ANNUAL LETTER

YEAR OF 2022

To The Team at The Investor's Podcast Network

In the early 1990s, the founder of Walmart, Sam Walton, was asked how he saw the coming recession, to which he answered: "I thought about it, and I decided not to participate."

Consider the **2021 letter** where I wrote about how sensitive we were to interest rate hikes that would dry up advertising dollars from venture capitalists, calling it "one of our absolute biggest risk factors for advertising revenue generation." I side with Sam Walton and his quirky remark. Of course, you are a part of a recession when you're in retail, but you can choose how you prepare for it and respond when it happens.

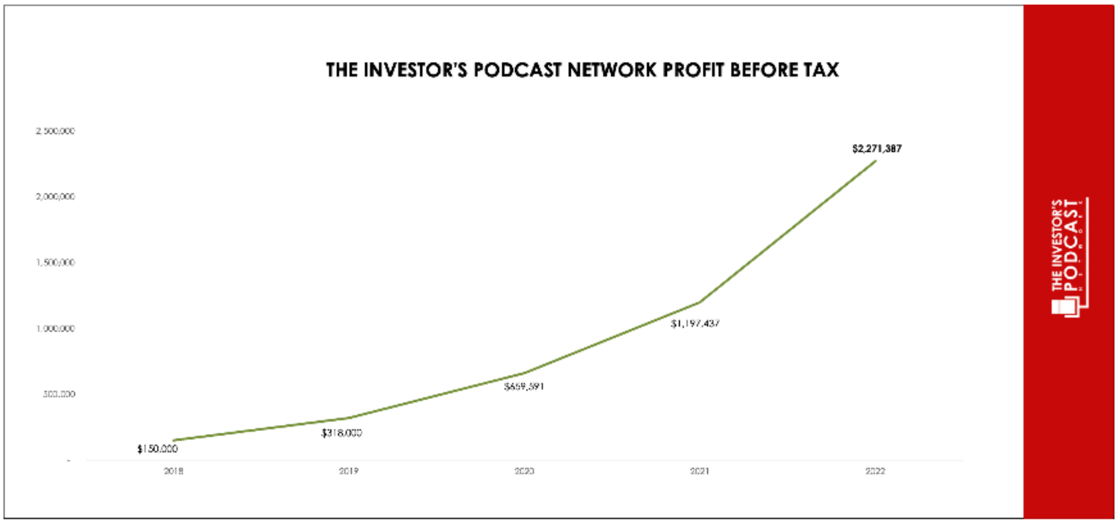
Annual letters are filled with companies talking about "unprecedented challenging times." I shake my head when I read it. Not because it's easy to run a company in a recession - it isn't. I shake my head because it often surprises business leaders that we are sometimes in a good business cycle and sometimes in a bad one.

The Investor's Podcast Network (TIP) has known this for a long time. That is why we built the business to be stronger relative to the competition in recessions at the cost of not participating fully in the upside in good times.

In 2022 we were offered money from investors that could have fuelled much faster growth. We declined every request and bid farewell to 2022 with a rock-solid balance sheet with no debt. Instead, we optimized for the team's well-being and not for vanity metrics like revenue growth or an increase in headcounts.

An Overview of Our Business in 2022

What started in 2014 as a podcast has become a company with multiple businesses. 2022 was another record year with free cash flows of $2,271,387. The reader will notice that I emphasize our free cash flows first, not revenue, which most companies do. The reason is simple: To continue to "optimize for happiness" on our team, we must remain profitable.



While 2022 fully lived up to our expectations on all accounts, it would not be surprising if 2023 would be the first year since our founding where we do not grow free cash flows. Due to the looming recession, the advertising market is giving us headwinds. Additionally, much of the free cash flow we generate will be invested back into the business. I do, however, expect TIP to be modestly profitable in 2023.

We have one advantage that Walmart does not. TIP is not a public company, which means that do not need to meet analysts' next quarterly goals or face pressure from outside shareholders. TIP is fully privately owned, and we can spend 2023 building our earnings power (more on that later) and being ready when the table turns.

For the same reason, I spend little time thinking about what we cannot control, including interest rates, recessions, and the future of venture capital. However, I spend a lot of time thinking about what we can control: Getting as many listeners, readers, viewers, and users to our assets. As long as we perform on those four key performance indicators, TIP will be just fine.

Below is a table of our revenue for 2022. Next, I want to reflect on what happened in 2022 and our expectations for 2023 for each major business unit.

CASH FLOW BREAKDOWN - 2022		
Percentage	**Category**	**Amount**
96.3%	Advertising	$3,590,665
1.4%	TIP Finance	$50,740
1.1%	Courses	$43,462
0.9%	YouTube	$34,619
0.2%	Book Royalties	$7,084
0.1%	Affiliate	$1,922
100.0%	-	**$3,728,492**

We Study Billionaires, Bitcoin Fundamentals, and Richer Wiser Happier

Since Preston and I founded TIP in 2014, we have focused on growing the We Study Billionaires feed. At the time, both Preston and I had full-time jobs, and Preston wisely suggested that everything else could wait as long as we made sure that we published a high-quality episode every week. Much has happened since then, but what hasn't changed is that the cornerstone of our businesses is still the We Study Billionaires feed. As much as 88% of our advertising revenue can be attributed to the feed.

