



# Earnings Presentation H1 2024

tonies SE | August 22, 2024



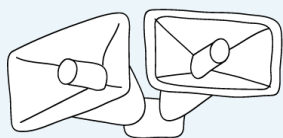
# Disclaimer



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.

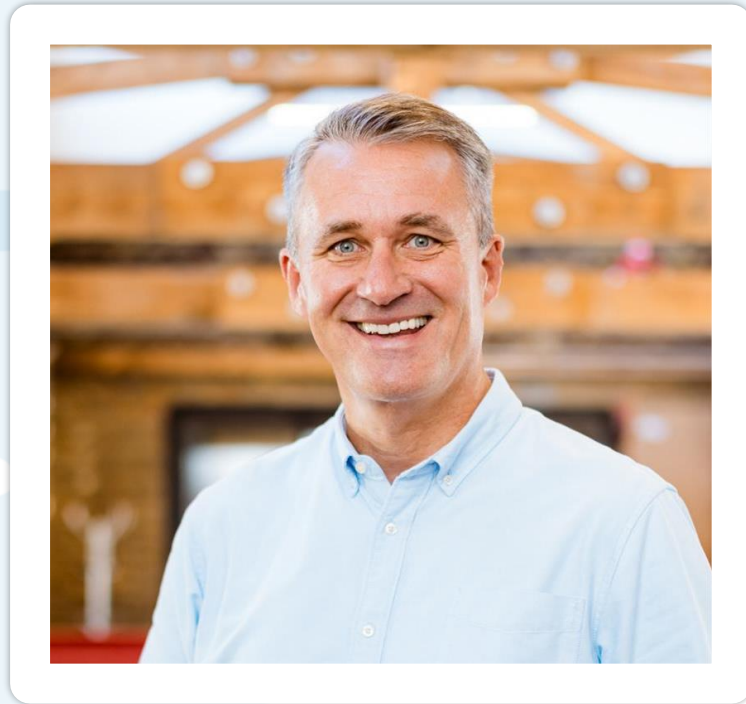
By their nature, forward-looking statements involve several risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described in this document. These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable mandatory law or regulation, the tonies SE expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the tonies SE's expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statements are based. Neither tonies SE nor any other person accepts any responsibility for the accuracy of the opinions expressed in this document or the underlying assumptions.

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.

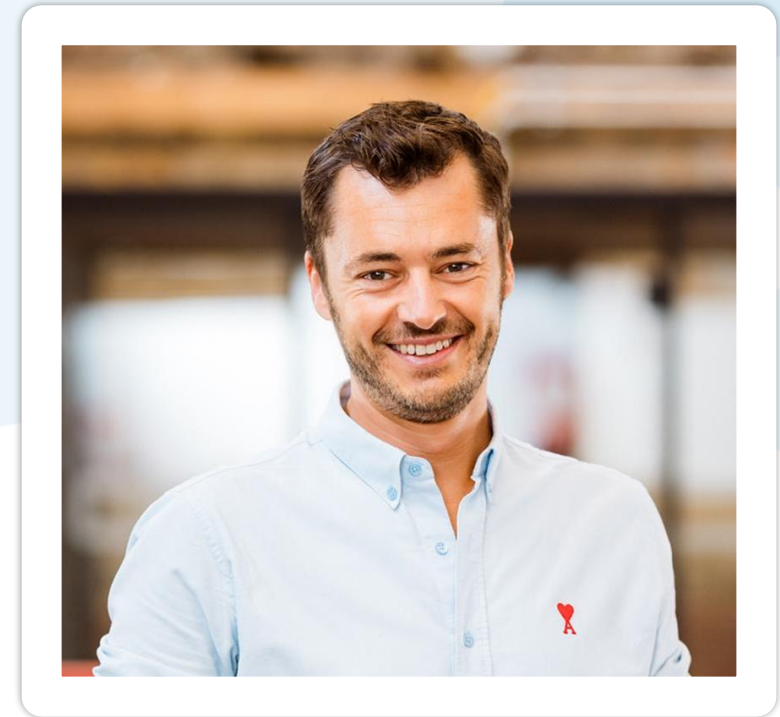


**Changes made to numbers in H1 2023:** Historically, currency losses were predominantly associated with tonies procurement activities, specifically purchases of raw materials and consumables in foreign currencies. Consequently, these losses were reported under the category of cost of materials in previous years. As tonies global footprint expands and the business diversifies, tonies is increasingly engaging in a broader range of international transactions. As a result, foreign currency gains and losses are now arising from a wider spectrum of business activities beyond just procurement. In the interest of consistency and comparability, adjustments have been made to the previous year's financial figures to reflect this reclassification accurately and were already implemented for the FY 2023 results. For further information please refer to tonies half-year financial report 2024.

# Who you have on the call today



**Tobias Wann**  
CEO



**Dr. Jan Middelhoff**  
CFO

# tonies SE | Earnings Presentation Agenda



Welcome to tonies

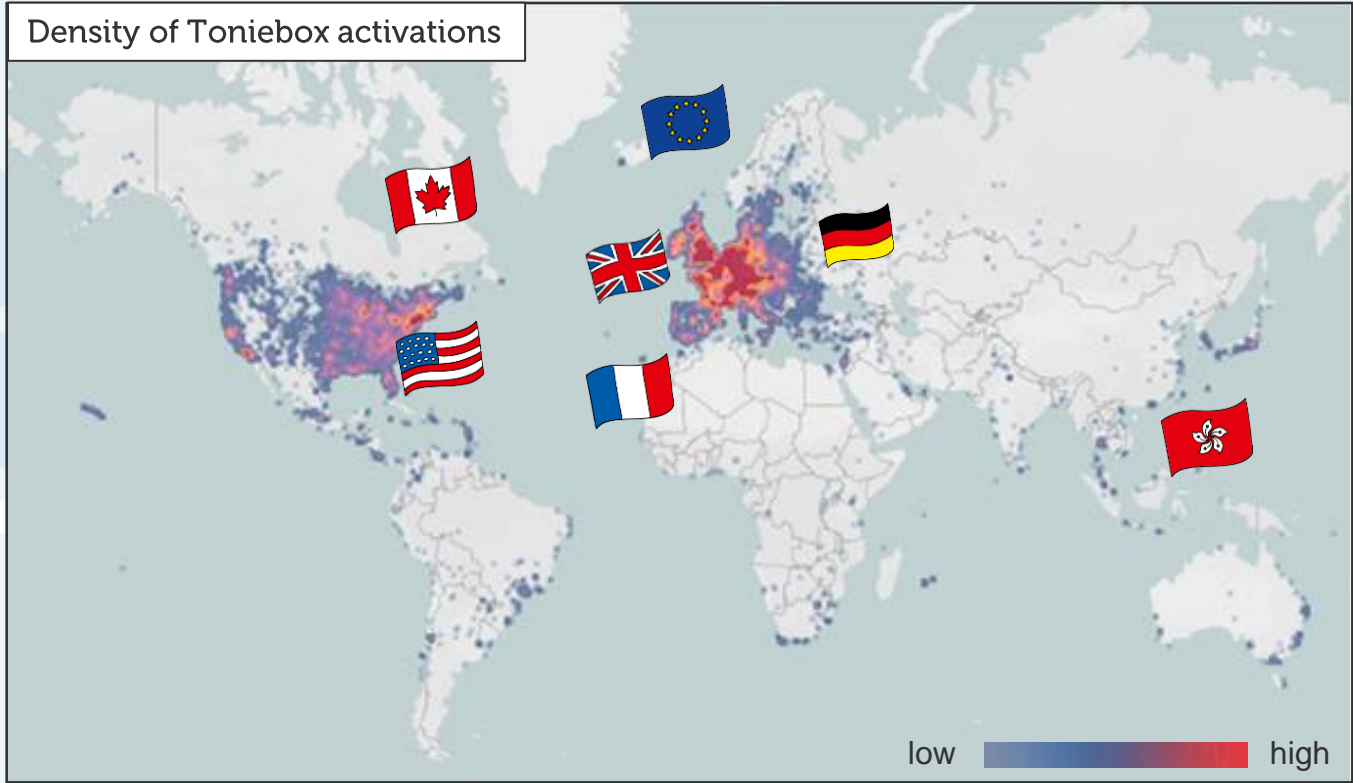
Business Highlights

Financial Results

Outlook 2024

Q&A

# tonies: We have built the largest interactive audio experience platform for children in the world



**We are the #1 audio platform for kids globally**

Families in <b>&gt;100 countries</b> have activated a Toniebox	<b>&gt;7.3 million</b> Tonieboxes sold	<b>&gt;90 million</b> Tonies sold
----------------------------------------------------------------	----------------------------------------	-----------------------------------

**We have unparalleled stickiness**

<b>&gt;270 min</b> Ø weekly playtime <sup>1</sup>	<b>NPS &gt;70</b> in the US
---------------------------------------------------	-----------------------------

<sup>1</sup> Avg. weekly playtime in H1 2024 globally

# H1 2024 performance at a glance



**Revenue:**  
**EUR 147m**  
**YoY: +30%**

DACH: EUR 72m (+9%)  
North America: EUR 55m (+63%)  
ROW: EUR 20m (+50%)

