

tonies SE
Société européenne

ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2022

AND REPORT OF THE
REVISEUR D'ENTREPRISES AGREE

Registered office: 9, rue de Bitbourg
L - 1273 Luxembourg
R.C.S. Luxembourg: B252939

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tonies SE Luxembourg

Management Report for the year ended 31 December 2022

1. Basic information on the Company

tonies SE (the “Company” or “tonies”) was a special purpose vehicle that was incorporated on 18 March 2021 and registered with the Luxembourg Trade and Companies Register under the number B252939 on 29 March 2021. Since 30 April 2021 it has been listed on Frankfurt Stock Exchange under the symbol “TNIE” and ISIN LU2333563281.

2. Review and development of the Company’s business, finance performance and financial position

The Company heads the tonies group (the “Group”). It is a holding entity and does not have active operational activities for the year ended 31 December 2022. During the year, the Company raised additional financing for the tonies group to support its growth and expansion phase.

i. Financial performance highlights

The Company incurred expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance) and capital raising activities.

The loss of the Company for the year ended 31 December 2022 is EUR 184.877.597,83, mainly due to the operating expenses and value adjustment on the investments in affiliated undertakings.

ii. Financial position highlights

As at 31 December 2022, the Company has EUR 2.427.608,44 cash at bank. The main assets of the Company are the investments in affiliated undertakings amounting to EUR 783.152.707,35. The Company also has convertible notes with a principal amount of EUR 10.000.00,00 and provisions for certain employee benefits.

3. Annual accounts of the Company

The Annual Accounts of the Company are shown on page 12 to page 30. These were prepared in accordance with Luxembourg’s legal and regulatory requirements and using the going concern basis of accounting.

The loss for the year ended 31 December 2022 is EUR 184.877.597,83 mainly due to the operating expenses and value adjustment on the investments in affiliated undertakings. It is proposed that the loss for the year ended 31 December 2022 to be allocated to profit and loss brought forward at 1 January 2023.

4. Financial and non-financial risk, risk management, internal control and corporate governance

The Company’s approach to risk management, internal control and corporate governance is consistent with that applied to affiliates in the Group and are detailed in the Group Management Report section 1.2 Capital markets, governance and takeover law and section 7 Risk and opportunities report. Non-financial information required by regulation is provided below.

No risks were identified that could jeopardise the Company as a going concern in the 12 months period after issuing this report. The below summarises and sets out the most important risks.

i. **Macroeconomic and geopolitical risks**

The current macroeconomic situation remains challenging particularly due to ongoing effects from Covid-19, especially in China, and the war in Ukraine. The consequences include deteriorating consumer sentiment as a result of high inflation, especially due to rising commodity and energy prices, limited availability of raw materials and freight capacities, and the EUR devaluating against the USD.

Management implemented constant monitoring and prudent corporate management as fundamental measures. Ongoing cost and efficiency management is important part of corporate management, which will be pursued even more intensively in view of these framework conditions. Management is monitoring the situation closely and prepared to respond flexibly depending on what the situation requires.

ii. **Compliance**

Designated compliance areas have been identified as part of an initial compliance risk analysis. These areas are associated with significant compliance risks. This means that a breach of the legal requirements within this area can lead to significant financial, reputational and/or other damages for the Company.

Designated compliance areas are anti-corruption, anti-money laundering / combating the financing of terrorism, antitrust law, economics sanctions, data protection, human rights and capital markets compliance. As is often the case with compliance risks, management assessed the probability of occurrence as comparatively low. However, in the event of occurrence, the negative effect for the Company is likely to be high.

In the case of an event, immediate measures are taken. In addition, various measures have been established to reduce the overall risk. In order to identify whether the mitigating measures that have been already implemented are appropriate and effective, a compliance risk analysis is planned for 2023.

iii. **Solvency risks**

There is a risk that additional financial resources in the form of equity or debt will be needed in the future. While there is no guarantee that such potentially needed funding activities are successful, the Company has a track record of securing additional funds if needed and is proactively addressing its liquidity planning well ahead of time. Another risk that has become more pronounced again is the risk of a bank defaulting and its possible spill over onto the financial markets.

iv. **Risks in relation to business, operations and the financial position**

As at the end of 31 December 2022, the Company has EUR 2.427.608,44 cash at bank.

The Management Board believes that the funds available to the Company are sufficient to pay costs and expenses incurred by the Company.

5. Research and development

The Company did not have any activities in the field of research and development during the financial year ended 31 December 2022.

6. Branches

The Company does not have any branches as at 31 December 2022.

7. Transactions in own shares

On 28 November 2022, the Company transferred 1.375.604 of its class A shares held in treasury to Höllenhunde GmbH for an amount of EUR 0,016 per class A share, which corresponds to the par value of such class A shares, in accordance with the terms of an equity stock option plan dated 23 November 2021.