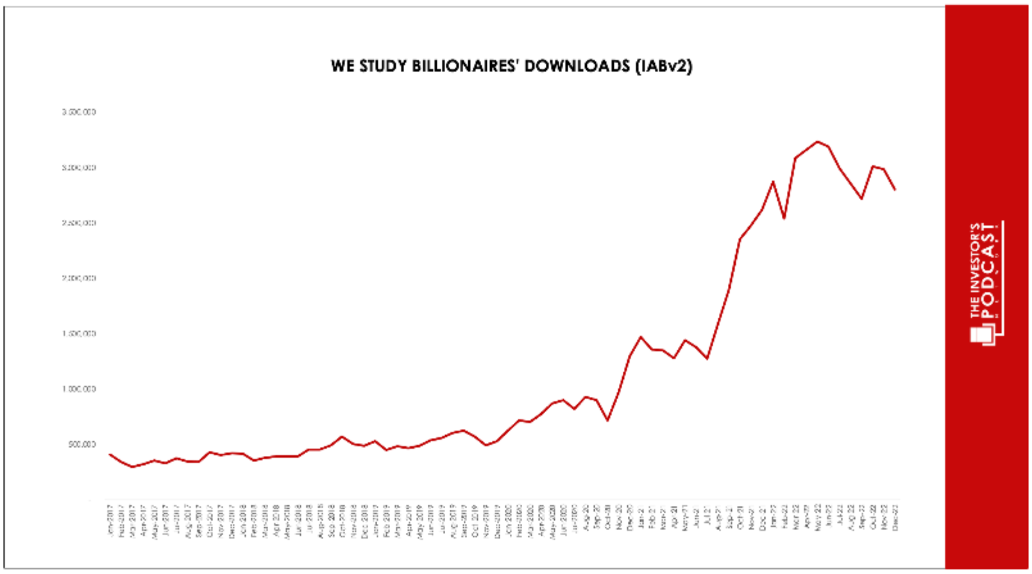
With the growth of our other units, we hope to be less reliant on We Study Billionaires. Still, in the foreseeable future, it is expected that the vast majority of revenue will come from the feed.

We made several big changes in the feed in 2022. We started the Richer, Wiser, Happier show on March 7. The Richer, Wiser, Happier show is published only every other week, and the episodes are the most popular in the WSB feed. The show has exceeded all expectations for quality and the number of downloads.

Another major change we made in 2022 was to promote Clay from the Millennial Investing show to We Study Billionaires. Clay had done a wonderful job hosting Millennial Investing. When we wanted to create more content, it quickly became clear that we should look at the existing TIP talent first.

As the only host, Clay is not doing interview-style episodes but scripted episodes. The idea came from acknowledging that it took a lot of work to get sufficient high-quality guests featured on We Study Billionaires when you consider that Trey, William, Preston, and I also invite guests. We would risk tarnishing the strong TIP brand by hosting more guests. Clay's first episode aired on October 10; like his other episodes, they were well received.

Considering the right number of quality guests leads me to the third major change for the We Study Billionaires feed. From July 1, we changed Trey's publishing schedule to a weekly episode rather than one and a half episodes per week. Today we have three weekly episodes with guests and one scripted episode. You can see the download numbers for the feed below.



As you look at the download numbers, it's important to note that we changed the measuring standard to IABv2 going into 2022. What looks like a decline in downloads is an effective growth of 73%.

Going into 2023, we have no plans to change the number of episodes in the We Study Billionaires feed or the content. The thought is both comforting and stressful. Comforting because we have a concept that is tried and tested with success. Stressful because business history has taught us that the only thing constant is change.

When we look at our growth in 2023] and adjust for producing more content, it's clear that the competition in podcasting has become fiercer. Podcast demand has increased, and US data suggest a 20% growth year-over-year. But the supply of podcasts and other educational and entertainment media has been growing the same or even more.

It also raises the question of whether we should play offense and/or defense with our We Study Billionaires feed. Should we, for example, consider paid marketing as we are from We Study Markets? We're currently exploring various cross-promotion activities for the feed, as well as we're exploring paid advertising. Both growth initiatives come with opportunities and limitations.

Without sounding ungrateful, our size is a limitation. It's hard to find good business partners the same size as WSB. The same is true for paid advertising. I recently jumped on a call with Castbox, one of the biggest podcast-hosting platforms. They said that We Study Billionaires is so big that they likely couldn't help us with paid ads.

Another thing is cost and attribution. The cheapest cost per download is estimated to be in the $0.25-0.30 range, which is significantly above our revenue per download, which has been $0.07 and $0.10 in 2021 and 2022, respectively. Considering that the technology isn't there to provide more than an estimate of downloads acquired, it gives us pause. As the technology improves, we hope to revisit paid advertising. At that time, we might also be able to make more money per download through upselling various products and services.

Whereas I'm not too concerned that the technology for better podcast attribution will eventually be developed, we're sailing into the wind on a more fundamental issue. Our We Study Billionaires feed is quite fragmented, with three different shows. It's much harder driving listeners to a feed with three shows and five hosts than a feed with only one show and one host.

We knew this when we decided to include Bitcoin Fundamentals in the We Study Billionaires feed in 2020, and it was no different this year with Richer, Wiser, Happier. Looking back, I would not have made any other decision. The decision to have a more fragmented feed came with more pros than cons, and I elaborated more on this in the **mid-2021 letter**.

2022 was also the year when the Study Billionaires feed hit 100,000,000 downloads! I would like to take this opportunity to thank our operations support team, including Jedidiah, Learich, and Cyril, for making this happen. Externally the hosts get the glory, but we know internally that success starts and ends with you.