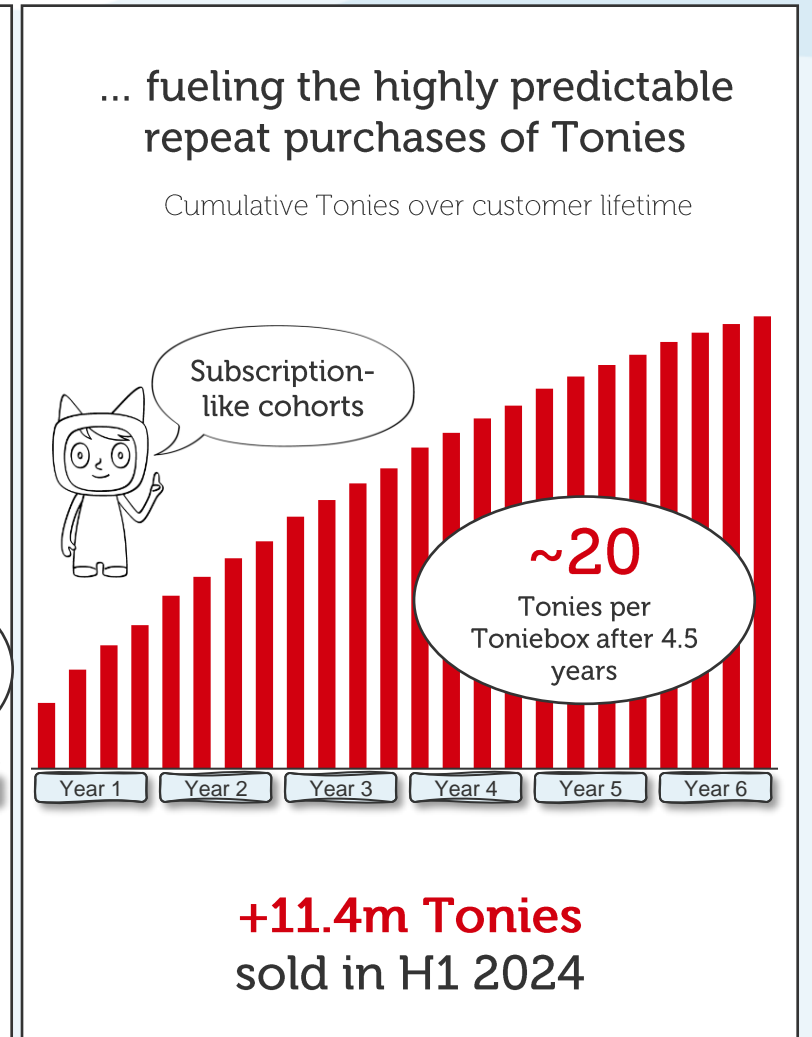
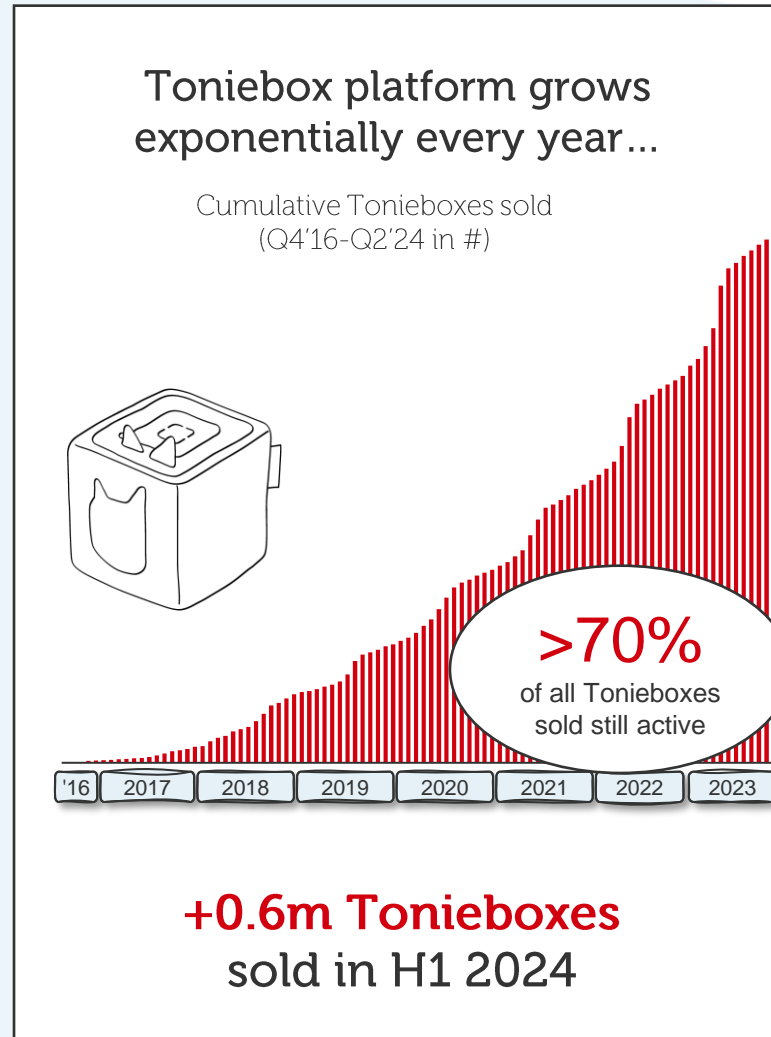
**51%**  
international  
business

**Adj. EBITDA<sup>1</sup> / EBITDA margin:**  
**2.6% / 2.0%**  
**YoY: +0.8pp / +4.4pp**

**37%**  
contribution  
margin

**Free cash flow:**  
**EUR -32m**  
**YoY: +7m**

**40m**  
cash available<sup>2</sup>





Note: Company data as of June 2024 | <sup>1</sup>Only adjusted for share-based compensation | <sup>2</sup>At June 30, 2024, including unused credit line of EUR 15m

# Business highlights: Exciting things happening at tonies





## Our value levers:

 Internationalization

 Gross margin expansion

 Own content/IP

 Product/channel mix

 Operating leverage





Seamless **leadership transition** sets the stage for next growth chapter





**KOHL'S**  
**TARGET**

Continued expansion of **US wholesale channel** strengthens market penetration






HELLO


Successful **launch in Australia & New Zealand** proofs our internationalization blueprint





**New multi-year/-territory contracts** enhance our competitive advantage





Successful launch of new **Clever Tonies** format to expand CLV



**arvato**

Smooth running **change of our logistics service** provider generating mid-single digit million savings

# Business Highlights



# Seamless leadership transition – What a remarkable company!



My personal impressions after the first six months – we have a strong...

## Product

**Universal product-market fit:**  
>50% DACH penetration rate &  
>50% international revenue

Beloved and powerful **brand**  
with **strong licensing and own**  
**IP: 2 out of top 5** franchises



## Business

Successful go-to-market and  
**distribution** strategy based on  
local market requirements

Proven profitability blueprint  
with **18.2% EBITDA margin** in  
DACH

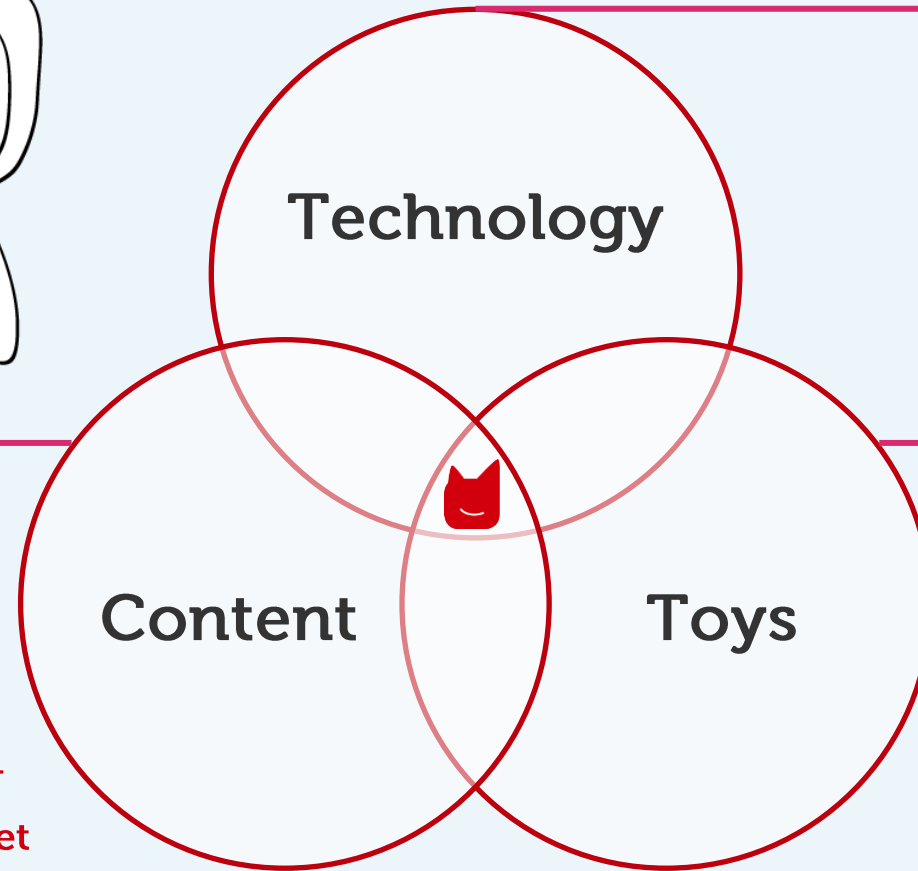


## Team

**Highly committed and**  
**enthusiastic teams** delivering  
hypergrowth on a daily basis

**Stable and highly experienced**  
**leadership team** that delivered  
IPO guidance in unstable macro  
times

# tonies is uniquely positioned at the intersection of Technology, Content & Toys – key for entertainment in the 21st century



- **Content portfolio comprises ALL major IP** (and more to come) offering choice to all consumer segments
- **Own content portfolio and multi-year frame contracts** create **market entry barriers**

