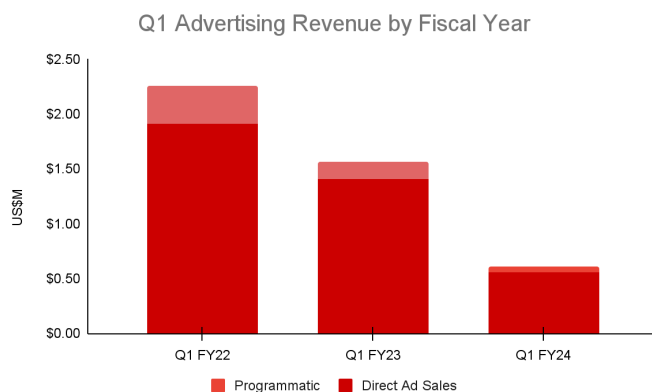


Launch of Android App:

- The new Android App launched in September 2023, giving the business access to both the Apple and Android customer base, increasing the addressable market size by up to 50% in the US
- Growing Android users and paid subscribers will be a focus for Tinybeans, in addition to increasing its rating in the App Store (new reviews coming through at 4+ stars in October to date). This will include the commencement of targeted marketing initiatives to expand awareness.

Advertising Revenue in decline:

- Q1 FY23 advertising revenue was down 61% pcp, from US\$1.56 million Q1 FY23 to US\$0.61 million
- An assessment of the advertising revenue channel was completed in September 2023 by an external consultant. This included a review of how to rebuild the advertising revenue business, with key actions being implemented
- Tinybeans has determined that any impact from the new sales strategies will take more time and more resources, which requires a careful decision being made on the longer term strategy for the sales revenue channel



Cash balance at the end of Q1 FY24:

- Cash balance at Q1 FY24 was US\$2.7 million (A\$4.29 million), increasing from US\$1.5 million (A\$2.38 million) at 30 June 2024, following the successful completion of the Company's capital raising
- Operational cash burn for Q1 FY24 was US\$706k compared to US\$1.04m for Q1 FY23. The lower cash burn reflected focused cost control that saw expenses reduce compared to Q1 FY23, offset by lower ad sales and customer receipts
- The Company expects further cash burn in Q2 FY24 with the level dependant on annual renewal income and any further advertising sales that can be made
- Revenue from large annual renewals in November and December will not be received until Q3 FY24
- Item 6.1 (in 4C below) pertain to salary and fee payments to the executive and non-executive directors of \$24k.



AGM update:

- Tinybeans will provide shareholders with more details on the findings from the strategic review as well as the renewed strategy at the Company's AGM to be held on 30 November 2023

**This ASX announcement has been approved for release by the TNY Board.
All the financial information in this release is unaudited**

For more information, please contact:

Zsofi Paterson

Chief Executive Officer

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About Tinybeans Group

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 150,000 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.

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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,728	1,728
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(129)	(129)
(c) advertising and marketing	(129)	(129)
(d) leased assets		
(e) staff costs	(1,657)	(1,657)
(f) administration and corporate costs	(528)	(528)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	7
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	(706)	(706)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(73)	(73)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'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	(73)	(73)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,243	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	(242)	(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	2,001	2,001

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,547	1,547
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(709)	(709)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(73)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,001	2,001
4.5	Effect of movement in exchange rates on cash held	(28)	(28)
4.6	Cash and cash equivalents at end of period	2,741	2,741

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	2,741	1,547
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)	2,741	2,741

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	24
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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(706)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,741
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	2,741
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.88
<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:19 October 2023.....

Authorised by: Chantale Millard, Non-Executive Chair.....
(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.