



**ASX RELEASE**

**30 November 2023**

*2023 Annual General Meeting Presentation*

**Tinybeans Group Limited (ASX: TNY) (OTCQB: TNYF)** (“Tinybeans” or “the Company”), will today address shareholders at its Annual General Meeting, commencing at 9:00am AEDT.

Attached is a copy of the Address and the Presentation to be delivered by the Chairperson, Ms Chantale Millard and the Chief Executive Officer, Ms Zsofi Paterson.

*This ASX announcement has been approved for release by the Board of Directors.*

**For more information, please contact:**

Zsofi Paterson  
Chief Executive Officer  
E: [investors@tinybeans.com](mailto:investors@tinybeans.com)

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**Tinybeans Group Limited  
2023 Annual General Meeting  
Chair Address**

Dear Shareholders,

In my Chair address today, I would like to take the opportunity to firstly thank our shareholders, who have continued to support Tinybeans in what has been a year of significant change for the business, with a board re-fresh in February 2023 and the appointment of our new CEO Zsofi Paterson in July 2023.

I feel privileged to have been appointed Chair of Tinybeans, a business that brings everyday joy and connection to parents and their families.

I will take you through a high-level summary of the key achievements, findings and takeaways for FY23 and Q1 FY24 and Zsofi's CEO presentation will then update you on the findings of her 100-day review, together with the go forward strategy for the business. We are very excited to share this new strategy, as it will create a scalable and sustainable business model that will put the business in the best position to substantially grow enterprise and shareholder value.

**Key Achievements in FY23 and Q1 FY24**

- In April 2023 Tinybeans Free and Tinybeans+ was launched giving the business a new Freemium offer to grow subscribers
- In May 2023 a price increase was implemented increasing monthly subscriptions from US\$4.99 to US\$7.99 per month and annual subscriptions from \$34.99 to \$74.99 per annum, in turn increasing Monthly Recurring Revenue (MRR) by 28% in FY23
- A successful communications plan was implemented by the new CEO in H1 FY24 which has enabled the business to maintain annual subscription renewals above 80% and monthly subscription renewals above 90%. This, coupled with product initiatives, has put the business in a good position for the large number of annual subscribers up for renewal in Q2 FY24 at the higher Tinybeans+ price point
- Total paid subscribers grew to 55.9k at the end of Q1 FY24, an increase of 5.6% vs Q1 FY23
- The long-awaited Android App was launched in September 2023, which will substantially increase the marketable audience of the business and provide a better user experience for Android users
- A Brand refresh has been completed and will be launched in January 2024, together with a refresh of Tinybeans.com to lay the platform for growth in 2024
- A full review of the advertising sales revenue strategy and pipeline was completed by an external consultant in Q2 FY24, to rebuild and reset this revenue stream in a more sustainable way, after being in steep decline for the past 18 months
- Release of new Tinybeans App features in H1 FY24

**FY23 Operating Results**

We are encouraged by the growth in the subscription revenue by 39% year on year, driven largely by the price increase in May 2023 and the 10.4% growth of total paid subscribers at the end of FY23.

Disappointingly FY23 saw advertising sales revenue continue to decline, decreasing by 36.1% year on year. Advertising sales revenue was impacted by tougher US economic conditions but was also



impacted by changes to the sales leadership and a reduction to the overall sales team, implemented by the previous management in FY23. These personnel changes resulted in lower sales prospecting and customer serviceability which led to a very weak pipeline and large customers not renewing their contracts in FY23, which is now impacting FY24.

With the overall revenue decline, the business re-set its cost base, with up to \$2.7m of operating costs taken out of the business in FY23 and this sharp focus on costs has continued in FY24 with operating costs 19% lower in Q1 FY24 vs Q1 FY23.

### **Full Business review by new CEO**

Zsofi has proven experience scaling and growing paid digital subscription businesses, creating enterprise value and increasing shareholder value and since starting on 17 July 2023, Zsofi has been using this knowledge and experience to undertake a full review of the Tinybeans business, the team and the opportunity going forward.

With many business challenges presenting themselves, Zsofi now has a clear vision and strategy to make Tinybeans a sustainable business that is cash flow and EBITDA positive, with continued scalability.

Zsofi's CEO presentation will give you further detail of the new go forward strategy.

### **Looking forward**

Although there are many business challenges to be worked through, the Board and Zsofi are all united and excited by the new strategy that gives focus to the valuable core subscription business of the Tinybeans photo sharing app.