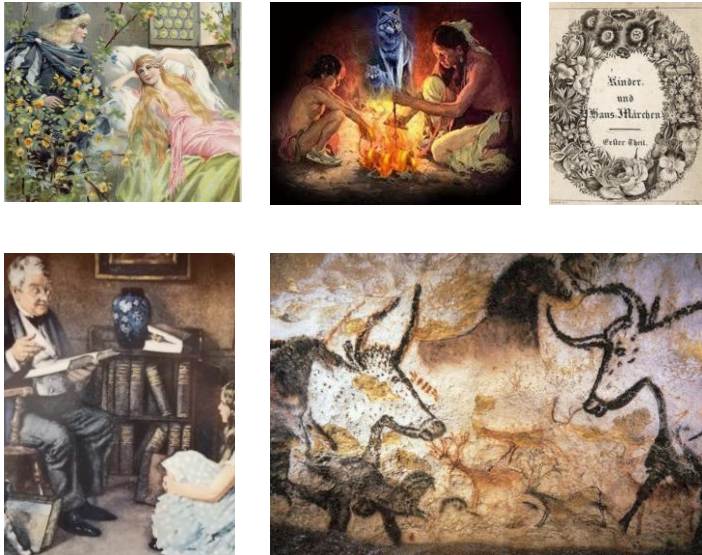
- **Largest and exponentially growing audio hardware platform** for children
- **Highly regarded and awarded user experience** creates high stickiness
- Seamlessly blending **offline listening with digital audio content**
- Playful character of Tonie figurines and accessories expands **market reach beyond just content**
- Integrates a new audio dimension into **tactile play**
- Provides **opportunity to toniefy** other toy categories / products

# Three major factors drive our success and future growth



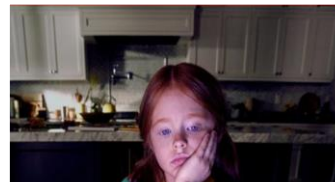
**Storytelling** shapes our culture and the world we live in

Children have always learned how the world works through stories



**Reducing screen time** is a top priority for parents and a major mental health concern<sup>1</sup>

Audio content fosters creativity, one of the key skills of the 21st century<sup>2</sup>



Over 60% of kids aged 0-5 exceed recommended screen time

### Top 10 skills in 2020

1. Complex problem solving
2. Critical thinking
3. Creativity
4. People management
5. Coordinating with others
6. Emotional intelligence
7. Judgement and decision making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

**Investments into children's development** are growing double digit

Addressing the highly attractive, fast-growing market for educational toys<sup>3</sup>

**\$61.6 bn**  
2023 global market size

**8.4%**  
Projected market CAGR until 2032

<sup>1</sup> C.S. Mott Children's Hospital, University of Michigan Health. (2023). NATIONAL POLL ON CHILDREN'S HEALTH. <https://mottpoll.org/reports/overuse-devices-and-social-media-top-parent-concerns>

<sup>2</sup> World Economic Forum

<sup>3</sup>Source: Fortune Business Insights: <https://www.fortunebusinessinsights.com/educational-toys-market-106324>

# Our customers confirm the amazing impact our products have on their children



"I cannot express enough gratitude for this product. **It has helped bring peace to my children** and brought us closer together as a family."

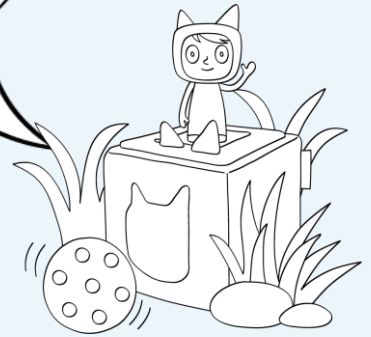
Catherine F.

"I love tonies! It entertains and helps our kids use their imagination. **The decrease in screen time is a wonderful thing for them.**"

Katrina S.

"My daughters love their Tonieboxes! It helps with quiet and bedtime. **I love how often they're listening to stories and music.**"

Alexandra R.



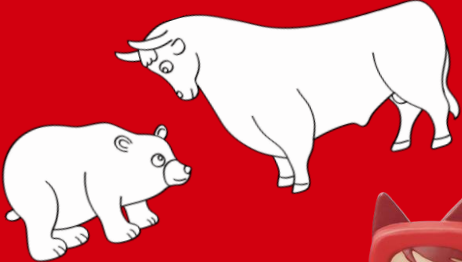
It is our fundamental vision to enrich the lives of as many children as possible



We have an **incredible opportunity** as we have so far only impacted the lives of **0.5%** of our target audience



Stay tuned...



for tonies' first  
Capital Markets Day  
in H1 2025

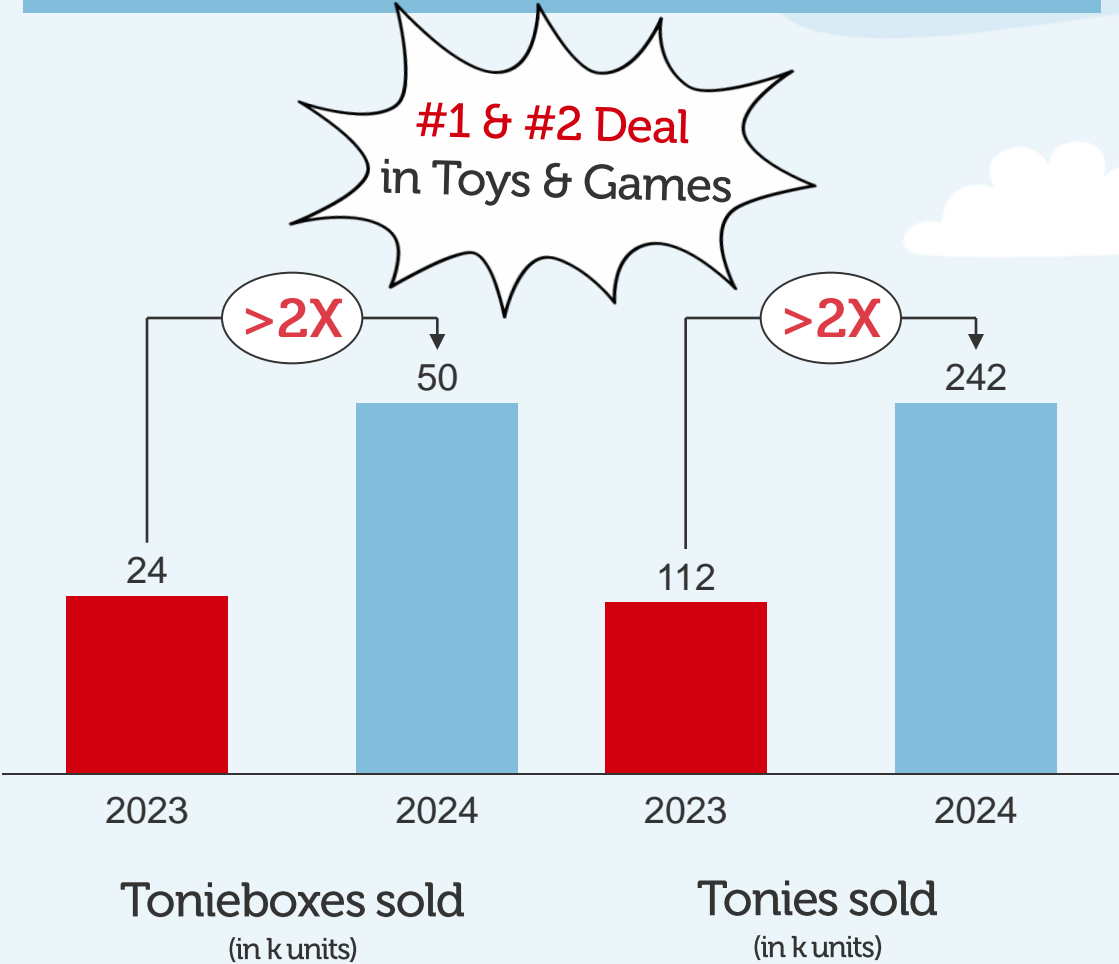
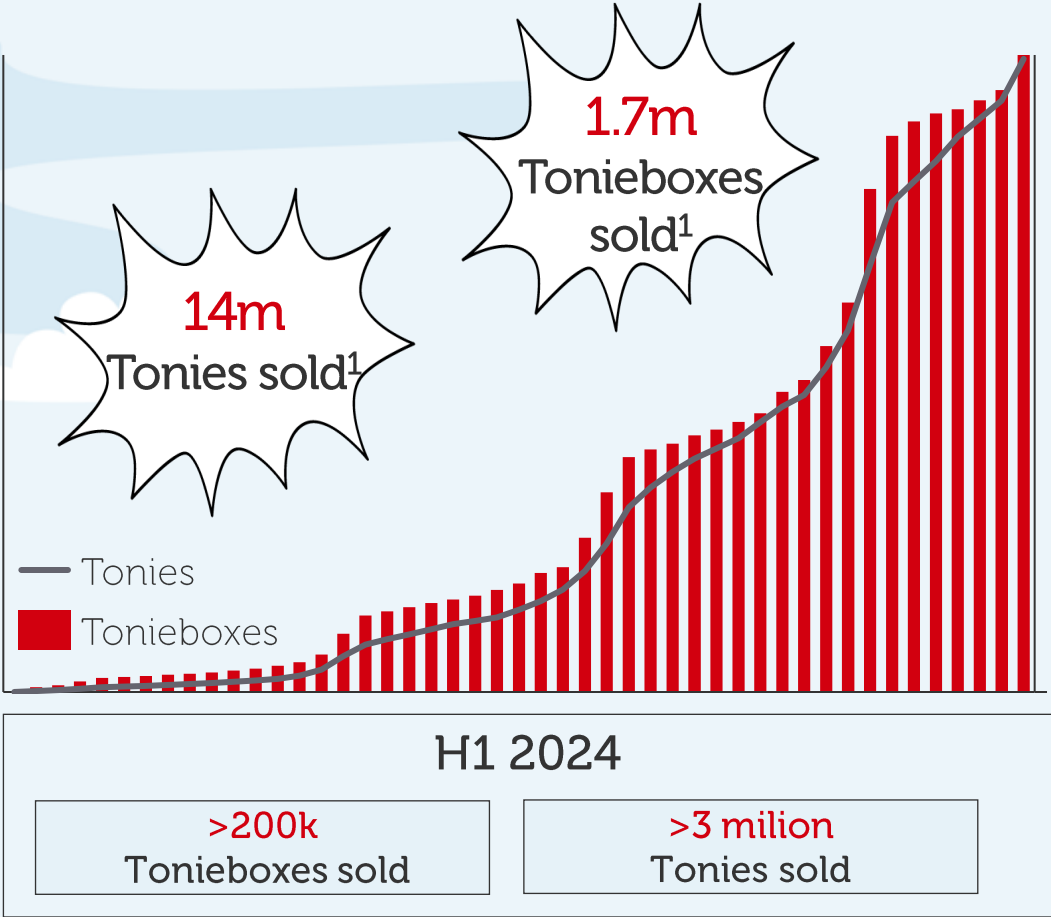
We are just at the beginning.

