ASX RELEASE

17 September 2024

Material Cost Base Reset

Tinybeans Group Limited (ASX: TNY) (OTCQB: TNYYF) ("**Tinybeans**" or "the **Company**"), is pleased to provide this update on its business activities.

- Cost out restructure initiated to remove over US$2 million (A$3 million*) of annualised costs from the Tinybeans business
- Restructure is inline with the Company's core focus of growing its paid subscription business and reducing its reliance on advertising revenue
- Product & software development to transition to a leading service provider in Australia to reduce costs, whilst increasing flexibility and capability
- Focus on growing the Company's paid subscription Monthly Recurring Revenue (MRR) to increase enterprise value and long-term shareholder growth

Tinybeans has initiated a restructure of the Company to align the business with the go-forward strategy focussed on growth of its paid subscription business. The restructure is expected to take out over US$2 million (AU$3 million) of annualised costs, or approximately 20% of operating expenses compared to FY24.

As part of the restructure, the Company will also transition the business' product and engineering efforts to Propel Ventures, a leading product & software development company in Melbourne, Australia. The core Melbourne-based product & software development team will be supplemented by high-quality offshore engineers, which will allow for more flexible, cost-effective product development and the ability to draw on multi-disciplinary skills. The service contract with Propel Ventures is subject to annual renewal and may be terminated by either party with 90 days notice. Shifting development to Australia is expected to also allow for advantageous tax treatment and access to R&D benefits.

With a primary US subscriber base, the Company will continue to maintain a global growth team, with key members of the Sales, Marketing, Customer Support and Administration team remaining in the US. The operational leadership team will continue to be located in Australia with the CEO.

The restructure continues the shift towards a subscription-led strategy, where the Company believes there is greater opportunity for enterprise value creation. The reset will reduce the business' reliance on advertising revenue, which requires large resources to service and has been in decline for the past 3 years. With these strategic changes, the Company expects to see advertising revenue continue to reduce as a percentage of overall revenue as subscription revenues increase, resulting in a more sustainable operating model with reduced cash burn. The Company remains committed to delivering commercial revenue and serving brand partners with quality brand advertising campaigns and account management and is confident there will be new commercial opportunities that come off the back of a more focussed go-forward strategy.

In line with previous updates, the Company remains focussed on paid subscriber and MAU growth in the key markets of US and AU over FY25, with a full-funnel, insight-led approach to marketing. Partnerships will be key and include channel, B2B, marketing and product partnerships, with a building pipeline in the US and AU.

While the focus remains squarely on marketing, partnerships and growth, the focus over the next quarter will also be on ensuring a smooth transition of the technology and product ownership, cementing a new leadership team and embedding a new operating rhythm in the business.

On the restructure CEO Zsofi Paterson commented:

> *"In September we undertook a material restructure of the Company to strengthen the Company's long-term outlook and provide us with more time to execute our strategy. By removing over US$2 million in annualised costs, reducing the size of the team, and partnering with Propel Ventures, we are in a better go-forward position.*
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> *We are confident in the opportunity in front of us to grow the market share of our much loved private family photo-sharing app and scale our paid subscriber base. Continuing to reduce our reliance on publisher-led advertising revenue in the short-term will enable us to meaningfully consider opportunities to grow commercial revenue based on our core asset and 1st party data. I'm grateful for the team's dedication over past years, and in particular, their professionalism at this time as we undertake a material reset and smooth transition."*

*https://finance.yahoo.com/quote/AUDUSD%3DX/ 13 September 2024

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.

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About Tinybeans Group

Tinybeans Group Limited (ASX:TNY, OTCQB:TNYYF) 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.