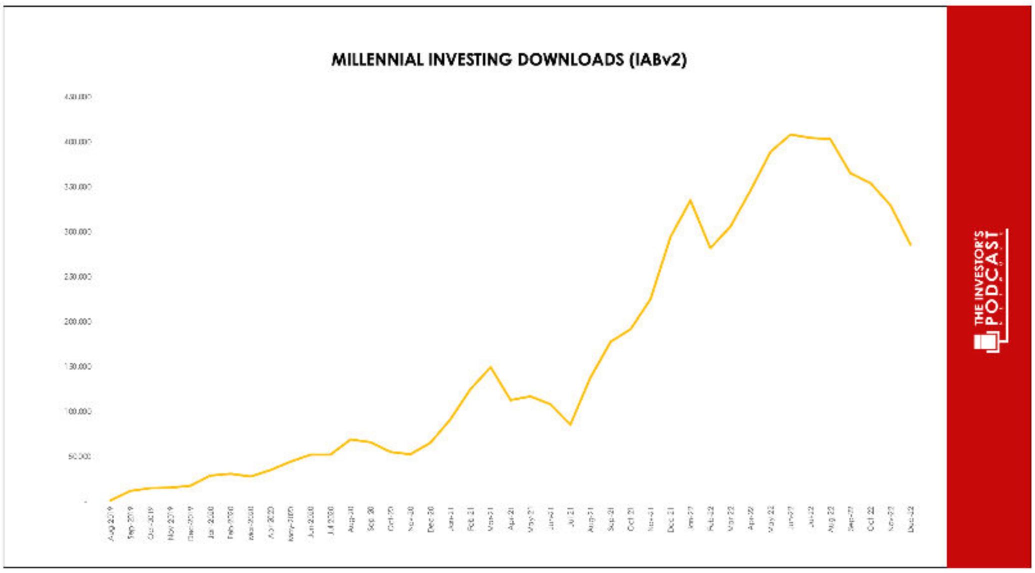
Millennial Investing and Real Estate 101

In the summer of 2019, we teamed up with Robert. More than anyone else on the team, Robert has been crucial in developing TIP as a business. In the past, Robert has single-handedly hosted Millennial Investing and Real Estate 101. He has today transitioned into spearheading our financial newsletter, "We Study Markets," while still overseeing the podcast feed he originally created.

Today Millennial Investing is hosted by Rebecca. Working with Rebecca has been a wonderful experience. Before Rebecca was hired, Robert told me she would be a perfect fit for our newsletter, YouTube channel, and podcasts. I couldn't agree more. In the ever-changing environment that TIP operates in, multi-talents like Rebecca are highly treasured.

The future is always unknown, and we have no plans to change the current setup. That being said, one must also consider that Robert and Clay started their carer with TIP as the host of Millennial Investing and have different job descriptions today. Podcasting is at the very core of what we do, and by being a podcast host, you learn to grow an audience, an immensely valuable skill set regardless of one's next position with TIP.

In Q4 2022, Rebecca experimented with one and a half episodes per week and will, starting in 2023, revert to two weekly episodes. We expect this to have a positive impact on the download numbers. The same is true for Patrick, who has recently transitioned from We Study Markets to his new position as host of Real Estate 101. He intends to start with one episode per week but quickly transition into two weekly episodes.



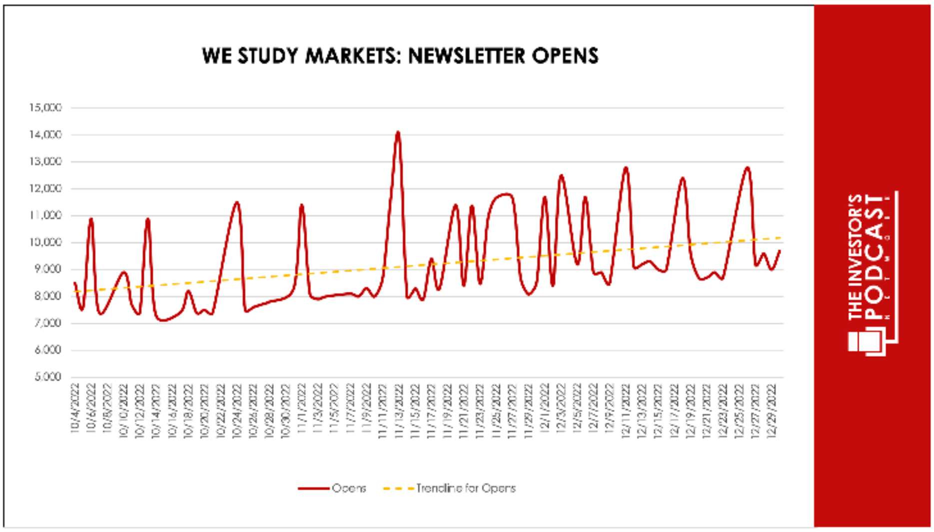
Millennial Investing accounts for 8% of our advertising revenue. Above you will find download numbers for our Millennial Investing feed. Adjusting for IABv2, we grew [132%] year-over-year.

Growing and remaining profitable would not be possible for the Millennial Investing feed without Ana, Learich, and Katrina and their hard work editing and promoting it.

We Study Markets

On July 1, 2022, Robert, Shawn, and Patrick kicked off We Study Markets. We Study Markets is our financial newsletter published every weekday in 2022 and every day in 2023.

As expected, we saw a decline in "opens" after it launched. Years back, Preston and I wrote a monthly newsletter, so it was not surprising that we would see many unsubscribing when we both changed the format and frequency.



Since then, the graph has turned in the right direction. I am not surprised. From the very first day, Robert has proven to think and execute better on growth than anyone on the team. And with Shawn on the newsletter team, too, who has shown talent out of the ordinary, we can all expect great things.

If you put me on the spot, I expect We Study Markets to grow significantly more measured in percentage than both the We Study Billionaires and Millennial Investing feed. The goal is 50,000 daily opens by the end of 2023. It's ambitious, but if anyone can do it, it's Robert, Shawn, and our new financial writer Matthew.

Unlike podcasting, the number to track is not "downloads" but rather "opens." We hope to sell one open for $0.10. In other words, with 10,000 daily opens of We Study Markets, we hope for $0.10 * 10,000 = $1,000 in revenue per sold publication.

We have early indications that we can generate $6 in revenue per subscriber. To allow for a margin of safety, we're ready to pay up to $3 to acquire a subscriber. When we have better data, including how many newsletters a subscriber opens and how well we manage to sell the advertising inventory, we would be willing to pay closer to the expected revenue.