# Driving internationalization – US execution in full swing...



## Increasing installed base in H1

## Great start to Q3: Record Amazon Prime Day

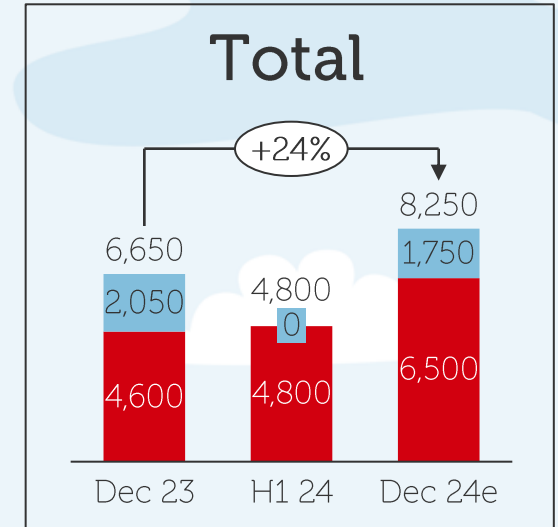
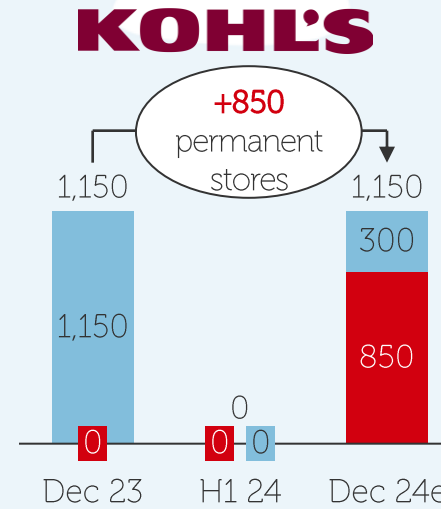
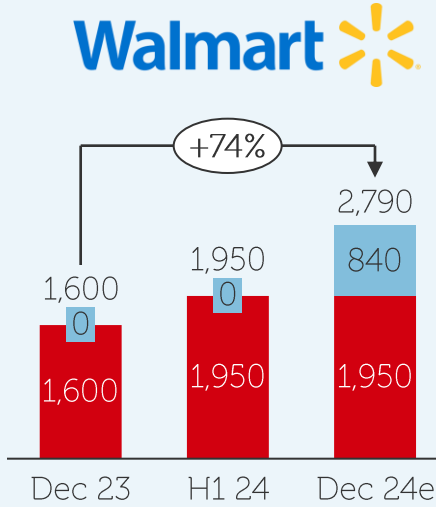
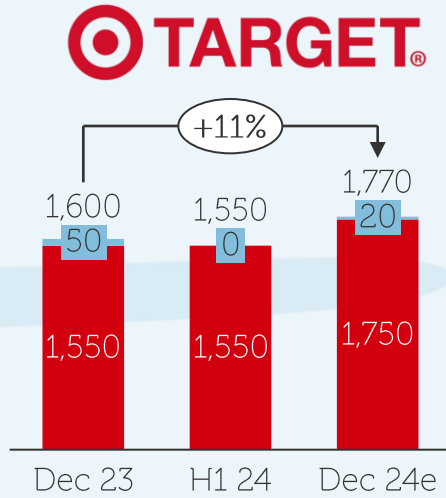


<sup>1</sup> since launch in August 2020

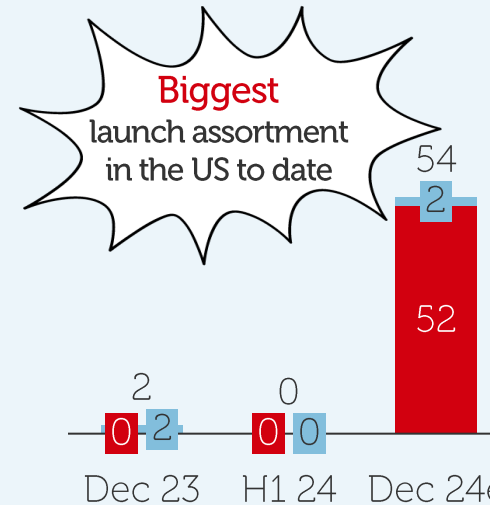
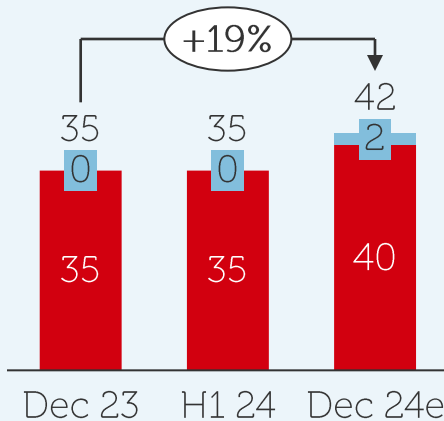
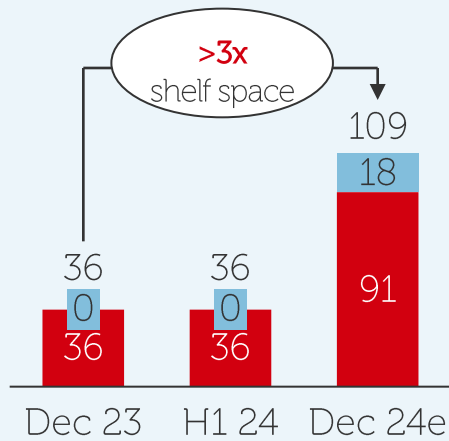
# ... with US Wholesale expansion playing a key role



## #POS



## #SKU



### KOHL'S

Typical example of how we managed to convert a seasonal listing into a permanent listing

Note: numbers are rounded



# We have successfully launched Australia & New Zealand



## Why ANZ?

- Pre-existing penetration (~8,000 active Tonieboxes before launch)
- Synergies through existing markets/ portfolio/ languages

We are confident that this is our **most successful launch to date**



Product:

Our **biggest** launch portfolio ever (55 Tonies, 4 Tonieboxes, Headphones, Listen&Go Bags & Night Light Tonies) with the **most popular content** from Icon Australian audio stars

Distribution:

**Presence in ~300 stores** with retail partners across all over Australia and New Zealand



Promotion:

**Major launch celebration** with key partners, influencers, journalists & celebrities in Melbourne

# Securing our future IP Pipeline: multi-year, multi-territory global contracts signed with top license partners



50+

new Disney and Marvel Tonies over the next few years!



10+








new Tonies incl. Paw Patrol, Sponge Bob & Teenage Mutant Ninja Turtles over the next few years!



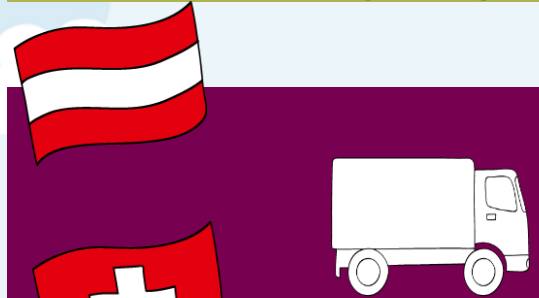
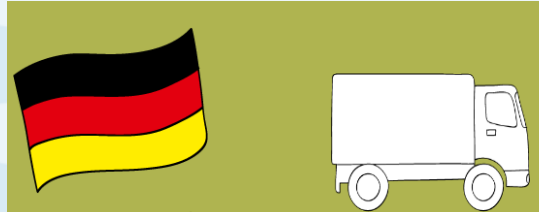
- These licenses are a **key for expanding** in new markets and drive internationalization of tonies
- **Demonstrates** Disney's and Paramount's **confidence** in our business model and future success

# Clever Tonies format launched successfully, enhancing customer lifetime value (CLV)



Key facts	Growing portfolio			Fantastic partners	
<p><b>Target group extension</b> edutainment for kids aged 5+ years</p> <p><b>Short go-to market</b> through standardized design</p> <p><b>Higher Gross margin</b> due to lower design, production &amp; licensing costs</p> <p><b>More sustainable</b> Up to 50% bio-circular material</p>	Launch date	#SKUs Jun 2024	#SKUs Dec 2024	    <p>...</p>	
		Feb 2024	11		18
		Oct 2023	13		18
		Sep 2024	-		16

# Streamlined European logistics and warehousing – from 3 players to 1 European leader



**arvato**

YEAH!

- Upscaling of **service** levels
- Streamlined **reporting** & supportive IT
- **Global** warehouse footprint
- Mid-single digit **EUR million savings**



# Financial Results H1 2024

# Strong H1 puts us firmly on track to reach FY 2024 guidance



## Revenue

EUR 147m

DACH: EUR 72m (+9%)

North America: EUR 55m (+63%)

YoY: +30%

ROW: EUR 20m (+50%)

Growth driven by international markets, particularly North America, and continued very strong growth in the mature DACH region.