The Tinybeans app is in the enviable position of being a 'daily use product', with engagement rates as high as the likes of Instagram and Spotify together with a defensible audience scale, including a large network of over 700k subscribers and 2.1 million emails. Many of our users, use the Tinybeans App every day and this level of engagement is very difficult to create.

With this, it has a large first party data set that is currently not fully utilised or monetised, which once monetised will allow the business to grow other revenue channels, including advertising, affiliate and e-commerce, in a more sophisticated and sustainable way.

With little investment in marketing to date, with Zsofi's experience in investing in and managing global partnerships, talent/Influencers and growth marketing initiatives, the business will start to unlock the growth opportunity of Tinybeans.

I continue to hear stories from Tinybeans users as to how Tinybeans makes their lives richer, allowing them to stay connected with and share precious moments and memories with family near and far.

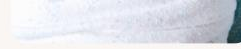
There is something special about Tinybeans and with the business re-set underway, and with the right focus, strategy, and shareholder support we can realise its potential and substantially increase shareholder value.

We look forward to updating you as we progress on this journey.

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Annual General Meeting (ASX: TNY)

30 Nov 2023

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Your daily dose of joy & connection

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# 01

Chair's Address





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# 02

CEO Presentation



CEO

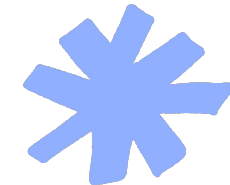
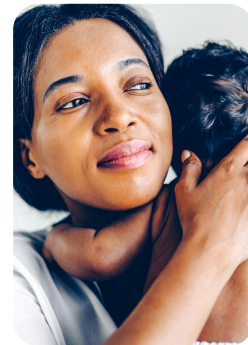
## My daily dose of joy & connection

*"Since becoming a parent 3 years ago, Tinybeans has been a daily part of my family's life. For me, it's provided a way to seamlessly share my daughters' big and small moments with family, near and far. For my mum, it's a treasured keepsake; and for my 93 year old grandma, it's allowed her to feel connected to her daughter, granddaughter and great-granddaughters. For all of us, it's become a treasured record of our journey as a family and something we simply won't live without".*

*"We have a special opportunity with Tinybeans - to exponentially grow the number of families who use the app to share memories and stay connected. To anticipate the needs of families and meet them with the right advice, services & products at the right time, allowing brands access to a high value, highly engaged customer segment in deeply integrated, useful ways".*

*"By doing all of these things, we have an opportunity to become a must-have parenting app, and rebuild value for shareholders by building a powerful consumer subscription business with strong network effect and enviable unit economics in a highly attractive, regenerating category".*

Zsofi Paterson  
CEO & Tinybeans power user



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# 03

**FY23 Financial  
Information**



## FINANCIAL RESULTS (in USD)

# Profit & Loss Summary

- Revenue decreased 23% vs prior year to US\$8.44 million, driven by advertising sales decreasing by 36% partially offset by subscription revenue increasing by 39%
- Gross margin % improved slightly to 93%
- Operating Expenses in FY23 were US\$10 million vs prior year of US\$12.73 million, despite a number of one-off costs due to the change in leadership and increased investment to launch Tinybeans+ and the new Android app
- Operating Expenses as a percentage of revenue increased slightly over FY23 due to the lower revenue base
- FY24 will continue to see a focus on costs, whilst strategically investing in areas for growth

USD (\$M)	FY23	FY22	% Chg
<b>Total Revenue</b>	8.44	10.90	-23%
<b>Cost of Goods Sold</b>	(0.58)	(0.91)	36%
<b>Gross Margin</b>	7.86	9.99	-21%
<b>Gross Margin %</b>	93%	92%	
<b>Operating Expenses</b>	(10.00)	(12.73)	21%
<b>Adjusted EBITDA<sup>1</sup></b>	(2.14)	(2.74)	22%

1. Adjusted EBITDA defined as reported EBITDA excluding share-based payments expense, goodwill write-off & other non-operating income.

