



# Earnings Presentation Q1 2024

tonies SE | May 15, 2024



tomiebox



# Disclaimer



This document contains forward-looking statements. Forward-looking statements can typically be identified by the use of words such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" or other words of similar meaning. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the tonies SE. They are not historical or current facts, nor are they guarantees of future performance.

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This presentation includes key performance indicators (KPI), including adjusted EBITDA margin, contribution margin and free cash flow which are not measures of liquidity or financial performance under International Financial Reporting Standards (IFRS). Adjusted EBITDA is calculated from EBITDA by adjusting for various effects to create a metric for the underlying profitability of the business. EBITDA was historically adjusted for the following non-recurring effects: (i) effects of share-based compensation, (ii) own software development (as this is not currently capitalized), (iii) special projects and bonuses, and (iv) costs and effects related to tonies IPO / business combination. The adjusted EBITDA margin is defined as adjusted EBITDA in percent of revenue. Contribution margin is the contribution profit in percent of revenue. The contribution profit is calculated from the gross profit after licensing costs less various revenue-related costs that are together aggregated as fulfilment (mostly freight and logistics costs, fees for online marketplaces, costs of payments and certain variable sales costs). Contribution profit and contribution margin show how much is available for coverage of fixed costs such as personnel, other expenses and marketing. Free cash flow is defined as the sum of cash flow from operating activities and cash flow from investing activities and represents the Group's cash efficiency and enables an assessment of profitability.

# Who you have on the call today



**Tobias Wann**  
CEO



**Dr. Jan Middelhoff**  
CFO

# tonies SE | Earnings Presentation Agenda



Welcome to tonies

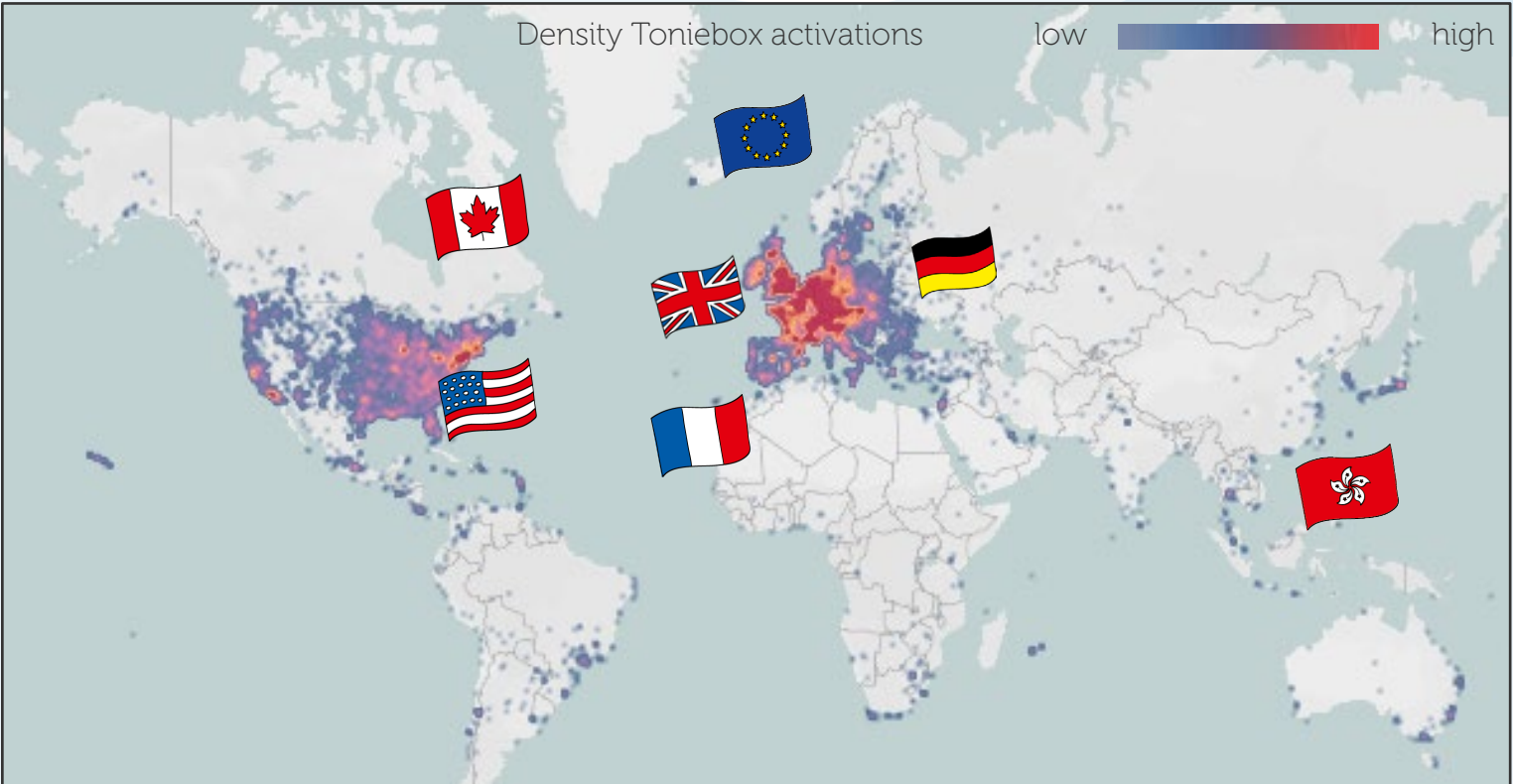
Business Update Q1 2024

Results Q1 2024

Outlook 2024

Q&A

# tonies: We have built the largest interactive audio experience platform for children in the world and it's just the beginning!