The Company holds 15.030.281 class A shares of the Company in treasury as at 31 December 2022.

8. Outlook

The Company, through its subsidiaries, anticipates a very positive business performance in 2023 that is shaped by ongoing significant growth, assuming that there will be no further material deterioration of consumer sentiment in 2023 and that Covid-19 will not lead to far-reaching closures of production in industry and retail.

9. Events after the end of the reporting period

Please see Note 17 in the notes to the annual accounts for information on events after the end of the 2022 financial year that have a material impact on the future financial position and performance of the Company.

Luxembourg, 12 April 2023
tonies SE



Patric Faßbender
Managing Director



Marcus Stahl
Managing Director

**tonies SE
Luxembourg**

**Corporate Governance Statement by the Management Board
for the year ended 31 December 2022**

The Management Board of the Company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the Company with reasonable accuracy at any time and ensuring that an appropriate system of internal controls is in place to ensure that the Company's business operations are carried out efficiently and transparently.

In accordance with Article 3 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Company declares that, to the best of our knowledge, the audited annual accounts for the year ended 31 December 2022, prepared in accordance with Luxembourg legal and regulatory requirements, give a true and fair view of the assets, liabilities, financial position as of that date and results for the year then ended.

In addition, management's report includes a fair review of the development and performance of the Company's operations during the year and of business risks, where appropriate, faced by the Company, as well as other information required by the Article 68ter of the law of 19 December 2002 on the commercial companies register and on the accounting records and financial statements of undertakings, as amended.

Luxembourg, 12 April 2023

tonies SE



Patric Faßbender
Managing Director



Marcus Stahl
Managing Director



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To the Shareholders of
tonies SE

9, rue de Bitbourg
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R.C.S. Luxembourg B 252.939

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **tonies SE** (the "Company"), which comprise the balance sheet as of 31 December 2022, the profit and loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as of 31 December 2022, and the result of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter:	Impairment of shares in affiliated undertakings
Description of key audit matter:	<p>tonies SE, as ultimate parent of the tonies group, holds shares in affiliated undertaking tonies Holding GmbH amounting to an aggregate amount of EUR 783.152.707,35 as of 31 December 2022 as disclosed in Note 3 to the annual accounts. A value adjustment of EUR 178.949.691,42 was recognised during the year.</p> <p>As stated in Note 2.2.3 to the annual accounts, value adjustments are made in respect of financial assets so that these are valued at the lower amount to be attributed at the balance sheet date with any resulting impairments reflected in the profit and loss account in the relevant period.</p> <p>If an impairment indicator is identified, the estimated recoverable amount of the shares is determined. The estimated recoverable amount is calculated as the higher of the value-in-use or fair value less costs to sell.</p> <p>The key factors used by management in determining the estimated recoverable amount are:</p> <ul style="list-style-type: none"> • the future revenue and EBITDA assumptions taken from tonies group's most recent budgets (the "Plan"); • the long-term growth rate used beyond the period covered by the Plan; • the pre-tax discount rate applied to future cash flows. <p>The outcome of the impairment review could vary significantly if different assumptions were applied in the valuation model.</p> <p>Impairment of shares in affiliated undertakings is considered a key audit matter because of the significant judgement involved regarding the assessment of their recoverable amount.</p>
Our response:	<p>Our audit procedures in relation to the valuation of the shares in affiliated undertakings included the following, among others:</p> <p>We assessed management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions used:</p> <ul style="list-style-type: none"> • future revenue and EBITDA forecasts – we assessed management's forecasts and tested the underlying values used in the calculations by comparing managements' forecasts to the latest budget; • long-term growth rate – we compared the rates applied by management to available externally developed rates; • pre-tax discount rates – we involved valuation specialists in our assessment of the appropriateness of discount rates used; • net assets – we agreed the net assets to the financial records of the respective companies; and • key inputs – we performed sensitivity analysis on the main assumptions of the model including but not limited to future revenue and EBITDA forecasts, long-term growth rate and pre-tax discount rates. <p>We compared the carrying amount of the shares to their recoverable amount in order to assess whether an impairment exists.</p> <p>We assessed the completeness and appropriateness of the disclosures in Note 2.2.1 and Note 3 of the annual accounts.</p>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Management Report and the Corporate Governance Statement but does not include the financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance of the Company for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended (“ESEF Regulation”).

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Responsibilities of the “Réviseur d’Entreprises Agréé” for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "réviseur d'entreprises agréé" on 2 June 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The Management Report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.



The Corporate Governance Statement is included in the Management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial companies register and on the accounting records and financial statements of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as of 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements.

For the Company, it relates to financial statements prepared in valid XHTML format.