Together with the quality of the newsletter, the paid advertising component will be a significant factor in whether we reach our goal of 50,000 opens in 2023. Robert has already spent six weeks testing paid advertising, and as long as we remain materially profitable, we expect to scale our efforts, which currently sit at $250 a day. For example, if we can acquire 100,000 subscribers for $3 each for a total of $300,000, one can quickly see how we can get to 50,000 daily opens if we sustain our current 35% open rate.

YouTube

Last August 13, 2022, we relaunched our main **YouTube Channel**, and I'm happy to say that we reached 100,000 subscribers in November!

We used to upload all of our videos on the main channel. However, we learned from having multiple shows in the same podcast feed that it can also be to our disadvantage. As a consequence, we decided to have four channels now.

1. Main channel: Weronika hosting investing videos created specifically for YouTube.
2. Preston's channel: Bitcoin Fundamentals interview videos and the popular BuffettsBooks videos that still drive many of our views.
3. WSB/RWH channel: Repurposed videos from the We Study Billionaires and Richer, Wiser, Happier.
4. MI/REI channel: Repurposed videos from Millennial Investing and Real Estate 101.

Why did we want to split our presence on YouTube into four different channels and not like podcasting, only having two feeds? The reasons are multi-fold:

- Viewers do not follow a YouTube channel and a podcast the same way, where the retention is typically higher for the latter
- YouTube has a different ad system compared to the ad set-up we have for podcasting that incentivizes us to specialize content on our channels

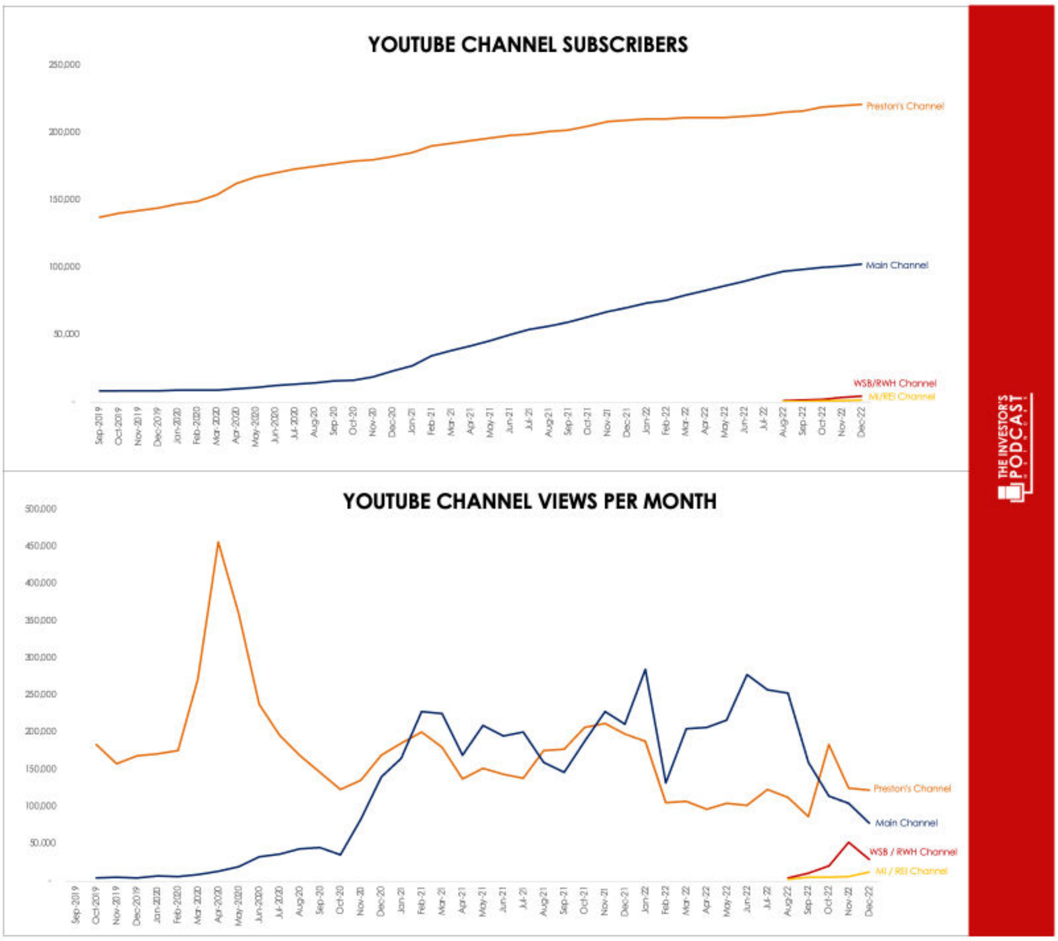
Most of the content on YouTube is repurposed content created for podcasts. In other words, since we record the podcast anyway, there is no reason not to publish it on YouTube.
This also explains why we relaunched the main channel. We have long wanted to have content created specifically for YouTube.

When we looked at data from podcasting, we learned that being a top 1% creator will allow you to break even on your costs, whereas you need to be in the top 0.1% before generating seven figures annually. In other words, we can't expect to turn YouTube into a seven-figure unit unless we invest heavily and deliberately, just like we have with We Study Billionaires.

We made several investments going into 2023. For one, Noelle has been promoted to a VP position with the sole focus on native YouTube content. Katya will report to Noelle, and we're ready to add another designer to the team working alongside Katya if we see the market validating our content. When that happens, we will also look for a new YouTube host to work with Weronika on the main channel.

We've also hired a YouTube consultant to help us learn faster. His name is Jeremy Stickney, and he comes highly recommended by a friend of the podcast. Even better, Jeremy is a TIP fan. Time is money, and we hope that we, with Jeremy's help, can drive YouTube to a seven-figure business unit at least one year faster than we otherwise could.