**51%**

share int.  
business

## Adj. EBITDA<sup>1</sup>/ EBITDA margin

2.6% / 2.0%

YoY: +0.8pp / +4.4pp

EBITDA positive for the first time since IPO in the seasonally weaker H1. Improvement in adjusted EBITDA driven by higher gross margin and operating leverage

**37%**

contribution  
Margin

## Free cash flow

EUR -32m

YoY: +EUR 7m

FCF surpasses the previous year's level in 2024, despite significantly higher revenue, driven by much more efficient working capital management

**EUR**

**40m**

cash available<sup>2</sup>

## Other

Segment reporting on regional basis shows the high profitability of the DACH blueprint replicated internationally

**18%**

EBITDA  
margin DACH

<sup>1</sup>Only adjusted for share-based compensation | <sup>2</sup>At June 30, 2024, including unused credit line of EUR 15m

# P&L: Key numbers and margins (adjusted)



	H1 2024		H1 2023		+/-	
	EURm	% of revenue	EURm	% of revenue	EURm	pp
Revenue	146.8	100.0%	113.1	100.0%	33.7	-
COGS	-48.1	-32.8%	-38.7	-34.2%	-9.4	1.4pp
<b>Gross profit</b>	<b>98.7</b>	<b>67.2%</b>	<b>74.5</b>	<b>65.8%</b>	<b>24.2</b>	<b>1.4pp</b>
Licensing costs	-18.4	-12.5%	-9.7	-8.6%	-8.7	-4.0pp
<b>Gross profit after licensing costs</b>	<b>80.3</b>	<b>54.7%</b>	<b>64.8</b>	<b>57.3%</b>	<b>15.5</b>	<b>-2.5pp</b>
Fulfilment	-25.5	-17.4%	-18.3	-16.2%	-7.2	-1.2pp
<b>Contribution profit</b>	<b>54.8</b>	<b>37.4%</b>	<b>46.5</b>	<b>41.1%</b>	<b>8.3</b>	<b>-3.7pp</b>
Marketing	-12.2	-8.3%	-8.9	-7.8%	-3.4	-0.5pp
SG&A	-44.0	-30.0%	-39.5	-34.9%	-4.4	5.0pp
Personnel	-25.4	-17.3%	-20.8	-18.4%	-4.6	1.1pp
OPEX	-18.6	-12.7%	-18.8	-16.6%	0.2	3.9pp
Own work capitalized	0.8	0.6%	0.0	0.0%	0.8	0.6pp
Other result	4.4	3.0%	4.0	3.5%	0.4	-0.5pp
<b>EBITDA</b>	<b>2.9</b>	<b>2.0%</b>	<b>-2.7</b>	<b>-2.4%</b>	<b>5.6</b>	<b>4.4pp</b>
<b>Adjusted EBITDA</b>	<b>3.9</b>	<b>2.6%</b>	<b>2.1</b>	<b>1.8%</b>	<b>1.8</b>	<b>0.8pp</b>

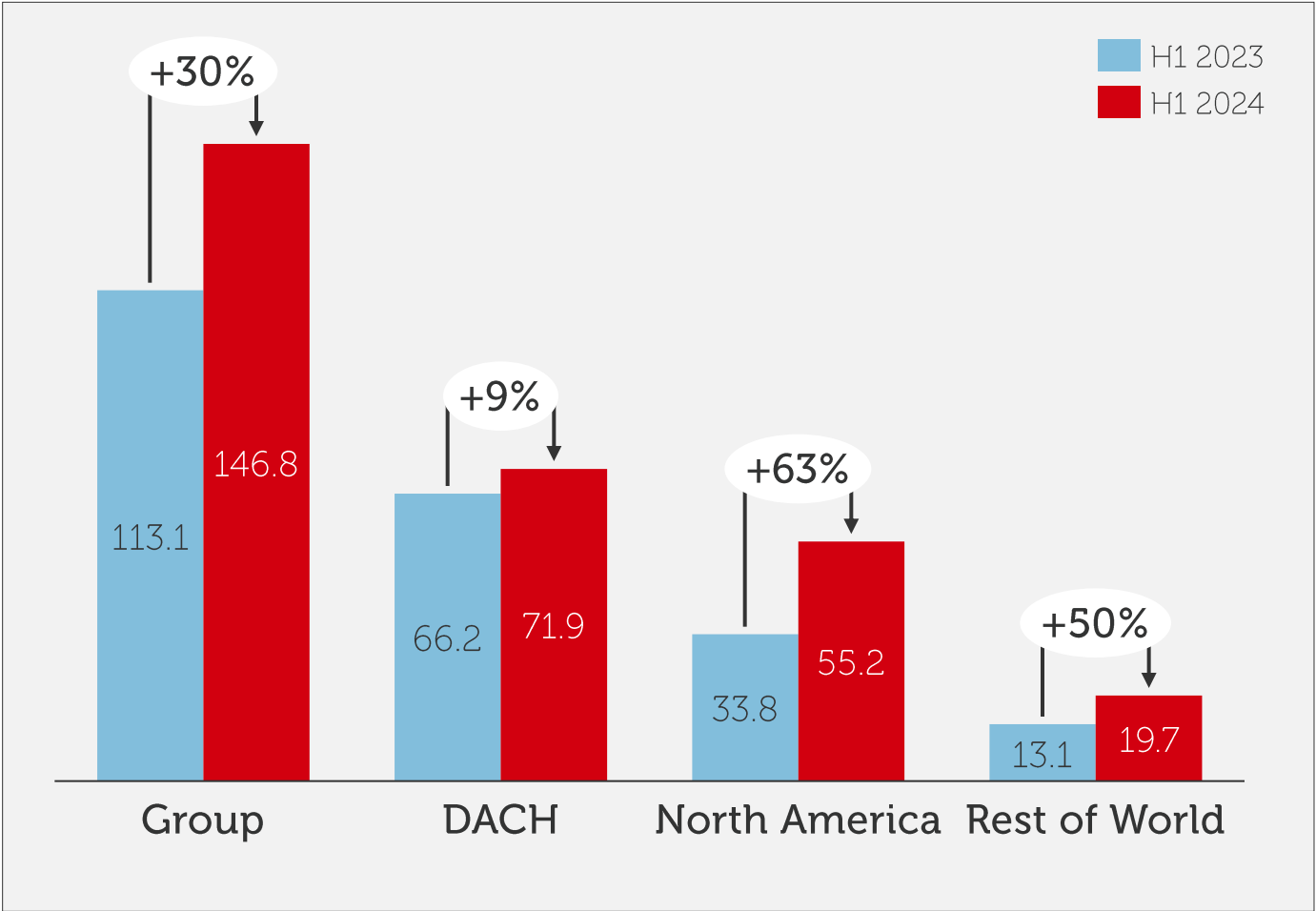
Incl. EUR 3.4m release of provision (~3pp)

Note: Numbers are unaudited

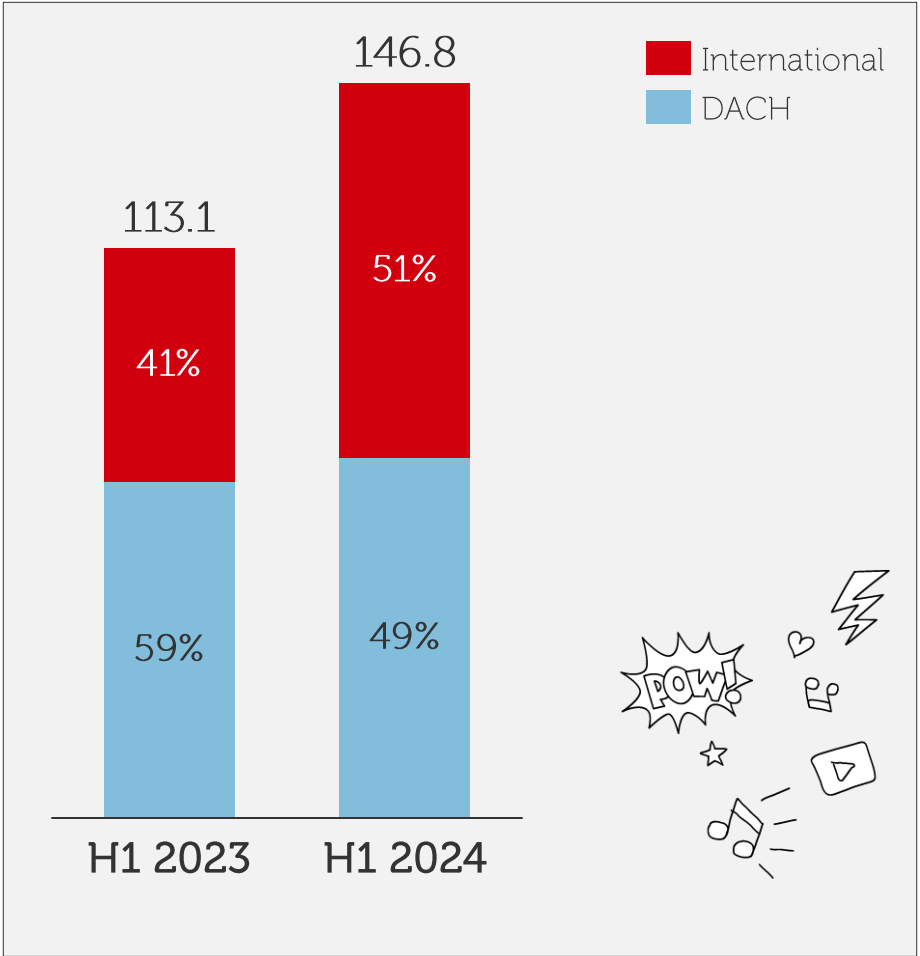
# H1 Regional split: international markets drive growth, mature DACH Region achieves high single-digit gains



Revenue by region (in EURm)