In our opinion, the financial statements of the Company as of 31 December 2022, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 12 April 2023

For Mazars Luxembourg, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L-1882 Luxembourg

DocuSigned by:
 *Fabien Delante*
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Fabien DELANTE
Réviseur d'entreprises agréé

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RCSL Nr. : B252939

Matricule : 2021 8400 052

eCDF entry date :

BALANCE SHEET

Financial year from ⁰¹ 01/01/2022 **to** ⁰² 31/12/2022 (in ⁰³ EUR)

tonies SE
 9, rue de Bitbourg
 L-1273 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 <u>783.152.707,35</u>	110 <u>891.733.523,79</u>
I. Intangible assets	1111 _____	111 _____	112 _____
1. Costs of development	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

RCSL Nr. : B252939

Matricule : 2021 8400 052

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	3 783.152.707,35	136 891.733.523,79
1. Shares in affiliated undertakings	1137	137 783.152.707,35	138 791.043.280,21
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146 100.690.243,58
6. Other loans	1147	147	148
D. Current assets	1151	151 3.268.974,79	152 11.510.212,04
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	4 547.052,59	164 397.699,21
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171 537.225,26	172 290.000,00
a) becoming due and payable within one year	1173	173 537.225,26	174 290.000,00
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183 9.827,33	184 107.699,21
a) becoming due and payable within one year	1185	185 9.827,33	186 107.699,21
b) becoming due and payable after more than one year	1187	187	188

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	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 <u>294.313,76</u>	190 <u>321.250,00</u>
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____ 5	209 <u>294.313,76</u>	210 <u>321.250,00</u>
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <u>2.427.608,44</u>	198 <u>10.791.262,83</u>
E. Prepayments	1199 _____	199 <u>404.756,37</u>	200 <u>190.653,37</u>
TOTAL (ASSETS)		201 <u>786.826.438,51</u>	202 <u>903.434.389,20</u>

RCSL Nr. : B252939

Matricule : 2021 8400 052

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 <u>6</u>	301 <u>773.900.768,25</u>	302 <u>898.778.366,08</u>
I. Subscribed capital	1303	303 <u>2.029.561,36</u>	304 <u>1.837.561,36</u>
II. Share premium account	1305	305 <u>968.252.888,64</u>	306 <u>908.444.888,64</u>
III. Revaluation reserve	1307	307	308
IV. Reserves	1309	309 <u>10.283.650,00</u>	310 <u>10.283.650,00</u>
1. Legal reserve	1311	311	312
2. Reserve for own shares	1313	313 <u>294.313,76</u>	314 <u>321.250,00</u>
3. Reserves provided for by the articles of association	1315	315 <u>262.400,00</u>	316 <u>262.400,00</u>
4. Other reserves, including the fair value reserve	1429	429 <u>9.726.936,24</u>	430 <u>9.700.000,00</u>
a) other available reserves	1431	431 <u>26.936,24</u>	432
b) other non available reserves	1433	433 <u>9.700.000,00</u>	434 <u>9.700.000,00</u>
V. Profit or loss brought forward	1319	319 <u>-21.787.733,92</u>	320
VI. Profit or loss for the financial year	1321	321 <u>-184.877.597,83</u>	322 <u>-21.787.733,92</u>
VII. Interim dividends	1323	323	324
VIII. Capital investment subsidies	1325	325	326
B. Provisions	1331	331 <u>1.692.638,00</u>	332
1. Provisions for pensions and similar obligations	1333	333	334
2. Provisions for taxation	1335	335	336
3. Other provisions	1337 <u>7</u>	337 <u>1.692.638,00</u>	338
C. Creditors	1435 <u>8</u>	435 <u>11.233.032,26</u>	436 <u>4.656.023,12</u>
1. Debenture loans	1437	437 <u>10.243.835,61</u>	438
a) Convertible loans	1439	439 <u>10.243.835,61</u>	440
i) becoming due and payable within one year	1441	441 <u>243.835,61</u>	442
ii) becoming due and payable after more than one year	1443	443 <u>10.000.000,00</u>	444
b) Non convertible loans	1445	445	446
i) becoming due and payable within one year	1447	447	448
ii) becoming due and payable after more than one year	1449	449	450
2. Amounts owed to credit institutions	1355	355	356
a) becoming due and payable within one year	1357	357	358
b) becoming due and payable after more than one year	1359	359	360

RCSL Nr. : B252939

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	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	536.691,11	4.434.785,31
a) becoming due and payable within one year	1369	536.691,11	4.434.785,31
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	212.160,00	212.160,00
a) becoming due and payable within one year	1381	212.160,00	212.160,00
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451	240.345,54	9.077,81
a) Tax authorities	1393	240.345,54	9.077,81
b) Social security authorities	1395	395	396
c) Other creditors	1397	397	398
i) becoming due and payable within one year	1399	399	400
ii) becoming due and payable after more than one year	1401	401	402
D. Deferred income	1403	403	404
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	786.826.438,51	903.434.389,20