## FINANCIAL RESULTS (in USD)

## Balance Sheet

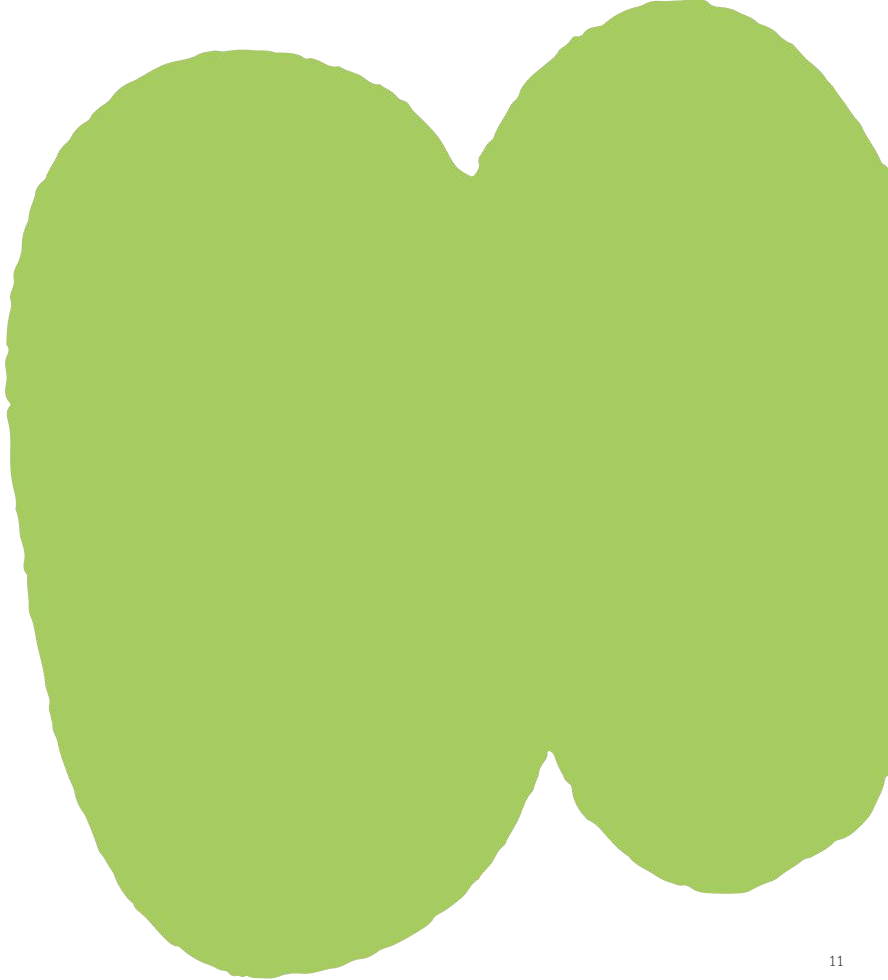
- Available cash balance at 30 June 2023 was US\$1.55 million, with US\$0.302 million of June 23 debtors received in early July 23. Pro forma cash balance at 30 June 2023, including capital raise was US\$3.9 million
- Accounts Receivable decreased by 23% over FY23 due to better collection but also lower advertising revenues
- Non-Current Assets decreased 71% due to the US\$3.7 million write-down of goodwill relating to the Red Tricycle asset, that was acquired in March 2020. The intangible assets from the acquisition of Red Tricycle of US\$1.67 million remain in the balance sheet, as they are still generating income.
- Current Liabilities decreased year on year to US\$1.88 million from \$2.46 million due to lower costs and better accounts payable management

USD (\$M)	30 Jun 23	30 Jun 22
<b>Cash</b>	1.55	4.21
<b>Accounts Receivable</b>	1.16	1.51
<b>Other Current Assets</b>	0.42	0.72
<b>Total Current Assets</b>	<b>3.13</b>	<b>6.45</b>
<b>Total Non-Current Assets</b>	1.63	5.56
<b>Total Assets</b>	<b>4.76</b>	<b>12.01</b>
<b>Total Current Liabilities</b>	1.88	2.46
<b>Total Non-Current Liabilities</b>	0.04	0.12
<b>Total Liabilities</b>	<b>1.91</b>	<b>2.58</b>
<b>Total Equity</b>	2.85	9.42
<b>Total Liabilities and Equity</b>	<b>4.76</b>	<b>12.01</b>

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# 04

Q1 FY24



# Operating Performance

**Total Revenue** of US\$1.4 million decreased by 35% compared to prior comparative period (pcp), due to the continued decline in advertising revenue

**Advertising revenue** was down 61% pcp, from US\$1.56 million Q1 FY23 to US\$0.61 million in Q1 FY24 and this downward trend is expected to continue for the rest of FY24 with the business unable to recover the pipeline for the important Christmas quarter

Sales staff reductions and changes to the sales leadership team, implemented by prior management leading to a **lack of pipeline and prospecting activity from H2 FY23** and a low rate of campaign renewals by advertisers, has materially impacting current and future quarters