Our products enrich the life of **>50m** people<sup>1</sup>

**7m Tonieboxes** and **88m Tonies** sold since Q4 2016

Families in **>100 countries** have activated a Toniebox

Note: All figures as per Q1 2024 | <sup>1</sup>150m People = "extended family" affected by a Toniebox (assuming ~8 consumers/customers per Toniebox (e.g., the child, family & friends))

# Business model: We create unparalleled value around a unique product and brand



- 1** Global **category creator and leader** – offering a smart connected audio experience device “Toniebox” for children – unparalleled stickiness
- 2** **Largest global platform** – proven, highly-profitable business model in DACH replicated internationally in US, UK and FR (product-market fit!)
- 3** **Profitable repeat purchases model** with subscription like cohorts – superior Customer lifetime value through purchases of high-margin Tonies figurines and other products
- 4** **Clear value levers:** (1) Internationalization, (2) Gross margin expansion, (3) Own content/IP, (4) Product/channel Mix, (5) Operating leverage
- 5** **True love brand** offering all blockbuster IP and proprietary own content - highly-vocal and attached fanbase (Word of mouth effects)

|  |   |
|--|---|
| <b>281 min</b><br>average weekly playtime<br>in Q1 24            | <b>&gt;70%</b><br>average monthly active users<br>in Q1 24 <sup>1</sup> |
| <b>DACH &gt;50%</b><br>penetration rate<br>as of Q1 24           | <b>&gt;100 countries</b><br>with Tonieboxes activated<br>as of Q1 24    |
| <b>~20 Tonies</b><br>per Toniebox after 4.5 years<br>as of Q1 24 | <b>EUR ~290</b><br>customer lifetime value<br>as of Q1 24               |
| <b>+20ppts</b><br>contribution margin<br>(FY 2019-2023)          | <b>DACH &gt;16%</b><br>EBITDA margin<br>in FY 2023                      |
| <b>NPS &gt;70</b><br>Daily average in US<br>in Q1 24             | <b>2 out of top 5</b><br>franchises were own IP<br>in FY 2023           |

Since our IPO in 2021 we have exceeded all promises made ... and we are only getting started!



Note: <sup>1</sup> Share of all Tonieboxes ever sold

# Q1 2024 performance at a glance!



## Results:

Revenue: EUR 78m (+20% YoY)

DACH: EUR 40m (+2%)

NA: EUR 28m (+47%)

ROW: EUR 10m (+49%)

## Business Update:

Value levers are a source of innovation

International markets drive our growth

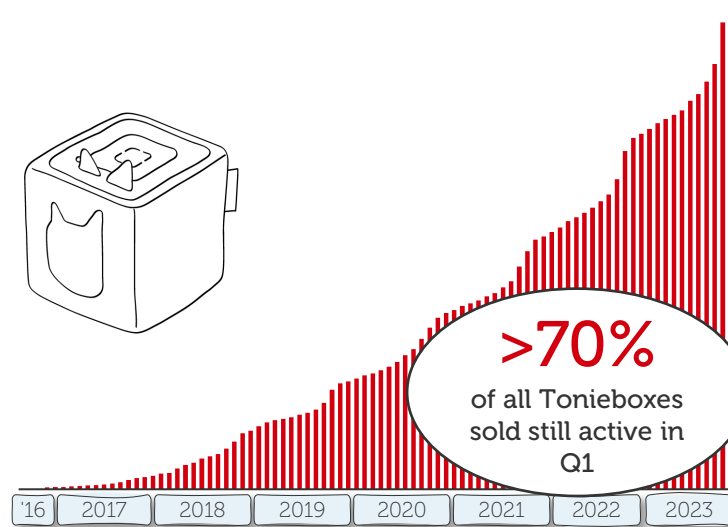
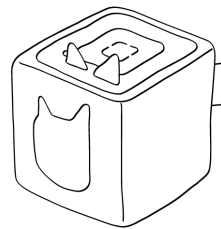
tonies has a strong competitive shield