With Jeremy's help, we might realize that TIP can't take YouTube to seven figures within the foreseeable future. This realization is also incredibly valuable. With an annual budget of up to $250,000 and revenue currently one-tenth of that, we can save hundreds of thousands of dollars by stopping the more expensive production of our native videos. Our expenses are even higher when you consider the opportunity cost and know that Noelle, Katya, and Weronika, could spend their valuable time on another business unit.



I would also like to elaborate more on the three non-native channels. Kristine has the creative leads on those channels under Camille's supervision. Only a few months in, Kristine and Jasmine have already exceeded the WSB/RWH channel expectations. These channels' success likely comes from being more targeted than our past content and that William, Clay, and Trey all have strong followings helping us drive the growth.

We don't expect to produce extra content for our non-native channels. Therefore, Kristine and Jasmine are restrained in that we're repurposing podcasts for YouTube. We won't, for example, ask our hosts to ask questions that they would not ask on the podcast just because it would be suitable for YouTube. What we can do, is improve what we're already doing. It could be different titling, thumbnails, and different types of video recordings for the podcast interview.

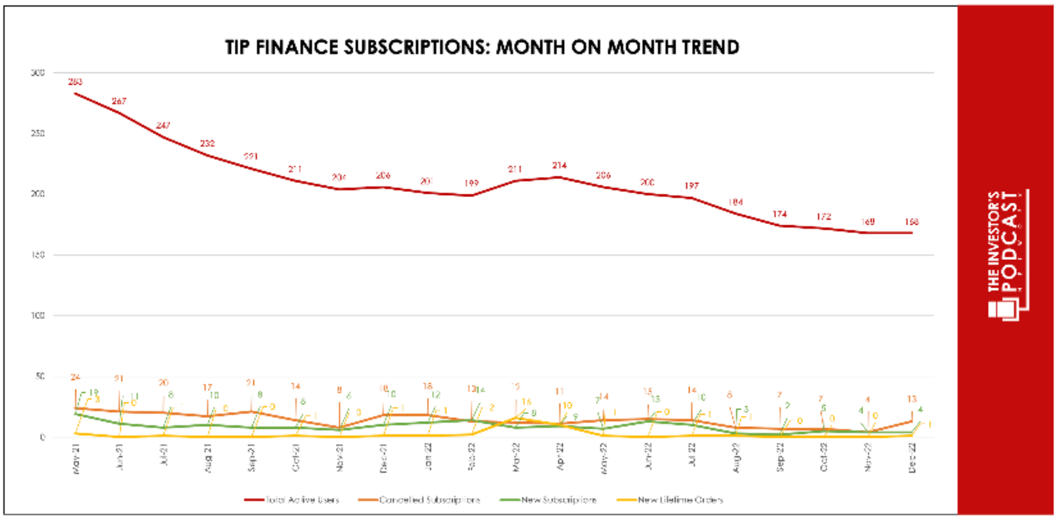
TIP Finance

We started working on TIP Finance in 2016, as we believed our stock investing-focused podcast would work in tandem with the web application.

As with so many other projects, we pivoted multiple times along the way. We started to make money on podcast advertising and double down on the We Study Billionaires feed. As the content today is not solely stock investing, TIP Finance got squeezed in the process.

Luckily in May 2019, we started working with Alvin, who, together with Bianca, deserves credit for making TIP Finance the wonderful tool it is today. Jasper joined in September 2021 and has worked alongside Alvin to ensure that our users get the right information for their investing decisions. Cayce's contribution should not be overlooked. Our website has not been up to par. When entering our web application from our website, joining forces with Cayce for a major website overhaul is still paying dividends. Not only for TIP Finance but for all of our content.

Today, TIP Finance has a freemium model where some features are free, and you have to pay for others. The idea is Robert's, and the intention was that TIP Finance could create synergies with We Study Markets. We collect email addresses from those who sign up for free, and when a specific stock is discussed in We Study Markets, we can link to the free data on TIP Finance. The free users will receive our newsletters monetized by advertising. Therefore, it is unsurprising that we currently see a drop in active paying subscribers.



Shawn took over TIP Finance from Robert earlier this year, handing off new features and identifying bugs. As with his efforts on We Study Markets, Shawn continues to take anything he works on to the next level. We're lucky to be working with him.

We should not forget Camille's contributions to TIP Finance, either. Camille was originally hired as a designer in 2017, and the web application is built on her designs. Not only is Camille a talented designer in her own right, but she is also the VP of our design team, handling advertising operations, accounting, and anything in between. Camille is, with her diverse skill set, the personification of consistently optimizing her skill set and adapting to our dynamic environment.

Optimizing for Happiness

On episode **WSB 481**, Clay and I talk about the story of TIP and our unique culture. We think differently about business on TIP than other companies. Our main focus is not on customers or shareholders but on the team.

This became evident when Alec asked me an insightful question recently. He asked me what the goal was for TIP in two years. I told him that if I had to choose, I would rather make 20% more money and have a happier team than make 400% more money with a miserable team. Of course, business and life never give you the option to be so specific. However, it gave me food for thought, and as a result, I want to outline how we on TIP see life and work.

The Three Ways to Improve A Team

There are generally three ways to improve your team:

1. Hire higher quality people that raise the bar.
2. Train your existing team members to improve their skill sets or match their existing skill sets better with other new tasks.
3. Parting ways with a team member in rare situations.

All three approaches are very consistent with optimizing for happiness. Let's break them down one at a time.

For the first approach, reflect on the teams you have enjoyed being on. Were your team members motivated, hard-working, and competent? Or did they complain, not meet deadlines, and were bad at their job?

It's fun to be working with high-quality people who make each other better. Together this leads to higher compensation for all of us, but, more importantly, being good at what we do makes us happier at work. Every time we hire a new team member, we're looking for someone who can increase the team average.
The second approach, to increase the team average, is what I enjoy most about my job and what I look for internally when promotions and compensation are determined. Who on the team takes pride and joy in teaching fellow team members? Those people seem to be a small minority in the corporate world. Perhaps, it's because the people are rare, or perhaps they are seldom rewarded. Regardless, at TIP, those people will always have a home.

