



## ASX RELEASE

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# Transcript from Tinybeans 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 transcript of an investor conference call, hosted by Eddie Geller, TNY CEO, on July 30 discussing the Q4-FY20 performance.

Tinybeans CEO, Eddie Geller said,

*"We are pleased to provide investors with this transcript of our Investor Conference Call held on Thursday 30<sup>th</sup> July.*

*Tinybeans continues to be well placed with COVID-19 and we are focused on maximising the opportunities as well as navigating the challenges. While advertisers in the U.S. have begun to resume spending, there is still some uncertainty in relation to the pace at which this spend will recover. We are optimistic given our unique value proposition (brand-safe and trusted) and current conversations with both existing and new brand partners looking to leverage these qualities. With our strong balance sheet, we are well placed to continue our momentum and take advantage of opportunities as they arise.*

*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."*

This announcement was approved for release by the CEO.

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## 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 and again in March 2020, puts Tinybeans in the elite company of best apps in the world!

Tinybeans (now with Red Tricycle) serves a deeply engaged user base in over 200 countries/territories and enjoys over 100,000 5-star reviews in the Apple App Store and the Google Play stores.

[www.tinybeans.com](http://www.tinybeans.com)



## **Introduction by Eddie Geller:**

*"Thank you very much for your time and we are excited to share some updates with everyone today. We released our June quarterly results last week which was a record result for the company. The revenue for the quarter was \$2.36M which is almost double from the prior year and over 80% on the prior quarter. Of that \$2.36M, nearly \$2M of that was advertising so although we were impacted by COVID-19, we delivered a strong result and are hoping that will continue.*

*As part of that revenue, we also had a record result in premium subscriptions which hit just under \$300k, an increase of 40% for the quarter. The total of paying subscriptions was 21k, which is a record increase for the quarter as well. From an advertising standpoint, we had great brand wins. Amazon, a long standing client of Red Tricycle's, returned for further campaigns. As did Apple, Penguin Random House, General Mills and YouTube Kids, both new clients. Brands that are seeing the value proposition of what Tinybeans delivers to them and are returning to sign up new business. With regards to users and engagement, registered users hit 4.65M, also an increase on the prior year of 40% and Monthly Active Users, grew to over 3.7M, growth of 200% over last quarter. Adding more details to the June release, we had a really strong increase in engagement, clearly related to COVID due to the stay at home orders. The 200k users signed up organically so we turned off marketing spend for the quarter and we also increased engagement. It was a strong quarter for user acquisition and user engagement on our platform.*

*On the integration after the acquisition of Red Tricycle, we were very focused on integrating the teams as quickly as possible and that has been largely completed. We have started the new fiscal year with one plan, one team with a single focus on where we are heading. From a cash standpoint, we had record receipts of just under \$2M, cash burn of \$592k, excluding cash from the U.S. stimulus loan and cash in bank was \$5.2M which was in line with what we anticipated.*

*We continue to drive forward booked revenues which includes signed contracts for quarters to come.*

*Last point before we move to Q&A, we have a great new leadership team including Nina, Kyle and Mark. The three bring incredible talent, vast experiences and perspective to where the company is heading across revenue, product and technology. We are excited for them to be part of the planning and set the scene for FY21 and beyond. "*

## **1) What's your vision for TNY?**

Tinybeans is one of the very few brand trusted platforms in the parenting space that enables parents to safely share their children's information and in return open up a world of personalization and opportunity to further inspire them with their kids.

The progression of this vision can be seen in the acquisition of Red Tricycle as we envision our platform to be one that grows with our partners and with our families over time. Through this highly trusted experience, we tailor product, articles and service recommendations based on the age and stage of their children.



**2) How has the value proposition for advertisers evolved and Q4 revenues related to advertising?**

It was very pleasing to see solid growth in the quarter with advertising revenues hitting \$1.98M, growth of 105% on the same period 12 months earlier and 257% on Q3. Considering the challenges with COVID-19, this result is more proof that the joint value proposition is beginning to resonate with advertisers.

During Q4, the sales team created a unified value proposition across both the Tinybeans and Red Tricycle platforms. With the hyper targeting capabilities of Tinybeans and the content and reach of Red Tricycle this is a positive proposition for the company.

**3) How do you see these advertising revenues growing through the ensuing quarters?**

Across the industry, Advertisers began returning to the market in June. The total number of advertisers remains down 13% YoY—but June marks the first improvement since February. Across all media formats, total ad spend in June was down by almost 15% YoY. This is an improvement from May, where spend was down by almost 25% YoY.

Local advertising has seen a small increase in demand following its low in April with much more local travel in the U.S. than previously. Tinybeans has seen an uptick in national brands contacting us as they plan out the rest of the calendar year. With a single integrated sales team talking to brands with the trust and reach we have, we're confident of continued growth over the coming 12 months.