## Outlook:

Confirmed for FY 2024

### Toniebox platform grows exponentially every year...

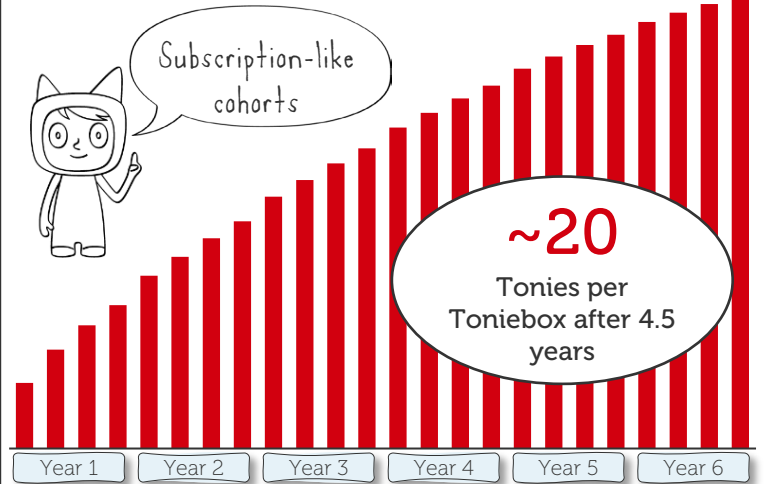
Cumulative Tonieboxes sold  
(Q4'16-Q1'24 in #)



**+250k Tonieboxes**  
sold in Q1 2024

### ... fueling the highly predictable repeat purchases of Tonies

Cumulative Tonies over customer lifetime



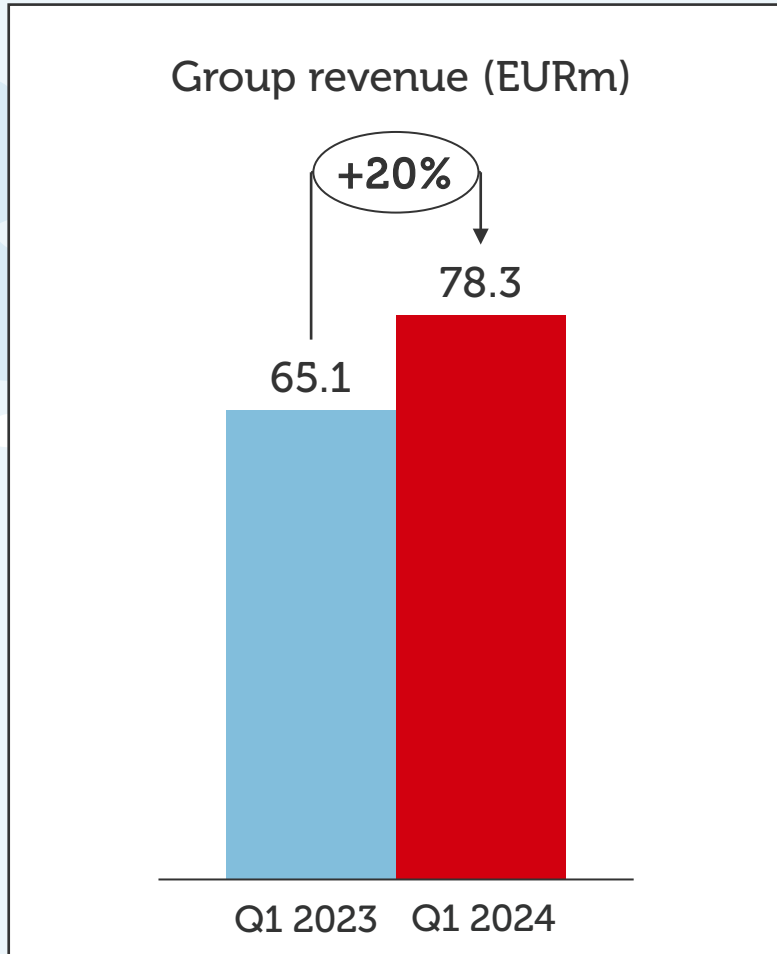
**+5.8m Tonies**  
sold in Q1 2024



# Business Update Q1 2024



# Q1 2024: revenue growth of 20% in line with expectations - high activations underline robust consumer sentiment



- Revenue growth **in line with expectations**
- **Strong Easter business** across the different regions
- Revenue growth affected by:
  - a strong **baseline effect** (Q1 2023: 42% YoY)
  - **supply chain disruptions** (particularly Suez Canal) which led to selected stock shortages
- **High growth in activations** showed robust consumer sentiment: Toniebox activations +30% YoY and Tonies activations +42% YoY
- **Notable acceleration in growth trajectory expected**, particularly in H2, where the majority of revenue is generated

# We innovate based on our value levers: Our newest format "Clever Tonies" improves our gross margin



Our value levers:

1. Internationalization
2. Gross margin expansion
3. Own content/IP
4. Product/channel mix
5. Operating leverage



## Gross margin improvement:

Clever Tonies have a higher margin due to lower design, production and licensing costs<sup>1</sup>



## Further benefits of Clever Tonies:

### Target group extension

edutainment for kids aged 5+ years

### More sustainable

Up to 50% bio-circular material

### Short go-to market time

Through standardized design

<sup>1</sup> Affecting gross margin after licensing costs

# Our first tonies Podcast leverages our data-based own content to drive engagement



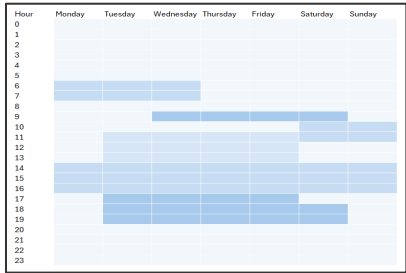
Our value levers:

- 1. Internationalization
- 2. Gross margin expansion
- 3. Own content/IP
- 4. Product/channel mix
- 5. Operating leverage

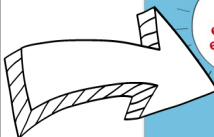


**Our successful, insights-based own content:**  
Edutainment for kids aged 5 years and above

Toniebox activity across weekdays and hours (schematic)



UK team analyzed usage patterns and developed a format to become part of morning routines of older kids



**#1**  
most played  
daytime Tonie

**2x**  
higher usage  
frequency vs.  
average<sup>1</sup>

**+12% NPS**  
in 4+ years category  
vs. non-Podcast  
owners

Note: all data for UK only; <sup>1</sup> Compared to average Tonie aimed at kids 4+

# Rest of world: International markets drive growth - we have traction in all our regions



**Significant increase in retail footprint**  
in mature market



**>850k**

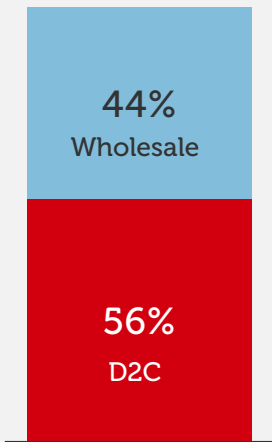
Tonieboxes sold since market entry



**>8.4m**

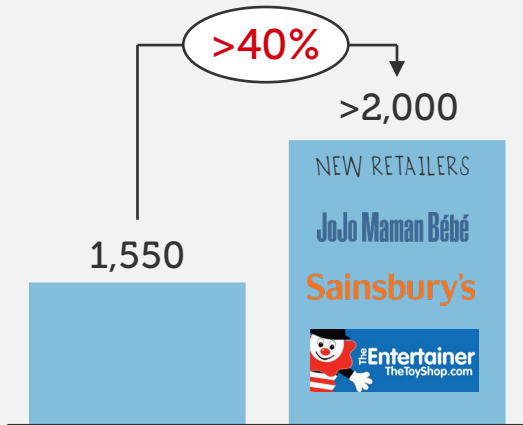
Tonies sold since market entry

Distribution Channel Mix



FY 2023

Increasing retail footprint  
(# POS) in 2024



End of 2023

End of 2024



**2<sup>nd</sup> biggest player in category<sup>1</sup>**  
in just two years



**>100k**

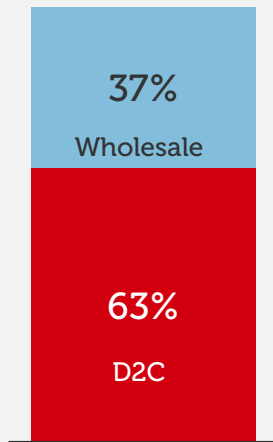
Tonieboxes sold since market entry



**>1m**

Tonies sold since market entry

Distribution Channel Mix



FY 2023

Strong brand advocacy

**97%**

of customers recommend us to other families<sup>2</sup>

**>80**

net promoter score<sup>2</sup>

<sup>1</sup> Based on Google search trends and a Study by Appinio | <sup>2</sup> Survey with 1,000 French customers

