

## Quarterly statement Q3 2023

**tonies delivers excellent Q3 revenue growth of 46% and is on course to achieve revenue of EUR 354m and positive adjusted EBITDA in FY 2023**

- Group revenue increased by +46% YoY to EUR 79 million (Q3 2022: EUR 54 million) driven by international expansion and a strong DACH business
- Guidance for FY 2023 confirmed: group revenue of EUR 354 million, US revenue of EUR 116 million and a positive adjusted EBITDA
- tonies founders and Co-CEO's Marcus Stahl and Patric Fassbender will hand over to new CEO Tobias Wann as part of a planned management succession on January 1, 2024
- tonies closed a new syndicated loan facility with an amount of EUR 30 million and a top-up option of EUR 10 million to safeguard seasonal working capital needs for growth

LUXEMBOURG, 13 November 2023 // tonies SE ("tonies"), a leading international digital audio platform for children with the award-winning Toniebox, announced results for the third quarter and the first nine months of 2023, ended on 30 September 2023. tonies continued its very strong revenue growth with a 46% YoY increase in the third quarter and 39% YoY in the first nine months of 2023. tonies confirmed its full-year 2023 guidance.

**Marcus Stahl, Co-Founder and Co-CEO, says:** "The first nine months of 2023 have been remarkable, with impressive progress towards our ambitious goals for the year. The third quarter is particularly noteworthy as it was the first quarter ever in which more Tonieboxes were sold in the US than in the DACH region – a testament of the success of our international expansion and our strong foundation for future growth. And the expansion continues: With Canada we have added a new and exciting market with a robust economy and great demand for educational products. At the same time, I am very happy that our home market DACH is showing such strong growth. We will use our momentum from the third quarter to enter the all-important fourth quarter with confidence. We are well prepared to meet our revenue targets and are on course to achieve a positive adjusted EBITDA in 2023."

On the recently announced leadership change **Patric Fassbender, Co-Founder and Co-CEO, commented:** "After a decade of imagining, building, and scaling tonies from our first idea to the largest interactive audio platform for children, my Co-founder Marcus and I believe the time has come for us to hand over the reins of management. We are happy to be able to initiate this process at this stage in tonies' journey: We are at our strongest point yet and believe that the structures we have established will benefit from the valuable insights and skills of tonies' new CEO Tobias Wann. Continuing to grow internationally and becoming a true global hero in children's rooms around the world is the next chapter in tonies' success story. With his international experience, Tobias is the right CEO and, together with his fellow board member Dr. Jan Middelhoff (CFO), will be supported by an established, successful and unchanged leadership team."

## Revenue performance

Group revenue in the third quarter went up by +46.5% YoY to EUR 78.8 million (Q3 2022: EUR 53.8 million). In the first nine months of 2023, revenue grew by +38.9% YoY to EUR 191.9 million (9M 2022: EUR 138.2 million).

In the third quarter, very strong growth was observed across all **regions** with the **US** market once again taking the lead. Revenue in the US reached EUR 26.3 million, reflecting growth of +109.1% compared to the prior-year quarter. Across the US, Tonieboxes and Tonies are now also available in 1,600 Walmart stores and additional 700 Target stores, bringing the total number of Target stores to 1,800. This emphasizes the ongoing success of retail adoption, indicating that tonies enters the crucial fourth quarter with a significantly expanded retail base. In the first nine months of 2023, revenue in the US more than doubled with growth of +139.7% YoY to EUR 60.1 million driven by all distribution channels. In addition, we have just announced our first brand campaign in the US “Discover Imagination”, which will be broadcast nationwide and involves partners such as Disney (Frozen), National Geographic (Dino), Marvel (Spidey), Paramount (Paw Patrol) and Hasbro (Peppa Pig), clearly demonstrating the strength of tonies' platform.

The profitable **DACH** region showed revenue growth of +21.7% YoY to EUR 41.9 million and rebounded strongly compared to the previous-year quarter, when revenue was impacted by lower retail footfall as a result of weaker consumer sentiment. Growth was driven by all distribution channels and by strong product launches such as Paw Patrol and Disney's Encanto. In the first nine months, the DACH region recorded double-digit growth of +10.4% YoY to EUR 108.1 million.

In **Rest of World**, revenue in the third quarter grew by +55.9% YoY to EUR 10.6 million driven by France and the UK. Revenue in the first nine months of 2023 increased by +55.6% to EUR 23.7 million. tonies expanded its delivery countries in Europe via the European Webshop by adding the Nordic countries Denmark, Sweden and Finland, bringing the total number of countries to 17.

As a result of the continued successful international expansion of tonies, share of revenue outside the DACH region increased substantially in the first nine months of 2023 to 44% (9M 2022: 29%).