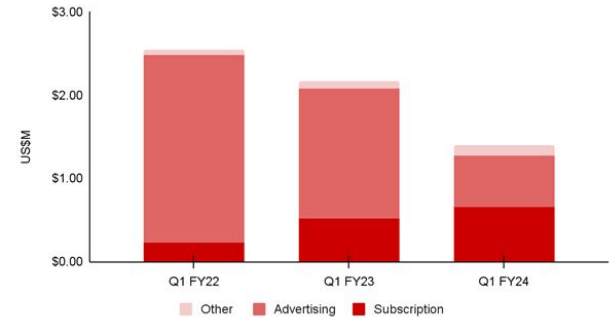
**Paid subscription revenue** (MRR) increased by 28% pcp to US\$0.66 million (Q1 FY23: US\$0.52 million) primarily reflecting the roll-out of Tinybeans+ in April 2023, including the iOS app price increases. Renewal rates pleasingly remain high, even after this price increase

Total **paid subscribers grew** to 55.9k at the end of Q1 FY24, an increase of 5.6% vs Q1 FY23, with little investment in marketing to drive top of funnel

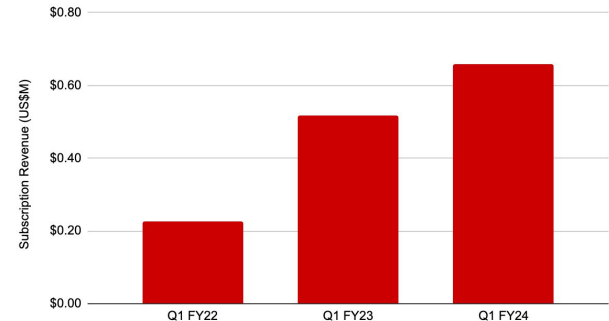
October 23 renewal rate for annual subscribers remained strong at 83% and monthly subscribers renewed at a pleasing 96%.

- November 23 will see a large volume of annual iOS plans renew for the first time at the increased Tinybeans+ price and although renewals are trending positively MTD, there is expected to be an increased volume of churn in Q2 due to the high iOS renewals.

Q1 Revenue by Fiscal Year



MRR pcp



## Cash & Operating Costs

- **Cash balance** at Q1 FY24 was US\$2.7 million (A\$4.29 million), increasing from US\$1.55 million (A\$2.38 million) at 30 June 2023, following the successful completion of the Company's capital raising

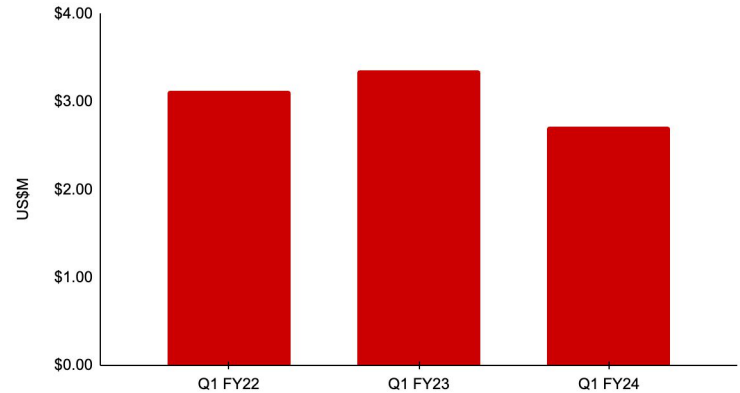
- **Operating expenses** for Q1FY24 were reduced by 19% versus pcp demonstrating disciplined cost and cash management

- **Operational cash burn** for Q1 FY24 was US\$0.706 million compared to US\$1.04 million for Q1 FY23. The lower cash burn reflected focused cost control that saw expenses reduce compared to Q1 FY23, offset by lower advertising sales and customer receipts

The **Company expects further cash burn in FY24** with the level dependant on annual paid subscription renewal income and any further advertising sales that can be made

- **Cash balance** at the 31 October 2023 was US\$2.4M (A\$3.8 million)

Q1 OPEX by Fiscal Year





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## Key findings of CEO's first 100 days strategic & operational review

### Challenges to Overcome

- Lack of clear strategy, north star and customer focus
- Conversion of high website traffic (Red Tricycle heritage) to Tinybeans app subscribers not realised
- Sustainability of pursuing both advertising/publisher revenue based business and product-led subscription business with company's resources
- Advertising revenue in decline over past 18 months, with minimal pipeline coming into FY24, impacting ongoing FY24 revenue
- Limited investment in top-of-funnel activity resulting in no material subscriber growth outside of business model and pricing changes
- Limited investment in core subscription product, data & analytics and underlying technology stack over last 3+ yrs
- 100% US-based remote team, impacting culture and performance, and resulting in high people costs (alongside all other operating costs)