# Strong performance at Walmart sets stage for expansion with additional stores and Tonies assortment in 2024

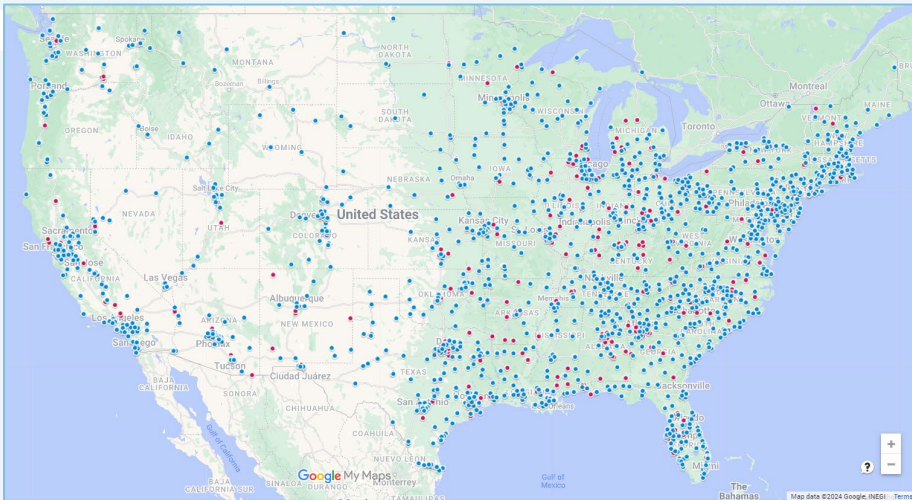


Additional POS with **+350** new stores in H2 2024

Additional shelf space in 500 stores in Q3 2024



**+22%** increase in Walmart POS



**>30%** increase in Tonies assortment



Note: number of POS at year-end 2023 and expected number of POS at year-end 2024

# tonies has a strong competitive shield



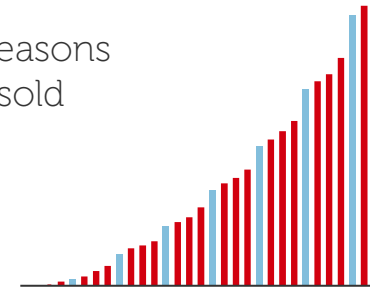
## I. User experience

- Simple and intuitive design for the usage of kids
- Unrivalled stickiness of the product:
  - 281 minutes average weekly playtime<sup>1</sup>
  - >70% average monthly active users<sup>1</sup>
  - Strong retention with ~20 Tonies after 4.5 years
  - Brand advocacy: NPS<sup>1</sup> of >70



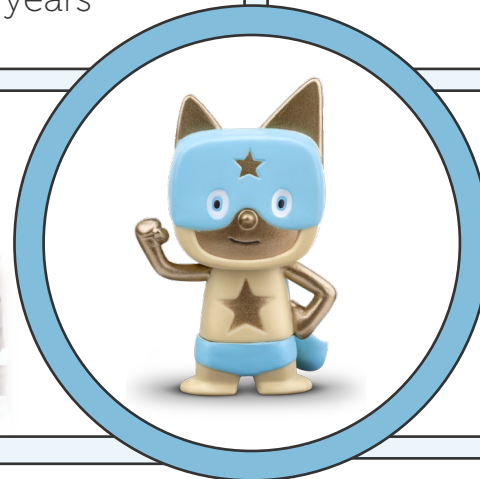
## IV. Seasonal build-up

- Head start of 8 Christmas holiday seasons
- Cumulated number of Tonieboxes sold by quarter (Q4 in blue):



## II. Product proficiency

- Own hardware and cloud technology
- Own production site machines tag products, ensuring a closed ecosystem
- Figurine design excellence



## V. Financial ability

- >16% EBITDA margin in mature DACH market<sup>2</sup>
- Cost structure to sustain the business
- Access to growth financing (e.g. syndicated loan)



## III. IP library

- Partner of all major global licensors
- >200 licensors and >700 agreements signed
- Successful own IP:



## VI. Patents

- International IP protection across all relevant markets
- Cloud
- Tonies
- Toniebox
- NFC communication






# Results Q1 2024

# FY 2023 recap: Segment reporting introduced – DACH market already with >16% EBITDA margin



Provided on FY & HY basis

| in mEUR             | DACH   | North America | Rest of World | Total operating segments | Corporate headquarters | Reconciliation | tonies group <sup>1</sup> |
|---------------------|--|---------------|---------------|--------------------------|------------------------|----------------|---------------------------|
| Revenue             | 165.9  | 140.4         | 54.7          | 360.9                    | 0                      | 0              | 360.9                     |
| Licensing costs     | -28.0  | -13.1         | -5.7          | -46.8                    | 6.0                    | 4.5            | -36.3                     |
| Contribution margin | 33.5%  | 26.3%         | 31.3%         | 30.3%                    | -                      | -              | 35.3%                     |
| EBITDA              | 270  | -4.5          | -4.8          | 177                      | -11.9                  | 2.9            | 8.7                       |
| EBITDA margin       | <b>16.3%</b>  | -3.2%         | -8.7%         | 4.9%                     | -                      | -              | <b>2.4%</b>               |

- DACH: Mature market **highly profitable** with 16.3% EBITDA margin
- North America: Still investing into **growth**, contribution margin reflects channel mix
- ROW: Investing into **expansion**, contribution margin driven by lower fulfilment costs
- Corporate Headquarters: **HQ functions** e.g., accounting, taxes, legal, strategy, IT...

*Notes and definitions: Operational segments: Results are based on the respective local GAAP; Reconciliation: IFRS adj. and special exceptional/items not allocated to segment; Prior period: 2022 data is not available and effort of extracting and determining information is not in proportion to the information content of the data*