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RCSL Nr. : B252939

Matricule : 2021 8400 052

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01/2022 to ⁰² 31/12/2022 (in ⁰³ EUR)

tonies SE
 9, rue de Bitbourg
 L-1273 Luxembourg

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 <u>52.688,61</u>	714 _____
5. Raw materials and consumables and other external expenses	1671 _____ 9	671 <u>-3.349.232,11</u>	672 <u>-20.790.637,68</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____	603 <u>-3.349.232,11</u>	604 <u>-20.790.637,68</u>
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____ 10	621 <u>-2.696.503,40</u>	622 <u>-597.846,14</u>

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	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
	3	-178.580.816,44	-368.874,98
14. Interest payable and similar expenses	1627	627	628
a) concerning affiliated undertakings	1629	-268.909,49	-30.375,12
b) other interest and similar expenses	1631	-268.909,49	-30.375,12
11	631		
15. Tax on profit or loss	1635	635	636
16. Profit or loss after taxation	1667	667	668
		-184.842.772,83	-21.787.733,92
17. Other taxes not shown under items 1 to 16	1637	637	638
		-34.825,00	
18. Profit or loss for the financial year	1669	669	670
		-184.877.597,83	-21.787.733,92

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

1. GENERAL

tonies SE (formerly known as 468 SPAC I SE) (the “Company”) was incorporated on 18 March 2021 (date of incorporation as per the deed of incorporation agreed between shareholders in front of the notary) in Luxembourg as a European company (*Société Européenne* or “SE”) based on the laws of the Grand Duchy of Luxembourg (“Luxembourg”) for an unlimited period of time. The Company was registered with the Luxembourg Trade and Company Register (“*Registre de Commerce et des Sociétés*”, in abbreviated “RCS”) under the number B252939 on 29 March 2021. The Company is a listed entity with its class A shares traded in the regulated market of the Frankfurt Stock Exchange under the symbol “TNIE” since 30 April 2021. Likewise, the Company’s class A warrants are also traded on the open market of the Frankfurt Stock Exchange under the symbol “SPAW”. As at 31 December 2022, the Company has 6.400.000 class B warrants issued and outstanding that are not listed on a stock exchange. The 7.500.000 class B shares issued and outstanding as at 31 December 2021 that were not listed on a stock exchange were converted into class A shares at a ratio of one class B share for one class A share on 28 November 2022.

The registered office of the Company is located at 9, rue de Bitbourg, L-1273 Luxembourg.

The Company’s purpose is the creation, holding, development and realization of a portfolio, consisting of interest and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, in particular in entities developing, producing and distributing high-quality electronic playback devices, whether such entities exist or are to be created, especially by way of subscription, by purchase, sale, or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments as well as the administration and control of such portfolio.

The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of the entities as the Company and lend funds or otherwise assist any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of companies as the Company.

The Company may borrow in any form and may issue any kind of notes, bonds and debentures and generally issue any debt, equity and/or hybrid securities in accordance with Luxembourg law.

The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it considers useful for the accomplishment of these purposes.

Unlike other forms of companies, a *Société Européenne* only exists from the date of publication of its statutes with the RCS. Accordingly, the annual accounts of the Company were prepared in accordance with Luxembourg legal and regulatory requirements for the period from 29 March 2021 (date of registration of the Company with the RCS) to 31 December 2021. Any act performed and any transaction carried out by the Company between the date of incorporation and the date of registration is considered to emanate from the Company and is therefore included in the annual accounts. The Company’s financial year runs from 1 January to 31 December.

The Company also prepares consolidated financial statements which are prepared under International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements are published in accordance with the European Single Electronic Format regulation on the Company’s website (<https://tonies.com/>).

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Notes to the annual accounts for year ended 31 December 2022
(Expressed in EUR)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These annual accounts have been prepared in conformity with applicable legal and statutory requirements in Luxembourg under the historical cost convention and on a going concern basis.

The accounting and valuation methods are determined and implemented by the Management Board, apart from the regulations of the law of 19 December 2002.

The preparation of these annual accounts requires the use of certain critical accounting estimates. It also requires the Management Board to exercise significant judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Management Board believes that the underlying assumptions are appropriate and that the annual accounts therefore present fairly the financial position and results.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Significant Accounting Policies

The following are the significant accounting policies and valuation rules adopted by the Company in the preparation of these annual accounts.

2.2.1. Foreign Currency Translation

The Company maintains its books and records in Euro ("EUR"). The balance sheet and the profit and loss account are expressed in EUR.