Revenue split

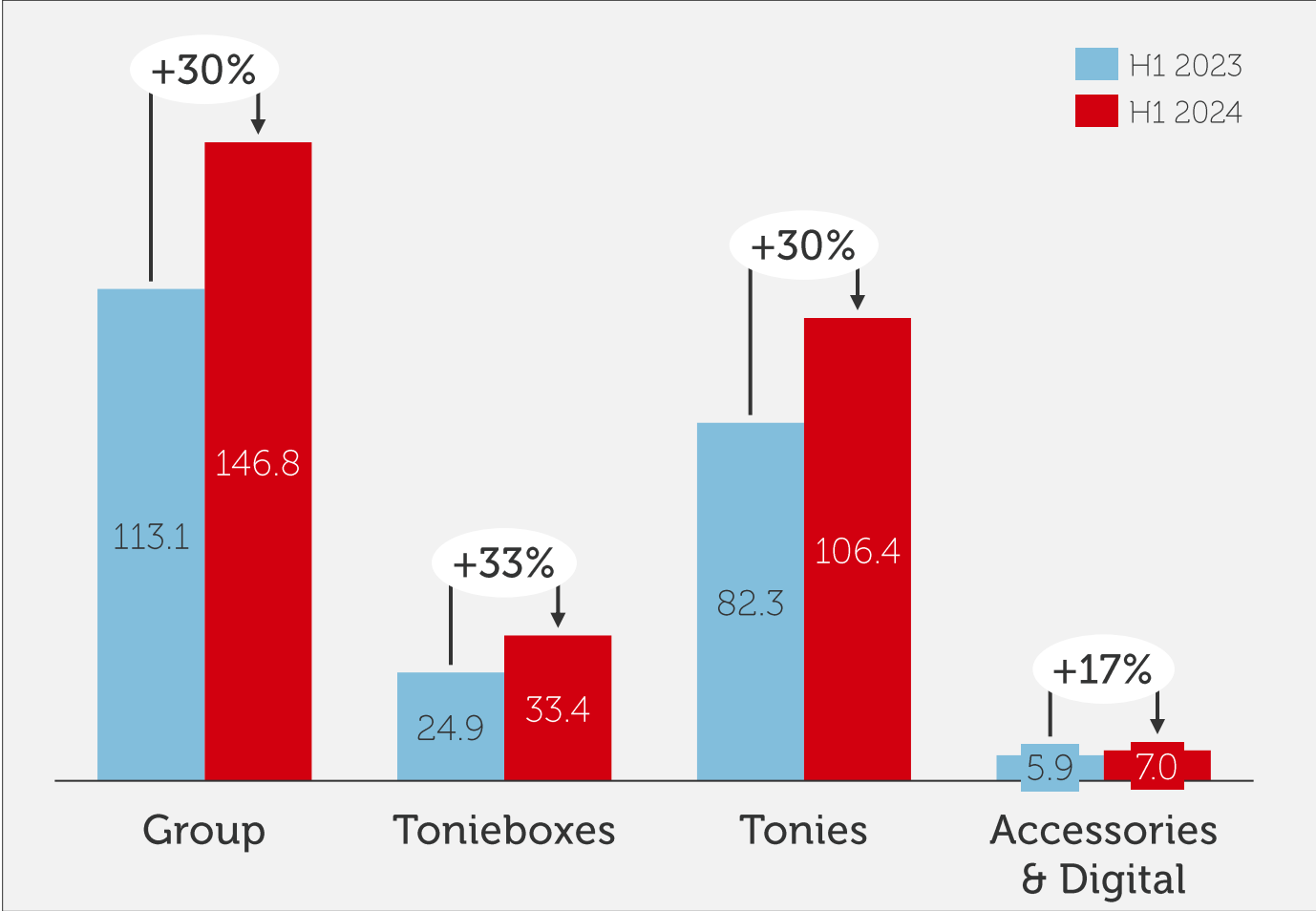




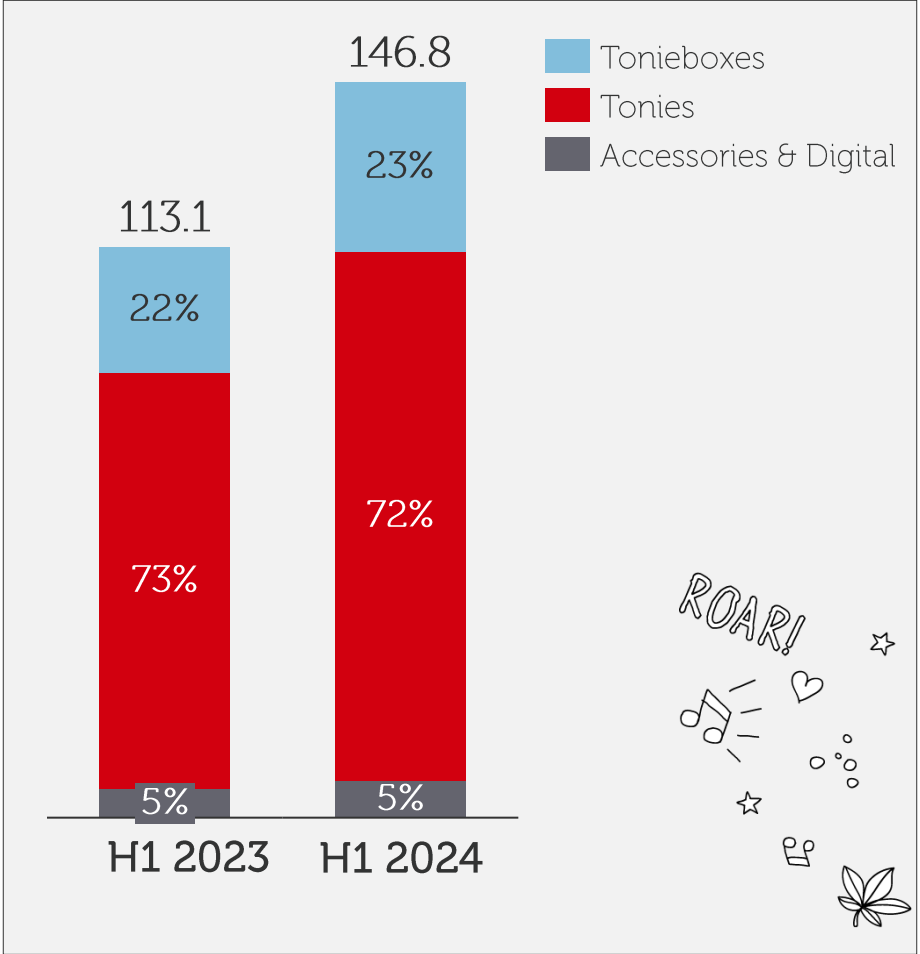
# H1 Product split: balanced growth across all categories



Revenue by product category (in EURm)