From a **product category** perspective, **Tonieboxes** revenue was up by +64.2% YoY in the third quarter of 2023 to EUR 26.0 million. It is the first quarter for tonies in which more Tonieboxes were sold in the US alone than in the DACH region, demonstrating a strong foundation for future growth in the strategically most important growth market. To further build on the strength of the Toniebox as a platform, tonies is making significant progress in the use of artificial intelligence. In May, the first version of an AI-based content generator was tested in the UK with 1,000 registered customers: the tool allows families to create personalized stories in a fun way and listen to the audio file instantly on the Toniebox. An enhanced and improved version, based on feedback from test customers, will now be launched in November with

3,000 accounts in DACH and the UK. In the first nine months of 2023, revenue growth of Tonieboxes was +39.6% YoY to EUR 50.9 million with more than half of the Tonieboxes sold outside of DACH region.

Revenue of **Tonies figurines** increased in the third quarter by +38.9% YoY to EUR 48.4 million. The most sought-after Tonies were both licensed third-party Tonies from Paw Patrol and Disney as well as Tonies with self-produced content and own design such as “Sleepy Friends”, “Favorite Children’s Songs” and tonies' first “Advent Calendar Tonie”, where kids can enjoy a new story chapter every day from December 1st. With "Clever Tonies," tonies introduces a new eco-friendly edutainment audio product for kids aged five and above. This is a testament to tonies' ability to continually bring new innovations to the market and expand its offering especially for older children. Launched in the US in October 2023, it will be available in DACH and the UK in Q1 2024. In the first nine months, Tonies revenue increased by +37.7% YoY to EUR 130.7 million.

In **Accessories & Digital** revenue grew by +41.5% YoY to EUR 4.4 million driven by headphones, carriers and the Night Light Tonie, which was successfully rolled out to the DACH region in July and to France in August, following the US launch in the second quarter. In the first nine months of 2023 revenue rose by +52.5% YoY to EUR 10.3 million.

### **Net assets and financial position**

No substantial changes to the net assets and financial position of the Group occurred in the period under review compared to the situation as of June 30, 2023, taking into account the seasonal cash outflow.

In the third quarter of 2023, tonies further developed its financial structure to capture growth opportunities by successfully closing a new EUR 30 million syndicated loan facility, which replaced previous bilateral credit facilities with a total amount of EUR 26 million. This loan, which was structured in close cooperation with highly regarded banks Commerzbank, Deutsche Bank, DZ Bank and KfW, will help tonies to safeguard seasonal working capital needs for growth. The revolving syndicated loan has a term of three years plus two one-year extension options. Furthermore, the credit line has a top-up option of another EUR 10 million. The successful raising underlines the confidence of tonies' financing partners in its prospects.

### **Guidance for full-year 2023**

tonies confirms its guidance after very strong first nine months of 2023 and is on track to achieve its ambitious targets with group revenue of EUR 354 million and US revenue of EUR 116 million, based on the assumed EUR/USD exchange rate of USD 1.08. This implies revenue growth for the group of +37% YoY and for the US of +77% YoY. tonies also expects a positive adjusted EBITDA margin for full-year 2023 (2022: -2.4%). The forecast is based on the assumption that there will be no further material deterioration of consumer sentiment in 2023.



tonies SE will hold a presentation on its Q3 2023 results today, Monday, 13 November at 11 am CET. All details can be found under <https://ir.tonies.com/financial-calendar/>.

All publication documents are available on tonies' Investor Relations Website under <https://ir.tonies.com/publications/>.

## Figures at a glance

in EUR million	Q3 2023	Q3 2022	Change	9M 2023	9M 2022	Change
<b>Revenue</b>	<b>78.8</b>	<b>53.8</b>	<b>46.5%</b>	<b>191.9</b>	<b>138.2</b>	<b>38.9%</b>
by region						
DACH	41.9	34.4	21.7%	108.1	97.9	10.4%
US	26.3	12.6	109.1%	60.1	25.1	139.7%
Rest of World	10.6	6.8	55.9%	23.7	15.2	55.6%
by product category						
Tonieboxes	26.0	15.8	64.2%	50.9	36.4	39.6%
Tonies figurines	48.4	34.9	38.9%	130.7	95.0	37.7%
Accessories & Digital	4.4	3.1	41.5%	10.3	6.8	52.5%

**About tonies**

tonies is the creator and publisher of tonies®, the innovative and award-winning audio system for children aged three and up. Consisting of the Toniebox and the matching audio figurines - called Tonies - the system makes audio content touchable and enables a completely new kind of listening experience: “audio play”. Launched in 2016 in Germany, Austria, and Switzerland, tonies® is available on three continents and offers a portfolio of over 700 Tonies. tonies employs over 400 people and has been listed on the Frankfurt stock exchange through tonies SE since 2021

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