Translation of foreign currency transactions

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of the transactions.

Translation of foreign currency balances as at the balance sheet date

- Financial assets denominated in currencies other than EUR are translated at the historical exchange rates;
- Other assets denominated in currencies other than EUR are translated at the lower between the exchange rate prevailing at the balance sheet date and historical exchange rate;
- Debts denominated in currencies other than EUR are translated at the higher between the exchange rate prevailing at the balance sheet date and historical exchange rate; and
- Cash at bank and in hand denominated in currencies other than EUR are translated at the exchange rates prevailing at the balance sheet date.

As a result, realized exchange gains and losses and unrealized exchange losses are recorded in the profit and loss account. Unrealized exchange gains are not recognized unless it arises from cash at bank and in hand.

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

2.2.2. Formation expenses

Formation expenses include costs and expenses incurred in connection with the incorporation of the Company and subsequent capital increases. Formation expenses are charged to the profit and loss account of the year in which they were incurred.

2.2.3. Financial assets

Shares in affiliated undertakings are valued at acquisition cost including the expenses incidental thereto.

In case of durable decline in value according to the opinion of the Management Board, value adjustments are made in respect of financial assets so that these are valued at the lower amount to be attributed at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.2.4. Cash at bank and in hand

Cash at bank and in hand comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.2.5. Debtors

Debtors are recorded at their nominal value. These are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.2.6. Own shares

Own shares are initially measured at acquisition cost and recognized as an asset with a corresponding non-distributable reserve. Own shares are subsequently remeasured at the lower of cost or market value using the FIFO (First In First Out) method. These are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.2.7. Prepayment

Prepayments include expenditure items incurred during the financial year but relating to a subsequent financial year.

2.2.8. Provisions

Provisions are intended to cover losses or debts which originate in the financial year under review or in the previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date they will arise.

Provisions for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Creditors becoming due and payable within one year". The advance payments are shown in the assets of the balance sheet under the "Debtors becoming due and payable within one year" item.

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

2.2.9. Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the related repayment premium is shown in the balance sheet as an asset and is amortized over the period of the related debt on a straight-line method.

2.2.10. Expenses

Expenses are accounted for on an accrual basis.

2.2.11. Income tax

The Company is subject to income taxes in Luxembourg.

2.2.12. Warrants

The Company has issued class A warrants and class B warrants, which under Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements are recorded as equity. When such warrants are expected to be equity settled, the Company does not book any provision to cover any surplus of the fair value of those warrants compared to the amounts booked in Other non-available reserves, as the Company will not suffer any loss in relation to those warrants in the future.

2.2.13. Share-based payments

The Company has equity-settled and cash-settled share-based payment arrangements granted to the eligible employees of its affiliates.

For equity-settled share-based payments (Note 15), the Company records the transaction when the shares are issued to the employees and receives cash in exchange. The shares issued are treated as part of the capital and reserves of the Company.

For cash settled share-based payments (Note 7), the Company recognizes an expense with a corresponding increase in liabilities equivalent to the amount payable to employees in respect of share appreciation rights (SARs). An expense is recognized over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs.

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Notes to the annual accounts for year ended 31 December 2022
(Expressed in EUR)

3. FINANCIAL ASSETS

Movements in financial assets during the year are as follows:

	Shares in affiliated Undertakings EUR	Investments held as fixed assets EUR	Total EUR
Gross book value – opening balance	791.412.155,19	100.690.243,58	892.102.398,77
Additions for the period	70.000.000,00	-	70.000.000,00
Transfer of participations	100.690.243,58	(100.690.243,58)	-
Gross book value – closing balance	962.102.398,77	-	962.102.398,77
Accumulated value adjustment – opening balance	-368.874,98	-	-368.874,98
Allocation of value adjustments for the period	-178.949.691,42	-	-178.949.691,42
Reversals of value adjustments for the period	368.874,98	-	368.874,98
Accumulated value adjustment – closing balance	-178.949.691,42	-	-178.949.691,42
Net book value – opening balance	791.043.280,21	100.690.243,58	891.733.523,79
Net book value – closing balance	783.152.707,35	-	783.152.707,35

During the year, tonies Issuance GmbH & Co. KG and tonies I Advisors GmbH & Co. KG were merged into tonies Advisors Verwaltungs-GmbH via accretion. Subsequently, tonies Advisors Verwaltungs-GmbH was merged into tonies Holding GmbH. Furthermore, the Company contributed its participations in tonies Beteiligungs GmbH in exchange for additional shares in tonies Holding GmbH.

The Company also made an additional capital contribution to the free capital reserve of tonies Holding GmbH in the amount of EUR 70.000.000,00.