DACH is the mature market blueprint - showing our high profitability potential

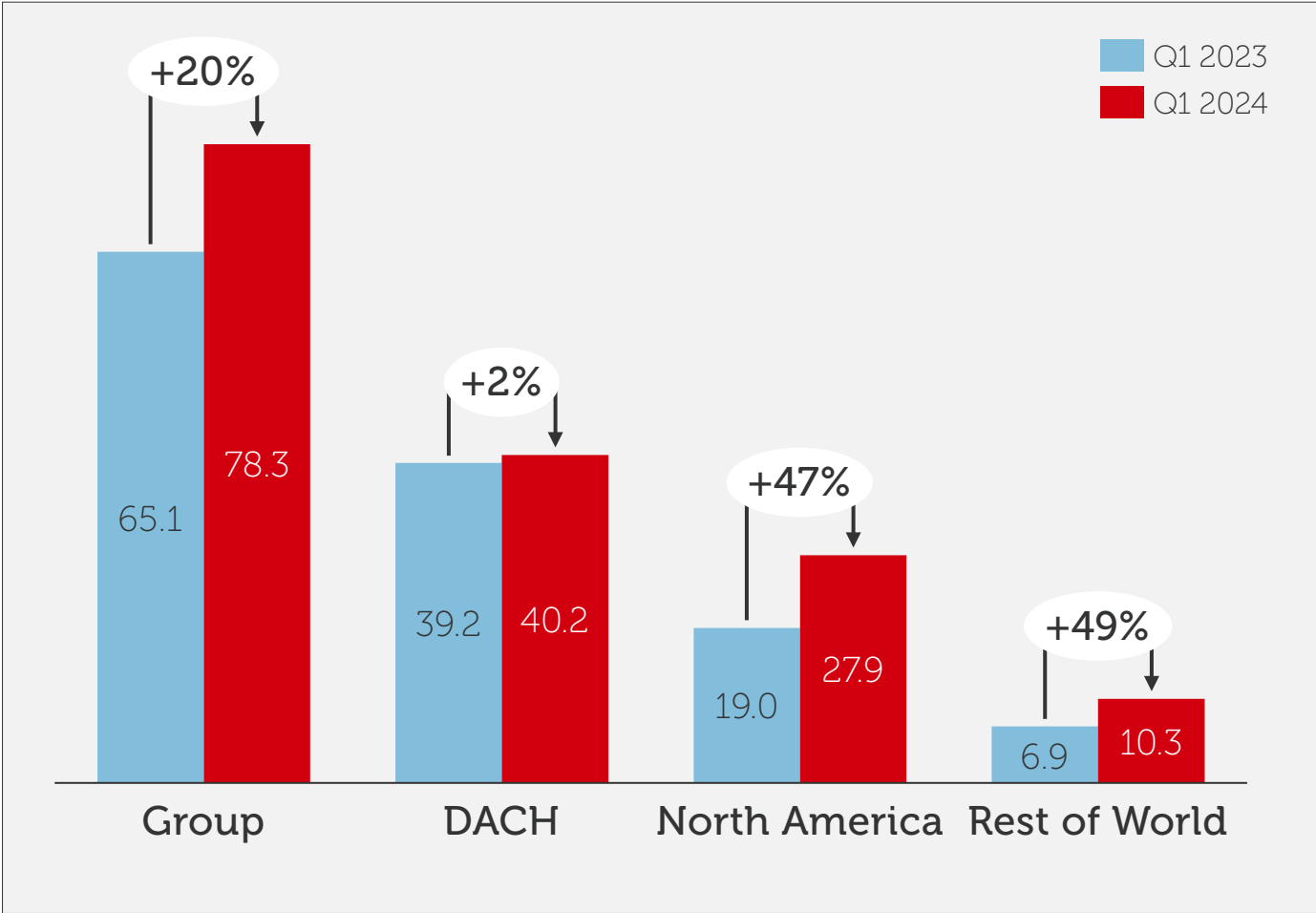
<sup>1</sup> According to IFRS



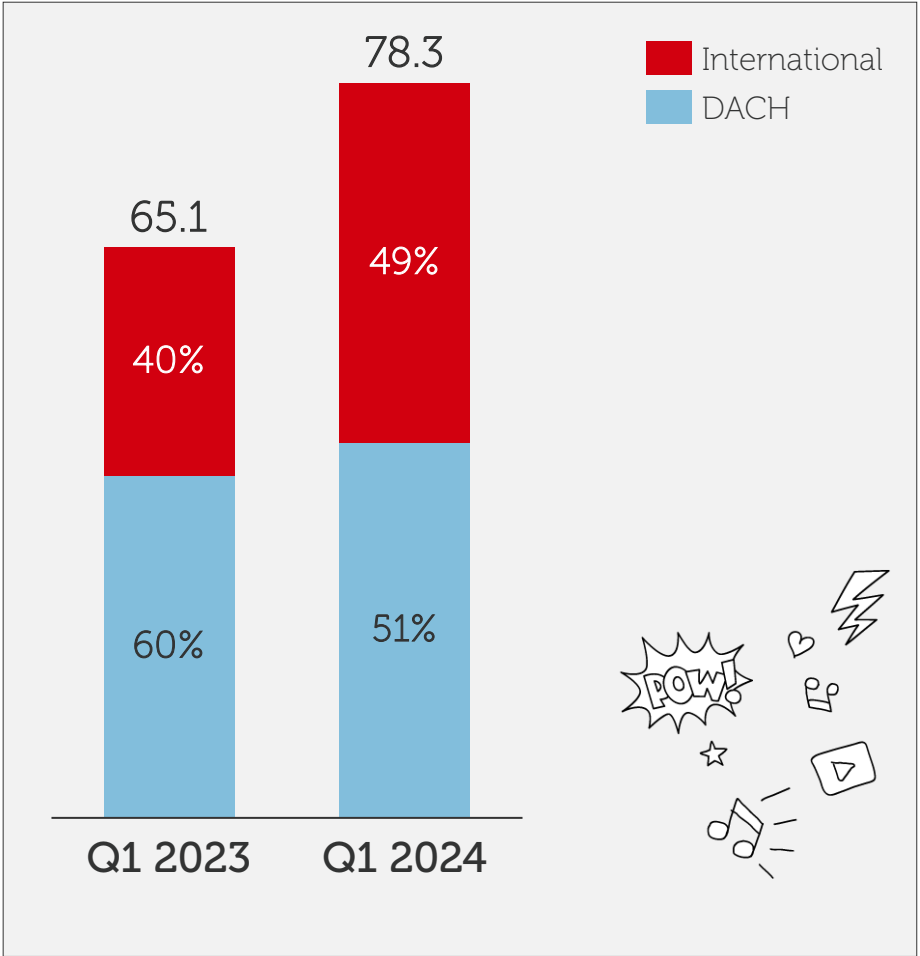
# Q1 2024: Growth driven by international markets