### Highlights to Build Upon

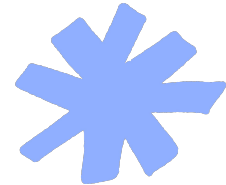
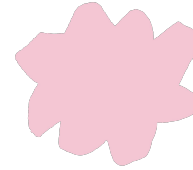
- Daily use product, with engagement metrics alongside Candy Crush and Instagram, and above Spotify, Twitter and Youtube^
- Over 70 million memories uploaded in 2022, nearly 6 million per month
- Over 700,000 active Subscribers and large First Party data set (2.1m emails), plus reaching millions of families across website and social channels every month
- Half a billion memories uploaded since Tinybeans launch - large proprietary dataset with great potential to leverage for personalisation and insights
- Over 150,000 5 star reviews; enduring brand love from core user group, ongoing product market fit and strong organic referral factor
- Excellent core subscription metrics, including renewal, engagement & conversion rates, LTV/CAC
- Macro factors around privacy which are increasingly relevant today

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CEO

## Building momentum to drive turn-around

- New CEO & Board July 2023
- First 100 day assessment, identifying challenges with existing business model and focus areas for growth
- Transformation commenced, including:
  - New vision & value proposition centred on joy and connection
  - Go-forward strategy focussed on subscription business, where there is unrealised value and greater potential for enterprise value creation
  - Clear customer focus on new parents
  - Independent review of advertising sales and implementation of recommendations to strengthen pipeline and assets
  - Refined product and content strategy to drive subscriber acquisition
  - Refreshed brand (previewed today!) and website roll-out in January 2024 to lay foundation for growth
  - Organisational changes to align teams around clear unified goals, improve operational performance and reduce costs
  - Cost and cash management with disciplined approach to growth
- The go forward strategy has been expedited to share with shareholders at AGM
- Against the inherited and continuing business challenges, the business has started implementing this go forward strategy whilst beginning the review of opportunities to fund this growth plan, which may include partnerships and joint ventures



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05

Looking Forward



Our vision

**Make parenting more joyful,  
simple and meaningful**

Our offer

**Daily dose of  
joy and connection**

Our values

**We're a Safe Zone  
Play All Day  
No Filters  
Color Inside the Lines**

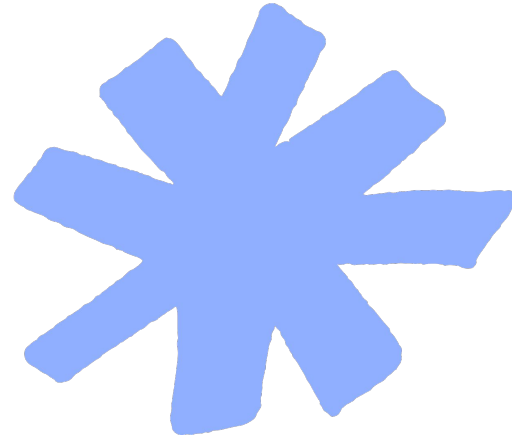
Our mission

**Love, not Likes!**

Our audience

**Intentional New Parents (typically mum)**  
*Urban, mid 30's, high HHI, working*

**Chosen inner circle**  
*Grandparents, family & friends*



## A global leader in the D2C parenting category

With a vision to make parenting more joyful, simple and meaningful, Tinybeans is a leading global consumer subscription platform serving intentional parents and their families in the early years of parenting.

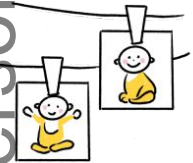


Photo sharing

Made simple, secure and sticky



Personalised content

Delivered in the right format, at the right time



Tailored advice

Based on age, stage, location and preferences



Bespoke keepsakes

Albums, printed products & digital frames



Gifting solutions

Wishlists, registries, birthdays, holidays and Mother's /Father's Day



Loyalty perks

Offers from trusted partner brands with shared values



Parent pal

Chatbot for everything from reordering diapers to finding local holiday programs

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# Reset & grow as product-led consumer subscription business

2024

2025



## Strategic Reset, Operational Rebuild

Reset as consumer paid subscription business, with a focus on sustainable, scalable growth

Pivot advertising, affiliate and other revenue channels to a more sustainable model integrated with core app experience

Reduce costs with phased transition of select functions to Australia and technical overhead cost review



## Improve Core Subscription Product

Invest in core photo-sharing product across mobile & web to lift above competitor set and drive key subscription metrics

Invest in data & analytics capability to enable personalisation, more effective customer acquisition and focussed product development