Shares in affiliated undertakings in which the Company holds at least 20% share capital are as follows:

Name of undertakings	Registered office	Ownership %/ Contribution	Net book value EUR	Last balance sheet date	Net equity as at 31/12/2022 EUR*	Profit/(Loss) as at 31/12/2022 EUR*
tonies Holding GmbH	Hamburg, Deutschland	100%	783.152.707,35	31/12/2022	437.687.136,51	1.109.101,74

(*) Unaudited Standalone accounts.

For the period ended 31 December 2022, the Management Board recognised a permanent value adjustment within financial assets amounting to EUR 178.949.691,42 (2021: EUR 368.874,98). The previous year value adjustments were reversed as it relates to tonies Issuance GmbH & Co. KG, tonies I Advisors GmbH & Co. KG and tonies Advisors Verwaltungs-GmbH that were merged into tonies Holding GmbH.

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Notes to the annual accounts for year ended 31 December 2022
(Expressed in EUR)

4. DEBTORS

Debtors due and payable within one year are composed of the following:

	Total 31/12/2022 EUR	Total 31/12/2021 EUR
Amounts owed by affiliated undertakings	537.225,26	290.000,00
Other debtors	9.827,33	107.699,21
Total	547.052,59	397.699,21

5. OWN SHARES

On 26 November 2021, the Company acquired 5.885 of its class A shares at EUR 10,00 per share as requested by the shareholders in connection with the tonies Business Combination.

On 9 December 2021, the Company acquired 16.400.000 of its class A shares at EUR 0,016 per share to be used in case of the exercise of the class A and B warrants or to cover other equity-linked instruments and ESOP.

On 28 November 2022, the Company delivered 1.375.604 of its class A shares held in treasury (acquired for EUR 26.936,24) for the settlement of exercised employee share options (See Note 15) against payment of an amount of EUR 22.009,66 corresponding to the par value of these shares. This transaction resulted in a loss of EUR 4.926,58..

	No. of own shares	Total EUR
Opening balance	16.405.885,00	321.250,00
Reissuance of treasury shares (Note 15)	-1.375.604,00	-26.936,24
Ending balance	15.030.281,00	294.313,76

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Notes to the annual accounts for year ended 31 December 2022
(Expressed in EUR)

6. CAPITAL AND RESERVES

Movements during the year are as follows:

	Subscribed capital EUR	Share premium account EUR	Reserve for own shares EUR	Reserves provided for by the articles of association EUR	Other available Reserves EUR	Other non-available reserves EUR	Profit or loss for brought forward	Profit or loss for the financial year EUR	Total EUR
Opening balance	1.837.561,36	908.444.888,64	321.250,00	262.400,00	-	9.700.000,00	-	-21.787.733,92	898.778.366,08
Issuance of 12.000.000 class A shares	192.000,00	59.808.000,00	-	-	-	-	-	-	60.000.000,00
Conversion of 7.500.000 class B shares to A shares	-	-	-	-	-	-	-	-	-
Allocation of previous year's results to profit or loss brought forward	-	-	-	-	-	-	-21.787.733,92	21.787.733,92	-
Other movements*	-	-	-26.936,24	-	26.936,24	-	-	-	-
Results for the financial year	-	-	-	-	-	-	-	-184.877.597,83	-184.877.597,83
Closing balance	2.029.561,36	968.252.888,64	294.313,76	262.400,00	26.936,24	9.700.000,00	-21.787.733,92	-184.877.597,83	773.900.768,25

*Reserve for own shares was aligned to the value of own shares (see Note 5)

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

Subscribed Capital and Share premium

A. Class B shares

As at 31 December 2021, the Company has 7.500.000 Class B Shares issued and outstanding which are not part of the private placement and are not listed on a stock exchange.

On 28 November 2022, the business day following the anniversary of the business combination, the 7.500.000 class B shares were converted into class A shares at a ratio of one class B share for one class A share.

B. Class A shares

As at 31 December 2021, the Company has 107.347.586 class A shares issued and outstanding with a par value of EUR 0,016, and International Securities Identification number ("ISIN") LU2333563281.

In November 2022 (first closing on the 9th, second closing on the 29th), the Company issued 12.000.000 class A shares at EUR 5,00 per share with total proceeds of EUR 60.000.000,00. The proceeds were allocated to the subscribed capital in the amount of EUR 192.000,00 and to the share premium for EUR 59.808.000,00.

As at 31 December 2022, the subscribed capital of the Company amounts to EUR 2.029.561,36 (2021: EUR 1.837.561,36) represented by 126.847.586 class A shares without nominal value. The authorized capital, excluding the issued share capital, is set at EUR 10.033.894,64 consisting of 627.118.414 class A shares without nominal value.

Legal reserve

In accordance with Luxembourg law, the Company is required to allocate a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders.