**4) What about Premium Subscription Revenues? How was Q4 and what are you seeing for FY21?**

Premium subscription revenues continued to grow. In Q4-FY20, premium revenues reached just under \$300k, up 40% on Q3 with total paid subscriptions reaching 21,000. This result is even better than it seems as some subscribers struggled financially through COVID so decided not to renew, however the platform ended up attracting more new subscribers through the same period. We are hopeful of winning these back as the economy continues to recover.

**5) Printing Revenues remains flat, what are you plans (if any) to grow this revenue stream?**

Tinybeans has not been investing in this revenue stream for over the past 18 months as the Company felt that the interest with our members has not been at the point to make it profitable. This will remain through the next 12 months, given this being largely a commodity service with low margins.

**6) What does the \$4.3M in forward booked contracts mean?**



Of the \$4.3M, which is more than 300% on the same period 12 months earlier, \$1.4M of it is direct advertising related, while the rest is premium and programmatic (as detailed in the Q4 release). These forward book advertising revenues are related to signed contracts with LEGO, Kraft-Heinz and many other brands that have committed to the platform for FY21. Revenue will be recognised on these contracts monthly from July and onwards. Note that although these contracts are signed, the client can postpone and in some cases for advertising, cancel completely.

#### **7) Going forward, what does the cash balance look like?**

The cash balance as at the end of June was around \$5.2M. This includes the government business incentive/loan provided from the U.S. which added around \$850k to the cash balance. Note that a substantial amount of this loan is expected to be forgiven pending approval once the applications for forgiveness will be accepted in the coming months.

#### **8) How has user growth been tracking? What do you see over the coming 12 months?**

Despite market conditions, the platform saw an increase in new member sign ups, as “stay at home orders” across the U.S. encouraged more interaction across the platforms. This resulted in over 200k new registered users signing up organically (i.e. with no paid marketing), an increase of over 20% from the previous quarter.

Having said that, there is increased focus in product development across onboarding and retention through the next 6 months. We are optimistic about accelerating user growth from these initiatives.

#### **9) How about engagement? How engaged is the current audience?**

Monthly Active Users grew to over 3.7M, an increase of over 160k new active users. The platform saw record engagement with weekly active users on Tinybeans hitting 1.12M, a record for the Company. We are hopeful of seeing this grow even more in the coming year.

#### **10) Looks like Tinybeans has attracted some wonderful new talent – how has the new team members had an effect on future growth prospects?**

Glad you agree – we’re very excited to welcome our new Chief Revenue Officer, Nina Lawrence, Kyle Martin, our new Chief Product Officer and Mark Wunsch our CTO. They’ve add enormous experience, pedigree and talent not only in relation to strategy and vision, but also execution. Since early May, we’ve been bunkered down working on our strategy and plans for the future, so what we have in store around our revenue goals, product evolution and technical platforms, have been largely influenced by them.

Expect to see many developments across all of these aspects over the coming 12 months. This will see dramatic improvements across the consumer product experience, growth of



new revenue streams and data/security platform changes to name but a few that will further support our ambitions for scale.

**11) Where would you like to see Tinybeans in three years' time?**

In three years' time, I see Tinybeans serving many more millions of parents and their families through a highly engaged experience incorporating relevant articles, products and services, all tailored based on the age and stage of their family. Underpinning all of it with community, so parents can connect with not only their own families but also other parents and families, all to assist with nurturing their children.

Also, I would like to see a profitable and growing company that continues to serve 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.

**12) Why did you switch off Marketing spend in the last quarter given that a lot of people are at home and using the internet more than they normally would?**

We began to ramp up Marketing spend in April to evaluate what success would be like. We then saw organic growth accelerate and with the return on spend, did not think it was worth continuing. Our plan is to increase product activations through FY21 and then re-evaluate marketing spend in 2021.

**13) With the app Lifecake shutting down, do you see an effect on Tinybeans?**

So for everyone's benefit, Lifecake was a photo sharing competitor based in the UK, without any content or advertising revenues. We saw a small increase in users in the single thousands who migrated to Tinybeans. A key challenge was that they wanted to migrate all their photos over however we did not have the tools given the different platforms.

**14) Looking at Net operating cash flow, at what point do you expect that will be a positive quarterly number?**

Over the next 12 months, with the growth prospects in front of us, we are focused on accelerating user growth and revenues. Our focus is on executing our new product roadmap and driving retention and engagement. Having said that, we are still very focused on cash management and are not trying to ramp up our cost to have dramatic cash burn in the next two quarters. We currently have no plans to raise money as we have enough cash to fund our own growth.



**15) Can you give us a view from the field on how you are seeing US advertising?**

In terms of the brand and the advertising climate in the US, it is evolving rather rapidly. If we were to wind back to a few months ago, the climate was different than one month ago, and even different to last week. Obviously, some industries are growing while others contracting. Travel, for example, has been starting to grow again with Airbnb growing for local travel. We are seeing more demand with advertisers contacting us looking for programs for the holiday season.

It is very mixed at the local level, as some states are completely quarantined still while others are starting to get back to business to some degree. National is definitely increased in activity and we are hopeful that will obviously drive the growth that we are anticipating in the next 6 – 12 months.