Reid Hoffman, the co-founder of LinkedIn, said that the days are over when you look for someone with 20 years of experience. You are looking for those who can best acquire one year's experience 20 times. That way of thinking is very relevant for TIP. Consider Robert from our team. He started as a host on Millennial Investing and transitioned into hosting Real Estate Investing 101. Then he revamped TIP Finance and is now leading the popular and growing We Study Markets business unit. Robert is a perfect example of point two above and how his hard work has improved the team's average.

Robert has thrived in this role and is an example for all of us to follow. I see much of the same positive and high-performing attitude in Shawn, and I would not be surprised to see Rebecca on the same path.

In this section, I've talked about hiring the highest quality people and training our existing wonderful team. We can see how that is in line with optimizing for happiness. But what about parting ways with TIP? How can that lead to happiness?

Right before I graduated, my parents gave me a book called "Winning" written by Jack Welch. Jack Welch took General Electric's market capitalization from $12 to $410 Billion and made it the most valuable company in the world. Jack Welch has since been praised by many as the "best CEO in the world."

It was and is hard to find a book I dislike more. Statements like: "I never considered work-life balance because I never considered that someone didn't think working with General Electric as the most fun they could have" didn't resonate with me. If anything, it made me sad on behalf of the good people at General Electric who didn't feel that way. More than anything, reading this book before my graduation terrified me of entering corporate life.

As I read through the book and thought it couldn't get any worse, I learned that Jack Welch had a goal of letting 10% of his team go yearly. It seemed obscene. I always thought you should do everything possible to secure employment, and I still mean that deeply. Then Jack Welch discussed how it wasn't good for a team member to work in a company where they were unhappy, and he claimed that most people are unhappy if they don't do their job well.

I had never thought about it like that before. I simplistically thought about it like "Employment = Good" and "Unemployment = Bad." I never realized that "unemployment" could be good if it was temporary and only a question of finding the right job for the person.

The Right Culture for TIP

While I will never buy into how Jack Welch ran General Electric, I started thinking differently after graduation upon entering my first job as a commodities trader. My boss told me that the company culture was to think and act as if the job was more important than family. I was fresh out of business school, had no job offers, and was in no mood to be unemployed, so I told him I was completely on board despite marrying only three months before.

Hindsight is always 20/20, and I quickly learned that the match between the company and me was off. Please do not get me wrong; I do not blame the company for anything. It was as advertised. The company was wonderful for those that put their jobs first. As it happened, it turned out that being with my family was significantly more important than my job, so I ended up leaving.

That was the first time I learned how important it was for everyone in the organization to live by the same values. It wasn't about one culture being superior to another, but it was unfair to the team member and the company if the values match was not right.

After leaving my job, I was lucky enough to have an anti-competition clause that ensured compensation for 12 months as long as I didn't work for a competitor. I wasn't sure of what to do next, but I was sure that I would never work in a corporate environment where the job was more important than my family. It gave me time to think (and co-found TIP!), and I started teaching at the local college.

The match between the new culture and me was better than my previous job but far from perfect. In Denmark, everyone gets paid to earn a free degree. While it's wonderful for social mobility, it also means that Denmark has many students that only go to school to "make money" and not because they want a degree.

As such, this was similar to my first job. Not in the sense that education was more important than family, but ironically in the opposite camp. I had difficulty seeing students not wanting to work hard to improve themselves. In other words, I felt I was trapped between two cultures. The culture I experienced as a commodities trader was that the job was more important than family, and then the teaching job at the local college where many students didn't want to be the best they could be.

I was looking for a culture in between. A culture where family and friends were more important than the job, but at the same time, everyone, when working, wanted to be the best they could be. I learned that if you want to thrive, you need to surround yourself with people who live by the same values.

While it is a stretch to agree with Jack Welch, and I find his "10%-rule" ridiculous, I do agree that it's not fair to the team member if the company you work for has a culture that is not aligned with their personality. It might seem cruel in the short term, but it's quite the opposite. It's an act of kindness (if done right) to ensure everyone in the organization lives by the same values. A team member not aligned with the TIP values can easily thrive in another culture. And just as important, it is unfair to the existing team members who embrace the TIP culture to work with others who don't.

Top 0.1%, 1%, and the TIP Lifestyle

Not only Jack Welch's book, but most other business books tell us about outworking others. CEOs tell us about how they work seven days a week, never take a vacation, and how their company will change the world. I never saw TIP that way. I certainly don't like to work seven days a week, I love vacations, and I would be highly surprised if TIP changes the world.

Earlier this year, I did some math on the We Study Billionaires and Millennial Investing feeds and compared them with other podcasts. It turns out that We Study Billionaires, measured in downloads, is top 0.1%, and Millennial Investing is top 1%.

We Study Billionaires make millions of dollars in profit, whereas Millennial Investing only does a little better than breaking even. In other words, you must be at the very top of your game to make money in our industry!

How do we square that with the fact that everyone on TIP is "only" expected to work 170 hours per month?

I might be naive when I propose the formula:

Value Creation x Hours = Probability of Success

Implicitly in the formula is that we're constrained by working "only" 170 hours per month which in several big tech companies we are competing with are considered a "part-time job."

But here is the thing. If we work more than 170 hours per month, we might feel that the additional hours we put into our work create very little value. Moreover, we don't get to recharge because we don't have time with friends and family or time for our hobbies. It helps no one to be exhausted.

So, where does that leave us? TIP wants to achieve what seems impossible to many. We want to be top 0.1% in everything we do, but we don't want to work more than 170 hours per month while we do it. Additionally, we want to have fun while we work and have time with our friends, family, and hobbies when we are off. It's no easy task, and few people believe it's possible.