Reserves for own shares

The Company purchased its own shares during the year as shown in the balance sheet as Own shares (see Note 5). Accordingly, the Company has provided a non-distributable reserve in accordance with the Luxembourg law for an amount equivalent to the acquisition cost.

Reserves provided for by the articles of association - Warrant reserve

Pursuant to Article 29 of the amended Articles of Association, the Management Board shall create a specific reserve in respect of the exercise of any class A warrants or class B warrants issued by the Company (the "Warrant reserve") and allocate and transfer sums contributed to the share premium and/or any other distributable reserve of the Company to such Warrant reserve. The Management Board may, at any time, fully or partially convert amounts contributed to such Warrant reserve as payment for the subscription price of any class A shares to be issued further to an exercise of class A warrants or class B warrants issued by the Company. The Warrant reserve is not distributable or convertible prior to the exercise, redemption or expiration of all outstanding class A warrants and class B warrants and may only be used as payment for the class A Shares issued pursuant to the exercise of such class A warrants and class B warrants; thereupon, the Warrant reserve will be a distributable reserve.

As at 31 December 2022, the warrant reserve amounted to EUR 262.400,00 (2021: EUR 262.400,00).

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

Other reserves

A. Available reserves

During the year, the amount of other reserves available for distribution increased by EUR 26.936,24 due to the reissuance of treasury shares for the settlement of employee options (see Note 15).

B. Non-available reserves

Non-available reserves refer to the class A and B warrants.

Class A warrants

On 29 April 2021, the Company had issued 10.000.000 class A warrants (the "Class A warrants") together with the class A shares (together, as "Unit") for an aggregate price of EUR 10,00 per Unit, each unit comprising one class A share and one third of a Class A Warrant. The nominal subscription price per Class A warrant was EUR 0,01. Class A warrants has ISIN code of LU2333564099. Each Class A warrants entitles its holder to subscribe for one class A share, with a stated exercise price of EUR 11,50, subject to customary anti-dilution adjustments. Holders of Class A warrants can exercise the warrants on a cashless basis unless the Company elects to require exercise against payment in cash of the exercise price.

As at 31 December 2022, the value of the other reserves related to class A warrants is EUR 100.000,00 (2021: EUR 100.000,00).

Class A warrants may only be exercised for a whole number of class A shares. Class A warrants will become exercisable 30 days after the completion of a business combination. Class A warrants expire five years from the date of the consummation of the business combination (26 November 2026), or earlier upon redemption or liquidation. The Company may redeem Class A warrants upon at least 30 days' notice at a redemption price of EUR 0,01 per Class A warrant if (i) the closing price of its class A shares for any 20 out of the 30 consecutive trading days following the consummation of the business combination equals or exceeds EUR 18,00 or (ii) the closing price of its class A shares for any 20 out of the 30 consecutive trading days following the consummation of the business combination equals or exceeds EUR 10,00 but is below EUR 18,00, adjusted for adjustments as described in the section of redemption of warrants in the prospectus. Holders of Class A warrants may exercise them after the redemption notice is given.

Class B warrants

On 16 April 2021, the sponsor and co-sponsors have subscribed for an aggregate of 5.500.000 class B warrants at a price of EUR 1,5 per warrant (the "Sponsor Capital At Risk") and an aggregate price of EUR 8.250.000,00. The sponsor agreed to set off EUR 45.500,00 of the shareholder loan against the subscription price of the class B warrants. The proceeds from the class B warrants were intended to be used to finance the Company's working capital requirements, private placement, and listing expenses (except for fixed deferred underwriting fee which shall be paid from the escrow account), and due diligence cost in connection with the business combination.

On the same date, the sponsor and co-sponsors have additionally subscribed for 900.000 class B warrants (together with the 5.500.000 class B warrants representing the Sponsor Capital At Risk, the "Class B Warrants"), at a price of EUR 1,5 per warrant and for an aggregate price of EUR 1.350.000,00 (the "Additional Sponsor Subscription"). The proceeds from this Additional Sponsor Subscription were intended to be used to cover the negative interest, if any on the cash held in escrow. For any excess portion of the Additional Sponsor Subscription remaining after the consummation of the business combination and any redemption of class A shares, the sponsor and co-sponsors had the option to:

- i) elect to either request repayment of the remaining cash portion under the Additional Sponsor Subscription by redemption of the corresponding number of class B warrants subscribed for under the Additional Sponsor Subscription; or

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

ii) not to request repayment of the remaining cash portion of the Additional Sponsor Subscription and to keep the class B warrants subscribed under the Additional Sponsor Subscription.

The Company did not request repayment of the remaining cash portion on the Additional Sponsor Subscription at the closing of the tonies Business Combination.