Consider rebuild of mobile & web applications for future velocity, cost benefits and performance



## Grow Subscriber Base & MRR

Invest in brand, marketing and growth, with highly aligned partnership focus to materially grow the subscriber base globally, increasing MRR and enabling future expansion opportunities

LTV/CAC and Paid/Organic mix demonstrates that by investing in marketing, there is a great platform to substantially grow subscriber numbers & drive network effect



## Expand Monetisation of Subscriber Base & LTV

Increase subscriber ARPU/LTV with deeply integrated commercial in-app adjacencies:

**Complementary products:** photo albums, smart frames, prints

**Enhanced in-app offer:** Registry, Loyalty perks & Wish Lists (enabling brand partner/ advertising/ affiliate/ lead-gen revenue) & personalised content (organic & branded)

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## Key Metrics

We will build on our base of enviable subscription metrics

^DAU/MAU

59%

<40%

80%+

Google Photos

WhatsApp

Tinybeans is a 'daily use product', alongside Instagram and Candy Crush, and above Spotify, Twitter and YouTube!

\*LTV/CAC

4.3

<3x

6x+



Profitability indicator. Illustrates paid subscriber lifetime value (LTV) is 4X more than the paid cost of acquisition (CAC).

\*Free to Paid Conversion

8.5%

<2%

10%+



Great conversion rates for Freemium product, with room to improve based on pricing, product tiering and product initiatives.

\*Organic v Paid Acq.

80%

<20%

50%+



80% word of mouth / organic acquisition, with only 20% of subscribers acquired through paid channels. By upweighting spend on direct customer acquisition, we can drive subscriber growth efficiently.