But here is the good news. It doesn't matter what everyone else believes. It's enough that we on the team believe it — and then do it. To make it possible, we must be deliberate with how and what we spend our time. That is why one of our five values is "First Things First."

Earnings Power

Warren Buffett is widely recognized as the greatest investor of all time. He is also, somewhat mistakenly, recognized as the greatest stock picker. Many investors have turned to him for a "formula," implying that anyone can identify the cheapest stocks and become rich if they have access.

Warren Buffett has repeatedly said that the value of any stock is "how much money we can expect the company to make in perpetuity." The question then arises, how do we determine that? It's more art than science, but I borrowed this framework from Buffett.

The value of a company is derived from its "earnings power." "Earnings power" is at the core of everything we do on TIP. It's why we start and close business units, move team members around internally, and compensate differently on each team.

The reader of this letter might briefly look at the jump in free cash flows on the first page and conclude that we have had a good year. Doing so would be an oversimplification of our business.

Amazon, for example, was notoriously known for many years for losing money. When you look at their reported numbers, they looked terrible. Yes, revenue increased, but the profitability looked terrible. It would, however, be wrong to say that Amazon was worthless because it didn't make money.

As a business person, you have to operate with two sets of numbers. One is the free cash flow. You can think of the free cash flows as money that can be taken out of the business. Let's say that you sell books for $10, but each book costs $4 to buy from the publishing house. In other words, if you sell one book, you have $10 in revenue and $4 in cost, leaving you with a profit of $6.

Now let's pretend that you buy three books at $4 each from the publishing house for $12 and sell one book at $10 to a customer. Your records will show that you are -$2 in the red, but as you know by now, there is more to the story. One part is accounting, and another is the actual business. Your earnings power has increased as you have two additional books to sell. You can decide not to invest in your business (buying books) or optimize for the short term of showing a $6 profit.

You can also invest long-term and care less about making a short-term deficit of $2. If you believe that you will eventually sell three books for $10 each and have the cost of 3 *$4, it will leave you with a total profit of (3*10)-(3*4) = $18.

TIP is in the latter camp. We do not care about showing a -$2 deficit if we eventually, for the entire period, will show an $18 profit. Our focus is on the "earnings power" and, in turn, on the free cash flow. The free cash flow is a derivative of having earnings power. We increase our earnings power by getting more podcast downloads, more subscribers to our newsletter, more viewers on our YouTube channels, and more users of TIP Finance.

This also shows why we don't only look at free cash flows when evaluating the year. We also have to consider our future earning powers and the cost we incur to achieve them. Imagine that we could end 2022 with:

1. $2,000,000 in free cash flow and 0 subscribers to We Study Markets.
2. $1,100,000 in free cash flows and 300,000 subscribers acquired for $3 each.

Do you prefer option 1 or option 2? If we're right about generating $6 revenue per subscriber, we would prefer option 2 even if it short-term suppressed our earnings.

The point I want to make is that to understand TIP's financial health; it's not sufficient to look at our reported profitability for a given year. To fully understand the business, you must look closely at our business units and how our earnings power has changed.

2023 Looks Difficult – Or Does It?

In Jim Collin's wonderful book "Good to Great," he talks about "the window and the mirror." Do we look out of the window and give others credit for the positive outcome? Do we look in the mirror when we have negative outcomes? Unsurprisingly, that's not how most people in other companies act.

It's hard to read financial news without CEOs blaming everyone else for their misfortune. With higher interest rates, it looks like we're heading into a recession, and every company is quick to blame "the challenging times" for their subpar results.

At TIP, we see this differently. Please do not get me wrong. Like, everyone else, we're influenced by the economic climate around us, but paradoxically that is also why we do not think too much about it.

Let me use an example of podcasting. In 2021 We Study Billionaires made $0.07 per download, whereas we made $0.09 in 2022. We have some control over how much money we make per download, including

- Hiring and training a great sales team that can sell more ads per download
- Having fewer or more ads running in our episodes
- Creating great ad reads

That being said, if advertisers cut their budget, it doesn't matter how great our sales team is, how many ads we allow to run on our episodes, and how good our ad reads are. We saw that in the spring of 2020, when COVID closed down the world, and in February 2022, when the war in Ukraine broke out.

My point is that as much as we want to, TIP can't control COVID or wars. We know that sometimes the business cycle is with us, and it's sometimes against us. Since we can't predict what will happen and don't want to fail the "mirror and window test" that Jim Collin proposes, what can we do?

We focus on what we can influence, for example, getting more downloads. Remember that our revenue from podcasting is:

Downloads x Revenue Per Download = Podcasting Revenue

We need to focus relentlessly on growing podcast downloads, newsletter opens, YouTube views, and users on TIP Finance, regardless of whether the business cycle is giving us headwinds or tailwinds.

Looking at Earnings Power in A New Light

Let me provide an oversimplification of TIP's earnings power. Let's group our assets and make them "equivalent to downloads." In other words, we take our subscribers from We Study Markets, our views from YouTube, etc., and assign a "download equivalent value" to them. Looking into 2023, we can roughly estimate that TIP's total inventory of all assets we monetize is equivalent to 40M downloads for the entire company.

If 2023 is a good year, we can assign a $.10 value per download, and if it's a bad year, $0.04. Most likely, it will be somewhere in between. Collin, Alec, and Ryan's job are to get the revenue per download as high as possible, but they are also sailing into the wind. What we should focus on in 2023 is growing to 60M+ downloads equivalent earnings power.

We would prefer 60M downloads * revenue per download of $0.04 = $2.4M revenue
over 40M downloads * revenue per download of $0.10 = $4.0M revenue.

This might seem counterintuitive. Why would anyone prefer $2.4M in revenue to $4.0M? Though we would prefer higher revenue to lower revenue, all revenue is not created equal. Remember that our total downloads are something we have more control over, and it's an asset we can monetize indefinitely.