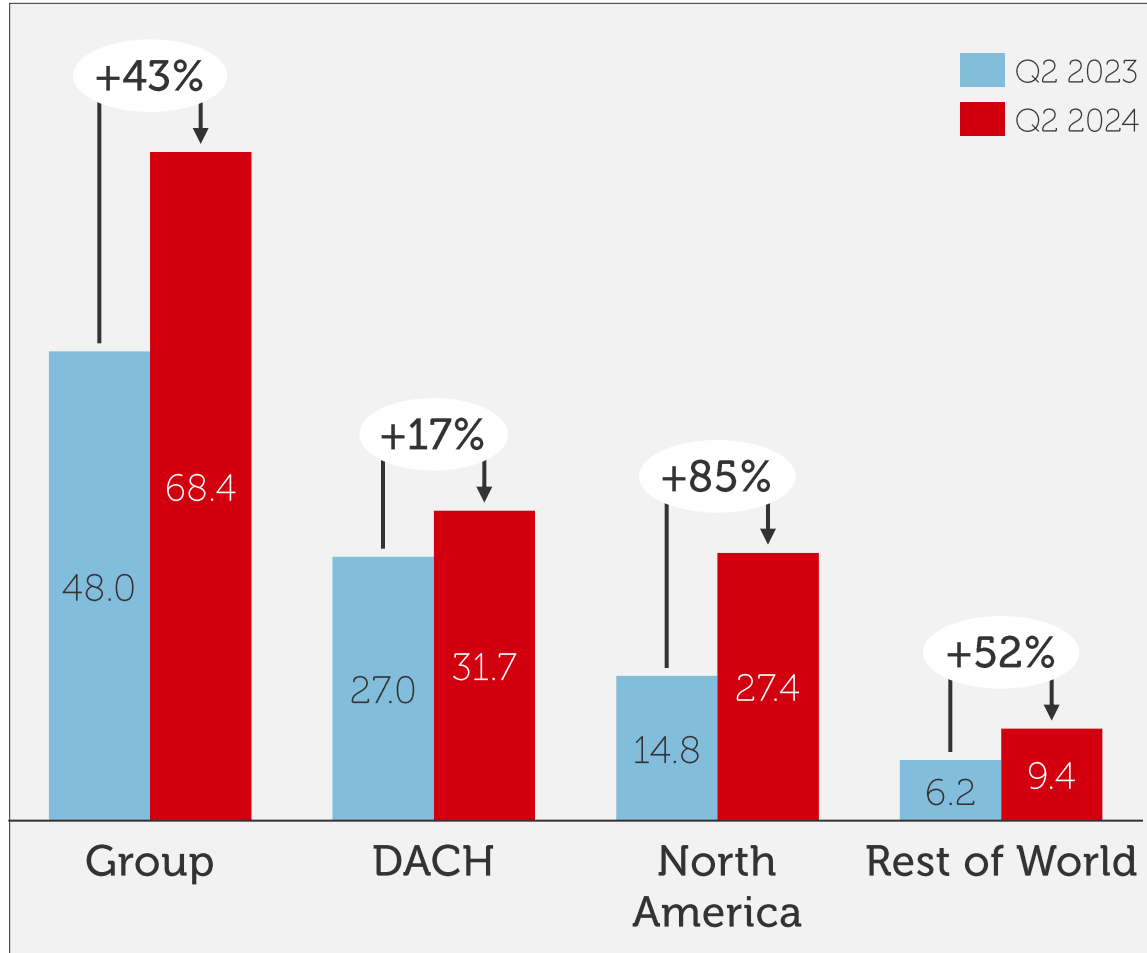
Revenue split by product category



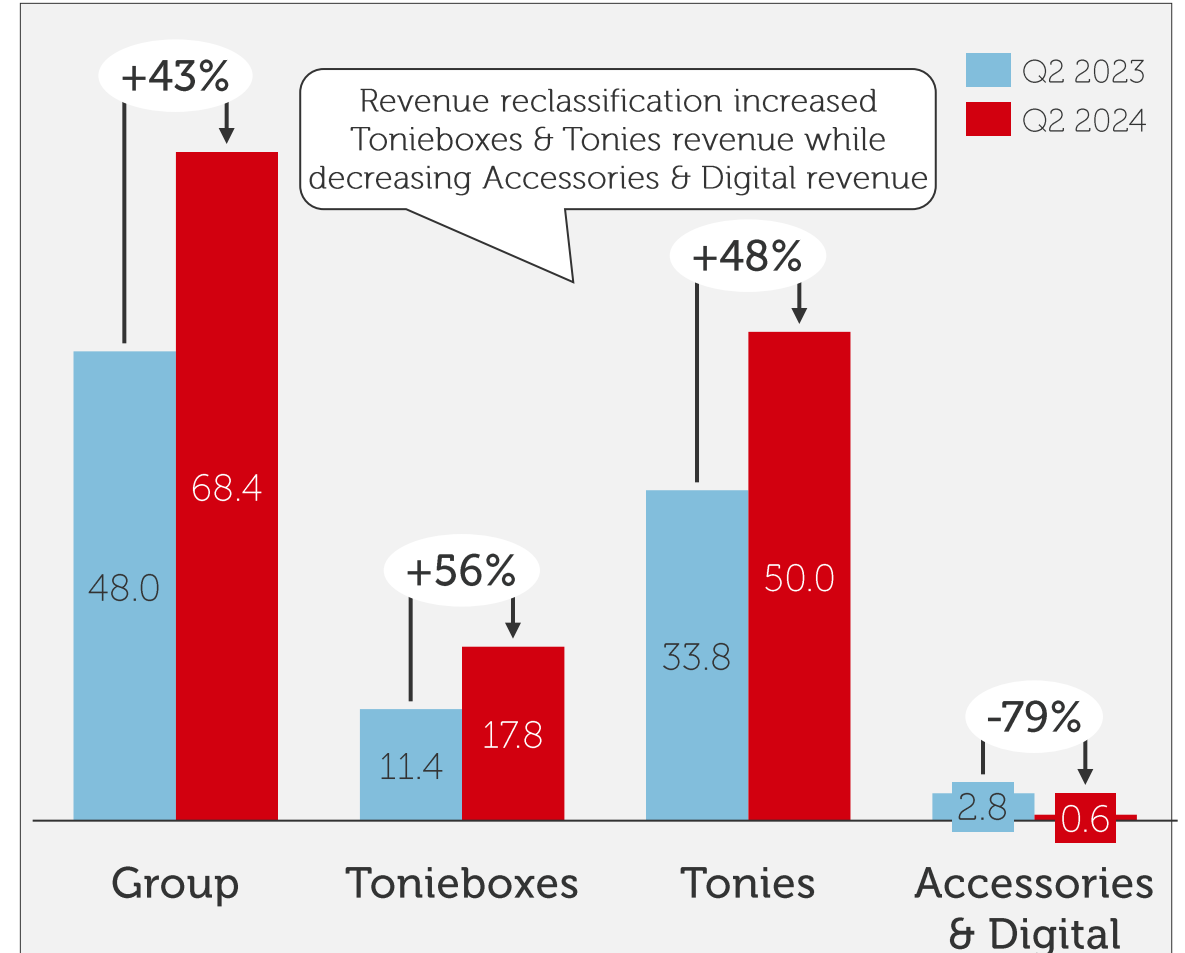
# Q2 revenue: accelerated growth led by North America



Revenue by region (in EURm)



Revenue by product category (in EURm)



# DACH shows high profitability potential in mature markets



in EURm	DACH	North America	Rest of World	Total operating segments	Corporate headquarters	Reconciliation	tonies group <sup>1</sup>
Revenue	71.9	55.2	19.7	146.8	0	0	146.8
Licensing costs	-11.7	-5.4	-2.4	-19.6	1.2	0	-18.4
Contribution margin	36.4%	34.1%	30.0%	34.7%	-	-	37.4%
EBITDA	13.1	-2.2	-3.6	7.4	-3.9	-0.6	2.9
EBITDA margin	<b>18.2%</b>	-3.9%	-18.1%	5.0%	-	-	<b>2.0%</b>

- DACH: Increase vs. FY 2023 – our mature market **highly profitable** with 18.2% EBITDA margin
- North America: on FY 2023 level - still investing into **growth**, contribution margin reflects channel mix
- ROW: slight decrease vs. FY 2023 due to investment into **expansion**
- Corporate Headquarters: **HQ functions** e.g., accounting, taxes, legal, strategy, IT...

EBITDA positive for the first time in the seasonally weaker H1 since IPO



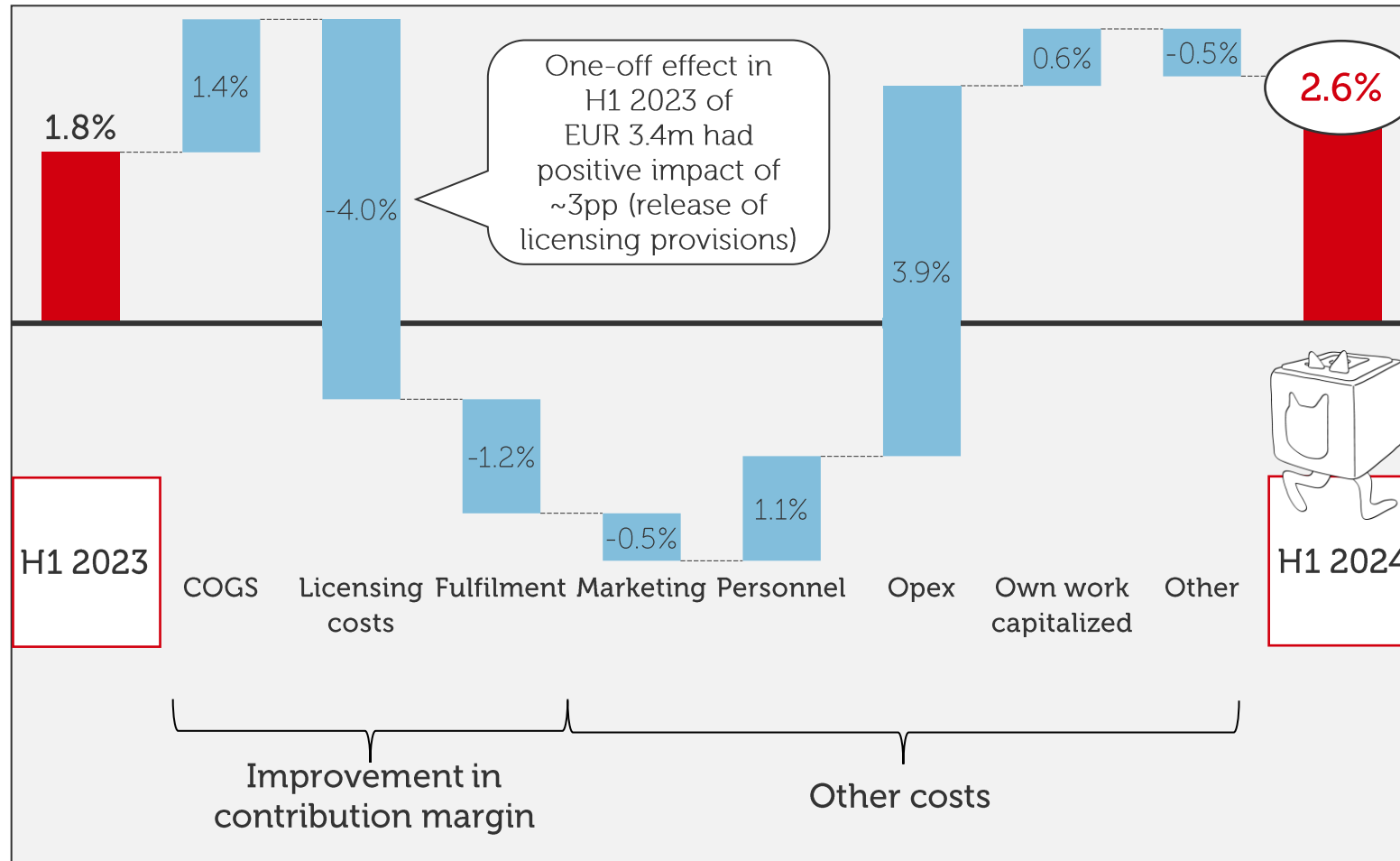
Notes and definitions: Operational segments: Results are based on the respective local GAAP; Reconciliation: IFRS adj. and special exceptional/items not allocated to segment; H1 2023 is not available and effort of extracting and determining information is not in proportion to the information content of the data

<sup>1</sup> According to IFRS

# Adjusted EBITDA margin improvement YoY



Adjusted EBITDA margin bridge (in pp)