\*Annual Retention Rate

83%+

<30%

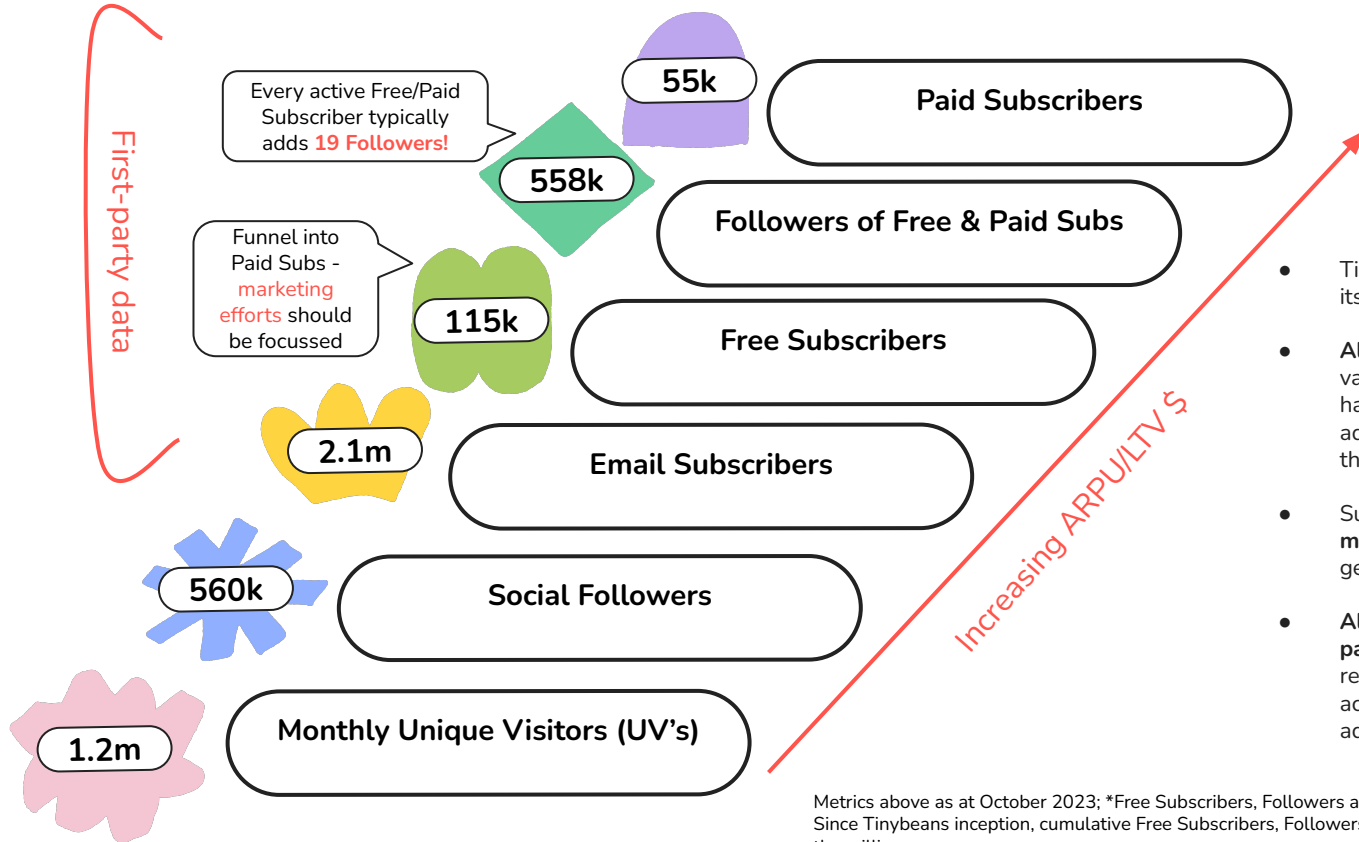
>60%



Once we acquire a subscriber, we have a strong ability to retain them, with over 83% of annual subscribers renewing and over 90% of monthly subscribers renewing.

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# We will grow & monetize our audience, with a focus on MRR & first-party data



First-party data

- Tinybeans has **impressive scale** across its different audience segments.
- **All user types can be monetized** in a variety of ways. Historically a lot of focus has been on monthly UVs (for advertising purposes), which generate the lowest ARPU.
- Subscription revenue - or **MRR** - is the **most valuable revenue type** and is generated by Paid Subscribers.
- **All subscribers provide valuable first party data**, meaning we have accurate, relevant data to personalise experience across product (including content, advertising, shopping, etc).

Metrics above as at October 2023; \*Free Subscribers, Followers and Email Subscribers active in last 12 months. Since Tinybeans inception, cumulative Free Subscribers, Followers, churned Paid Subscribers and email list are in the millions.



# We will invest in strategic marketing to drive subscriber growth

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## Global Partnerships

Targeted, integrated & highly aligned global partnerships focus.

Partnerships targets include media/publishers for brand awareness and distribution, ecosystem players with highly aligned parent audiences, or categories aligned with stage-of-life



## Talent & Influencers

Always-on influencer marketing with authentic, trusted voices; tapping into mom networks.

Celebrity deals with highly aligned, engaged and trusted talent who share vision and love Tinybeans product.



## Content & SEO

Leverage content archive and strong SEO heritage to drive subscriber growth.

Content marketing contributed by trusted experts, UGC and partners.



## PR & Affiliates

Thought leadership in parenting, privacy, data & AI space.

CEO profile to drive PR (e.g. young, female CEO of listed company).

Affiliate marketing to drive publication adoption.



## Growth Marketing

LTV/CAC and Paid/Organic split demonstrates increasing paid media will drive growth.

Increase investment and introduce new paid channels with careful monitoring for efficiency and reach.

## We will deliver a product roadmap focussed on quality & growth

### Platform & Pricing

- **Platform skew** - improve web-funnel to drive acquisition on web vs mobile to improve gross margin and manage subscriber comms
- **Pricing strategy** - increase monthly plan price to increase skew to annual plans, improving MRR, cash position and building subscriber base
- **Product tiers** - to further differentiate Free and Paid offer and unlock additional revenue from Subscribers/Followers

### Funnel Drivers & Journeys

- **Improved Onboarding** - make it easier to get started, e.g. facial recognition, smart photo & album uploading for historical memories
- **Early activation** - incentivize frequent use in first weeks to improve Free to Paid conversion rate
- **Inviting Followers** - insight that family & friends incentivize subscriber engagement, improving conversion from Free to Paid and retention
- **Referral Programs** - incentivize subscribers to refer their friends, tapping into existing organic referral / word of mouth behaviour

### Value Proposition

- **Personalised content** - snackable 'bite-size' content, across key interest areas, contributed by trusted experts, moms & staff writers
- **Milestones, growth trackers** - revisit as potential 'value adds' to Tinybeans+ or via integrations with partners
- **Enhanced Feature Albums** - smarter curation of event, time or person based albums

### Commercial

- Improved in-app **advertising experience** - premium in-app contextual sponsorship opportunity for aligned brands
- **Deals & discoveries at your fingertips** - In-app wish-lists, registry, shopping, loyalty programs - allowing for brand partners to reach audience in rich contextual environment and drive affiliate and lead-gen revenue
- **Albums, smart frames & prints** - physical extensions of Tinybeans album, enabling retail partnerships & physical touch-points