### Revenue growth by region



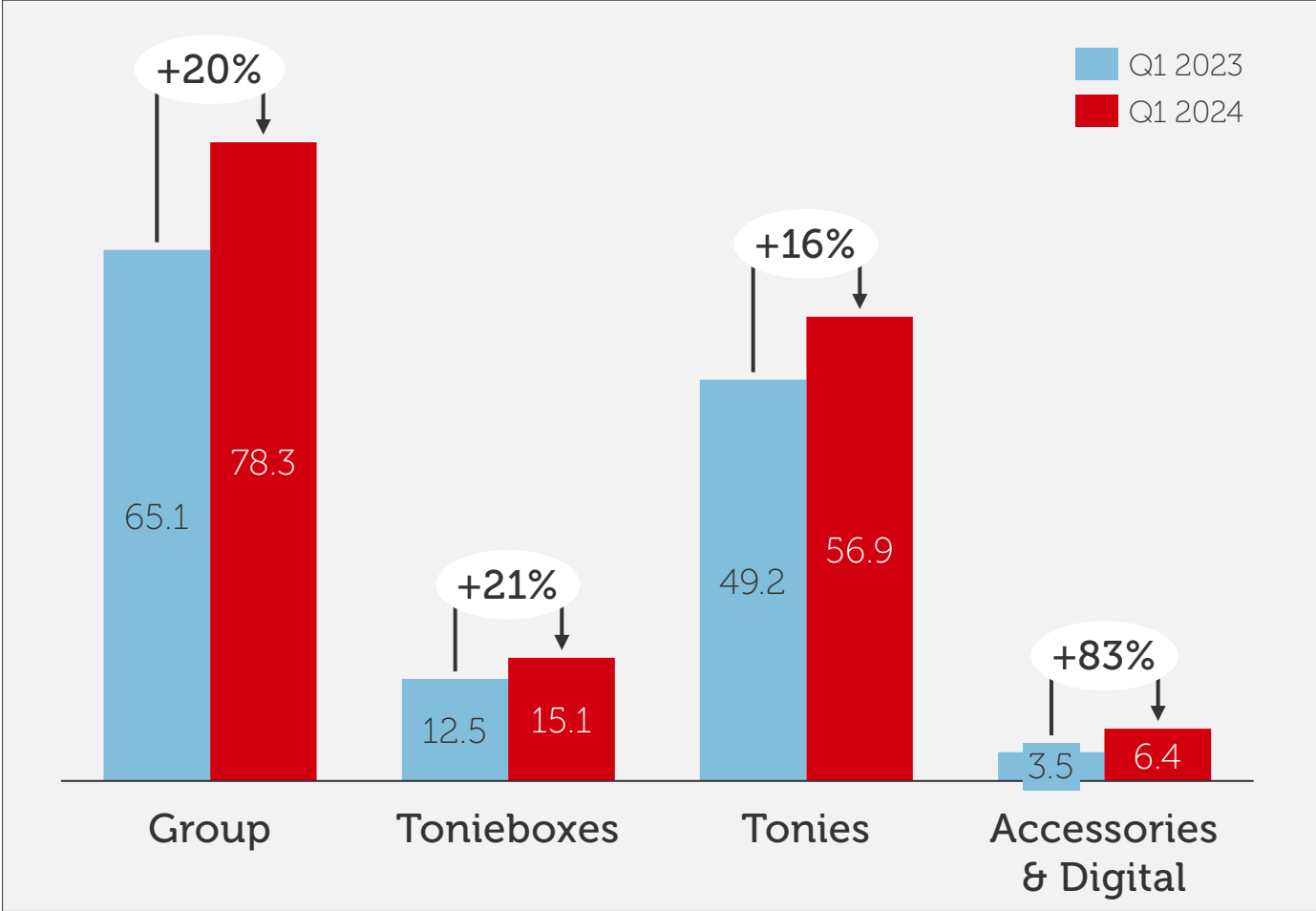
### Revenue split



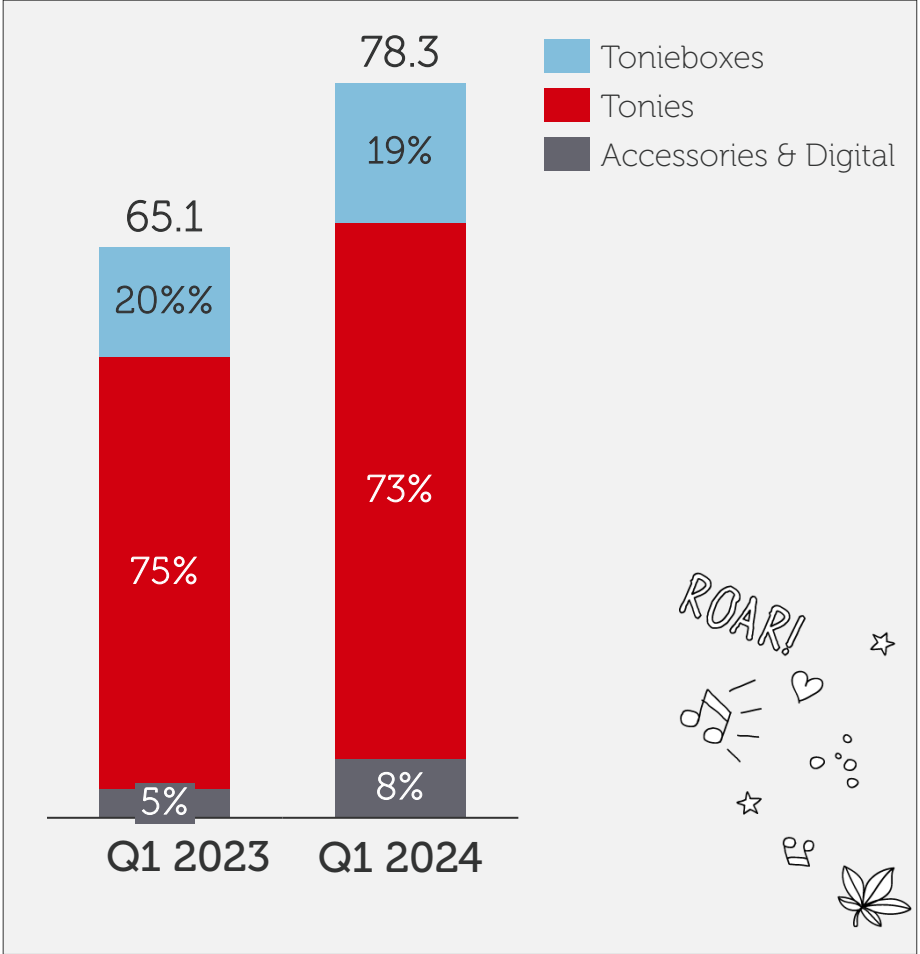
# Q1 2024: More than 70% of sales generated with Tonies



### Revenue growth by product category



### Revenue split by product category





# Outlook 2024

# Guidance FY 2024<sup>1</sup>: Continued significant revenue growth and further improvement in profitability



|                              | Results FY 2023 | Guidance FY 2024                |
|------------------------------|-----------------|---------------------------------|
| Group revenue (EURm)         | 361             | >480 <sup>1</sup><br>(>33% YoY) |
| North America revenue (EURm) | 140             | >200 <sup>1</sup><br>(>42% YoY) |
| Adjusted EBITDA margin (%)   | +4.0%           | 6-8%                            |
| Free cash flow (EURm)        | -5              | >10                             |

- Another year of **significant growth** ahead with North America becoming the largest market
- Another **step-up in profitability** due to higher gross margin & operating leverage on cost base
- **Free cash flow** will further improve in 2024 and **turn positive**



<sup>1</sup> 2024 based on EUR/USD of USD 1.07



# Q&A

# Meet us on conferences and roadshows



H1

H2

| Results         | Conference  | Roadshow                          |
|-----------------|---|-----------------------------------|