In contrast, revenue per download, which we do not control and is susceptible to the market's whims, can likely fluctuate between $0.04 and $.10 in any given year. Below I created a table to illustrate how sensitive we are to fluctuations in revenue per download.

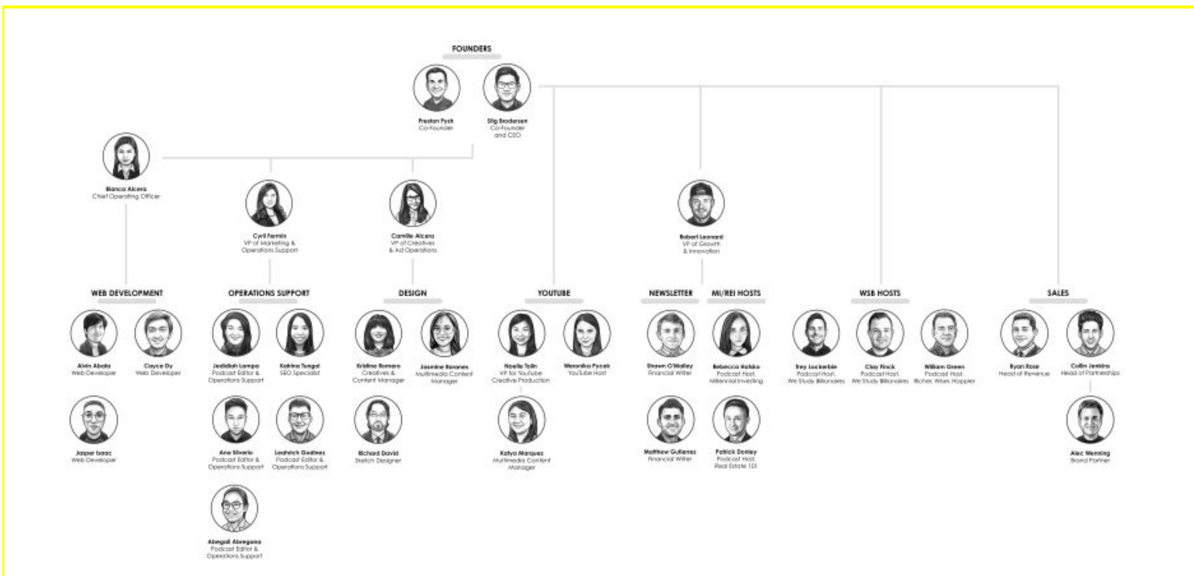
Download Equivalent	Revenue	Total Revenue
40M	$0.04	$1.6M
40M	$0.06	$2.4M
40M	$0.08	$3.2M
40M	$0.10	$4.0M
60M	$0.04	$2.4M
60M	$0.06	$3.6M
60M	$0.08	$4.8M
60M	$0.10	$6.0M

Long term, the key number to look at is “download equivalents.” Short term, we have to cover our expenses. If we look at the expenses for TIP in 2023, we expect to have a maximum of $2M. It’s important to understand that we both have “growth expenses” and “maintenance expenses” baked into that number. For example, spending money on paid advertising is a growth expense, whereas costs to servers are maintenance expenses. Many expenses can be assigned to both categories, for example, salaries to hosts and audio editors.

Attributing $2M in expected costs between the two categories in 2023 is more art than science and will likely be around 65% in maintenance and 35% in growth expenses. Investing 35% of our costs in a recession might seem very aggressive. However, recall the discussion on growing downloads a few paragraphs above. We can’t expect to grow our assets if we do not invest in them. It’s simply the other side of the coin.

One of the main challenges for 2023 is ensuring capital to grow our earnings power. However, at the same time, we must not invest so much that it makes us vulnerable to a recession and other market whims that we cannot control.

TIP Organization



TIP Charity Program

The Roman emperor Marcus Aurelius (121-180 CE) said, "The only wealth which you will keep forever is the wealth you have given away."

In today's fleeting and hedonic society, thinking of those less fortunate is more relevant than ever. Therefore I'm happy to say that we will again donate a significant amount through our charity program. The profit before tax results of $2,271,387 also means that $22,714 will be distributed by our team to charities chosen by each team member.

Since its founding in 2014, TIP has not had a single unprofitable month. At the time of writing, it looks like January 2023 will be the first, and any rational shareholder could therefore argue to retain the cash within the company. In times like these, we're being tested on what we are made of. The answer is simple: TIP has always been driven by values and not profit.

Our program allows every team member with at least 12 months of seniority to donate to a charity that they are particularly passionate about. The amount allocated for charitable contributions is determined by how many years and months the team member has worked with TIP, not their rank or paycheck. One month as a part-time team member is equivalent to 1 point, and full-time is equivalent to 3 points.

This year the charity allocation will be distributed in the following way:

CHARITY ALLOCATION - 2023		
Member	**Points**	**Allocation**
Bianca	186	$3,480.06
Camille	171	$3,199.41
Alvin	124	$2,320.04
Cyril	114	$2.132.94
Kristine	96	$1,796.16
Robert	90	$1,683.90
Noelle	87	$1,627.77
Jedidiah	69	$1,290.99
Katrina	48	$898.08
Clay	45	$841.95
Collin	40	$748.40
Jasper	36	$673.56
Trey	28	$523.88
Ryan	24	$449.04
Learich	24	$449.04
Ana	20	$374.20
William	12	$224.52

Thank you for doing good in this world with your contribution.

Final Remarks

2022 was a year of records. We reached more downloads, readers, and viewers than ever before. It was also reflected in our revenue and our record-breaking profit. Looking into 2023, we know we will set a new record with a higher cost level than ever before. As a result of the expected lower monetization of our assets, 2023 will be a significantly less profitable year than 2022.

We will have a strong focus on our profitability but an even stronger focus on our earnings power and, most importantly, optimizing for happiness on the team.

Thank you for trusting The Investor's Podcast Network with your employment.

Stig Brodersen

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