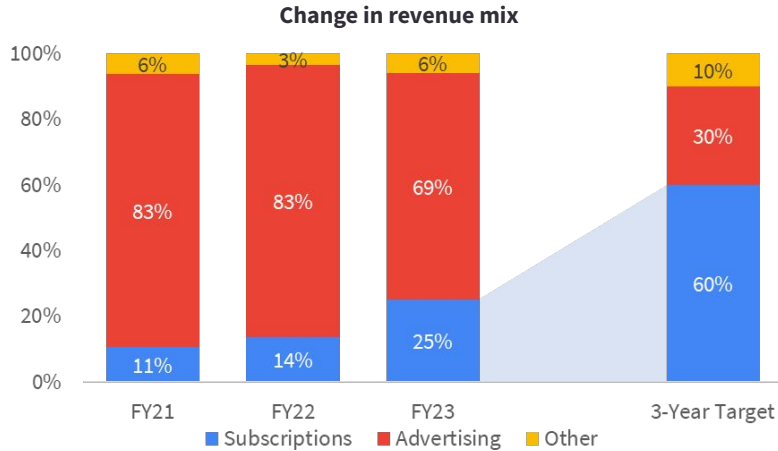
### Data & Analytics Maturity

- **Investment in data and insights** - to enable personalisation, efficient customer acquisition, data-led product development and targeted advertising or lead generation for partners. Essential for growth and enterprise value creation.

### Stability & Performance

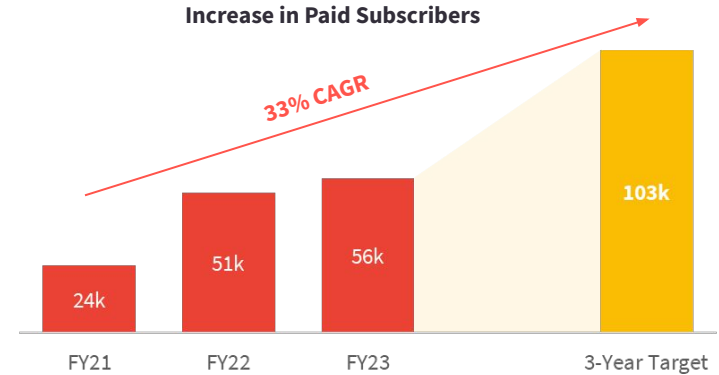
- **Stability & Performance improvements** - To address tech-debt, ongoing product feedback and high overhead costs

We will grow EV by shifting revenue mix to more valuable paid subscriber base



Over three years, the mix shifts from **25% subscription to 60% subscription revenue**, which is scalable, repeatable and more valuable.

**Subscription businesses command higher valuations due to recurring revenue & scalability** (versus advertising businesses which are typically valued at 1x revenue due to cyclical nature and lack of scalability), resulting in greater enterprise value creation.



Targeting over **100k paid subscribers plus millions of free users** within 2-3 years to provide strong monetization and rich first-party data asset.

The business continues to generate advertising revenue, but with a **future focus on premium in-app brand revenue**.

The new parent TAM in AU and US alone **allows for Tinybeans to scale paid subscribers well beyond** this once business is operating effectively

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## Opportunity to reposition the business to drive long-term shareholder value

Tinybeans has a compelling opportunity to **build a global D2C business in the parenting category**, with subscription revenue at its core.

Tinybeans is a **'daily use product'**, with engagement metrics alongside Instagram and Candy Crush.\* With a **LTV/CAC ratio greater than 4x and renewal rates greater than 80%**, Tinybeans is able to acquire subscribers profitably and retain them for years.

**Subscription businesses command higher valuations** due to recurring revenue & scalability (versus advertising businesses which are typically valued at 1x revenue due to cyclical nature and lack of scalability), resulting in greater enterprise value creation.

With rich first party data from its total network, growing subscription revenue will **grow other revenue channels in a more valuable and sustainable way**

Investment in **Global Partnership, Talent & Influencers** and **Growth Marketing** will drive growth

On a base case growth model, Tinybeans expects to be **cashflow & EBITDA positive** within 2-3 years, with a platform that is strong and that can continue to sustainably scale.

Tinybeans expects **30%+ year-on-year subscriber & MRR growth**, hitting over **100k paid subscribers plus millions of free users** and shifting the revenue mix from 25% to 60% subscription revenue within 2-3 years

**Growth may be fast-tracked** if the business reset and turnaround is achieved faster

- Against the inherited and continuing business challenges, the business has **started implementation of this go forward strategy** whilst beginning the review of opportunities to fund this growth plan, which may include partnerships and joint ventures



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