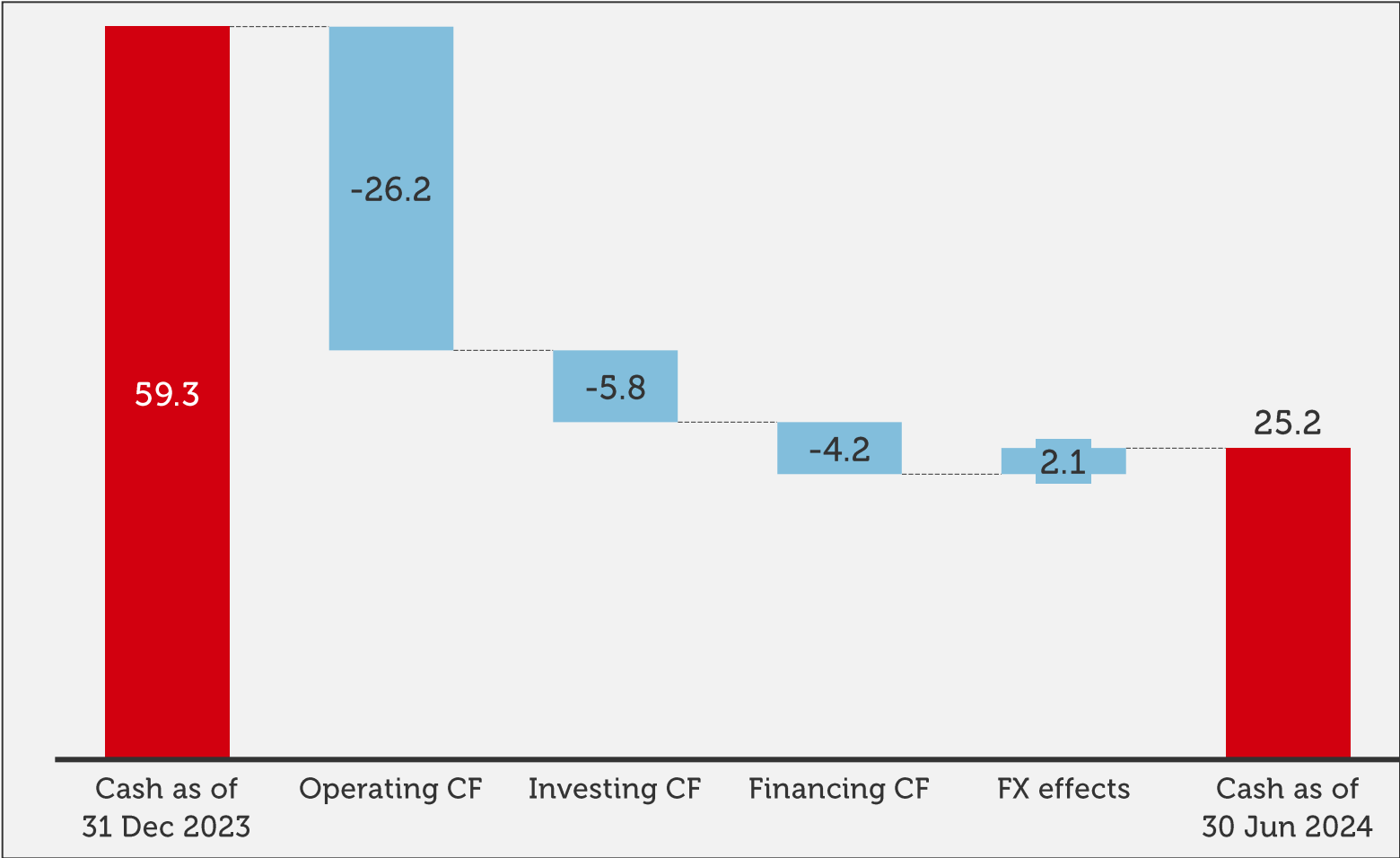
- **COGS** down driven by lower prices, well managed inbound logistics
- **Licensing costs** up due to notable one-off effect in H1 2023 (release of licensing provisions of EUR 3.4m) and overall mix effects year-on-year (regional mix, successful renegotiations, higher share of own content)
- **Fulfilment** increased as planned due to higher share of US business (higher direct-to-consumer share; more expensive)
- **Marketing** up related to internat. expansion, already including Australia & New Zealand
- **Personnel** down demonstrating notable operating leverage
- **Opex** with strong operating leverage incl. FX vs. H1 2023 (PY included some exceptionals)
- **Own work** fully capitalized for first time in a H1 vs. adjusted in H1 2023
- **Other** increased related to FX costs

<sup>1</sup>Word of mouth

# Cashflow reflects early inventory build up for the important second half of the year



Cash bridge (in EURm)



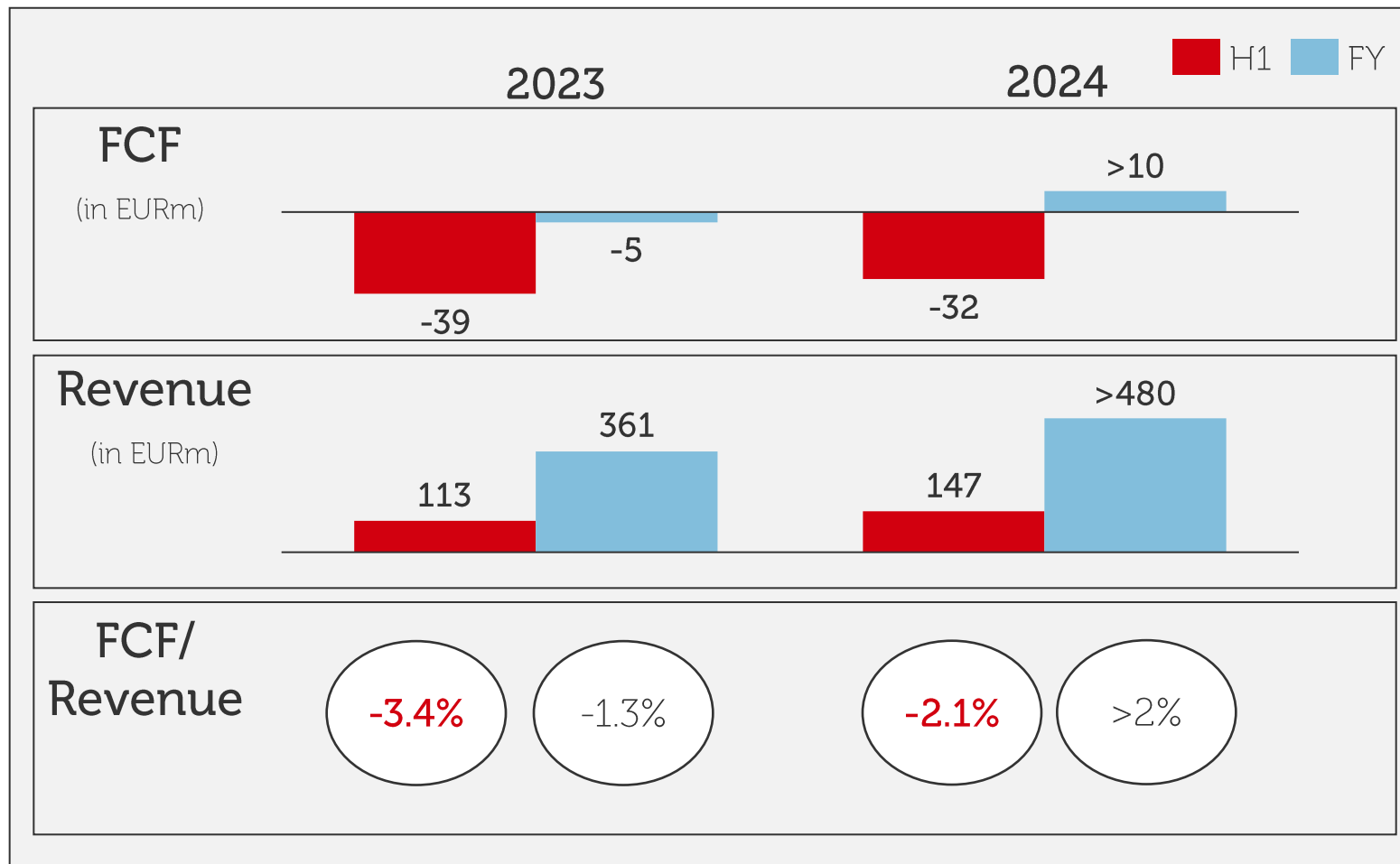
- **Operating CF** driven by strong inventory build-up to avoid stock-outs and minimize air freight costs
- **Investing CF** mainly for manufacturing tools, product-related expenses, own content production and software
- **Free CF** significantly improved in H1 to EUR -32m vs. EUR -39m in H1 2023
- **Financing CF** mainly driven by repayments of borrowings
- In addition to EUR 25m **cash**, we had EUR 15m **unused credit lines** so that we had a total of EUR 40m **cash available**



# After significant improvement in 2023 we are ready for Free Cash Flow breakeven in 2024



## Free Cash Flow Yield



- **FCF improved** from EUR -39m in H1 2023 to EUR -32m in H1 2024 despite higher revenue basis in 2024
- Driven by a **higher cash flow from operating activities** (substantially higher EBITDA, much lower increase in NWC)
- **FCF is expected to be positive in 2024** and amount to > EUR 10m driven by a further increase in EBITDA & continued efficient working capital management





# Outlook 2024

# Guidance FY 2024<sup>1</sup>: Continued significant revenue growth & further improved profitability driven by structurally strong H2



	Results FY 2023	Guidance FY 2024
Group revenue (EURm)	361	>480 <sup>1</sup> (>33% YoY)
North America revenue (EURm)	140	>200 <sup>1</sup> (>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





# Business priorities for H2





### Our value levers:

 Internationalization

 Gross margin expansion

 Own content/IP

 Product/channel mix

 Operating leverage



Deliver commercial moments around **Black Friday/Cyber Monday and Christmas**



Launch of **Book Tonies** in Q4 – stay tuned for another innovation!



Deliver North America growth as planned to become **tonies' largest market**



Launch of **new franchise** with musical adventures for kids 3-5 in Q4



Prepare for what's coming next



# Q&A

# Key takeaways:



- I tonies is fully on track to reach its FY 2024 guidance
- II We know how to expand internationally & how to successfully conquer new markets
- III Competitive advantage secured through major deals with Disney and Paramount
- IV 1<sup>st</sup> positive EBITDA margin (2.0%) since IPO in a seasonally weaker H1, with DACH >18%
- V Free Cash Flow set to turn positive in H2
- VI We can't wait for the important second half of the year – we are ready!

# 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 7: Warburg Conference	
AUG 21: H1 2024	SEP 3: Corporate Conf. Coba & ODDO BHF	SEP 10 (LON) & 11 (ZUR)
	SEP 23: BB/GS German Corporate Conference	
NOV 13: Q3 2024		OCT 1 (US Virtual) & 2 (US Virtual)
	NOV 25-27: Deutsches Eigenkapitalforum 2024	
	DEC 4: Berenberg European Conference	

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