|                 | MAR 7: Berenberg EU Opportunities Conference      |                                   |
|                 | MAR 19: Jefferies Pan-European Mid-Cap Conference |                                   |
|                 | MAR 19: Jefferies Pan-European Mid-Cap Conference |                                   |
| APR 11: FY 2023 |   | APR 15 (FRA), 16 (LON) & 23 (PAR) |
| MAY 15: Q1 2024 | MAY 21: Berenberg Manhattan Conference            | MAY 22 (NYC)                      |
|                 | JUN 6/7: Warburg Conference                       |                                   |
| AUG 21: H1 2024 |   | AUG (tbc)                         |
|                 | SEP 3: Corporate Conf. Cofa & ODDO BHF            |                                   |
|                 | SEP 23/24: BB/GS German Corporate Conference      |                                   |
| NOV 13: Q3 2024 |   |                                   |
|                 | NOV 25-27: Deutsches Eigenkapitalforum 2024       |                                   |
|                 | DEC: Berenberg European Conference                |                                   |

# Investor Relations Contact



## Investor Relations Team Contact

[ir@tonies.com](mailto:ir@tonies.com)

## Investor Relations Contact

Manuel Bösing

Head of Investor Relations

Phone: +4915157846012

Mail: [manuel.boesing@tonies.com](mailto:manuel.boesing@tonies.com)