Class B warrants are identical to the Class A warrants underlying the Units sold in the private placement, except that the Class B warrants are not redeemable and may always be exercised on a cashless basis while held by the sponsor and the co-sponsors or their Permitted Transferees (defined in the prospectus). Class B warrants are not part of the private placement and are not listed on a stock exchange.

As at 31 December 2022, the value of the other reserves related to class B warrants is EUR 9.600.000,00 (2021: EUR 9.600.000,00).

7. PROVISIONS

Starting in 2022, the Company has implemented a share-based payment compensation scheme for eligible employees of tonies US, Inc., an affiliate of the Company, in the form of virtual stock options. The scheme is entirely cash-settled with an option of equity settlement.

The scheme has a vesting period of 48 months and cliff period of 12 months. It includes a certain number of fixed, virtual shares. In individual cases, it includes a certain number of shares that vest if performance conditions, such as sales targets, are achieved.

As at 31 December 2022, the scheme involves 19 management employees. As of 31 December 2022, no vesting has taken place.

For two beneficiaries, the program is partly dependent on certain milestones to be reached in local businesses. These components are treated as time-based options for simplification.

As at 31 December 2022, EUR 1.692.638,00 (2021: nil) was recognised as provisions under this share-based payment compensation scheme. The fair value has been calculated using the Black-Scholes model.

8. CREDITORS

Creditors are composed of the following:

	Due within one year EUR	Due more than one year and within five years EUR	Total 31/12/2022 EUR	Total 31/12/2021 EUR
Convertible notes	243.835,61	10.000.000,00	10.243.835,61	-
Trade creditors and accruals	536.691,11	-	536.691,11	4.434.785,31
Amounts owed to affiliated undertakings	212.160,00	-	212.160,00	212.160,00
Other creditors	240.345,54	-	240.345,54	9.077,81
Total	1.233.032,26	10.000.000,00	11.233.032,26	4.656.023,12

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Notes to the annual accounts for year ended 31 December 2022 (Expressed in EUR)

Convertible notes

On 1 July 2022 (the "First Closing Date"), the Company issued convertible notes with an aggregate principal amount of EUR 10.000.000,00, with two EUR 10.000.000,00 upside options. On the First Closing Date, only EUR 10.000.000,00 has been drawn with a denomination of EUR 100.000,00 each. The remaining EUR 20.000.000,00 can only be drawn up until 15 December 2022. The convertible notes has a maturity date on 1 July 2027 and are convertible to the Company's class A shares at the option of the holder. The convertible notes can be converted at any time from the closing date until the 5th business day prior to the maturity date. The Company may at the earliest on the second anniversary of the closing date and at the latest on the 10th business day prior to the Maturity Date, redeem all, but not some only, of the outstanding notes on giving not less than 30 nor more than 60 days prior to the redemption date notice to the holder. In the case such notice is given and to the extent the notes have not been converted, the Company will redeem the notes on the redemption date at 110% of their principal amount plus accrued interest. The convertible notes has a conversion premium of 25,00% above the volume weighted average price of the tonies class A shares on XETRA during the five trading days period that ended on 23 June 2022. The convertible notes bear interest at the rate of 5,00% per annum for the first EUR 10.000.000,00 and is payable annually in arrears on each anniversary of the closing date. As at 31 December 2022 the interest accrued amounted to EUR 243.835,61.

The convertible notes are unsecured and unsubordinated obligations of the Company.

9. OTHER EXTERNAL EXPENSES

Other external expenses are composed of:

	From 01/01/2022 to 31/12/2022 EUR	From 29/03/2021 to 31/12/2021 EUR
Underwriting fees	-1.150.000,00	-11.532.000,00
Insurance expenses	-515.827,13	-426.102,78
Legal fees	-487.732,74	-2.276.526,55
Audit fees	-346.804,99	-370.601,41
Accounting and administration fees	-150.640,63	-348.024,13
Advisory fees	-	-4.575.000,00
Tax advice fees	-	-217.154,49
Other professional fees	-466.101,44	-867.296,48
Notary fees	-104.478,30	-16.427,75
Bank charges	-53.549,59	-8.532,01
Agency fees	-20.000,00	-123.900,00
Other expenses	-54.097,29	-29.072,08
Total	-3.349.232,11	-20.790.637,68

The total audit fees paid are as follows:

	From 01/01/2022 to 31/12/2022 EUR	From 29/03/2021 to 31/12/2021 EUR
Statutory audit of the annual accounts	-254.929,99	-126.000,00
Audit-related fees*	-91.875,00	-244.601,41
Total	-346.804,99	-370.601,41

*2021: not included above are audit-related fees amounting to EUR 89.655 are capitalized as directly attributable costs on the acquisition of tonies Holding GmbH and tonies Beteiligungs GmbH

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Notes to the annual accounts for year ended 31 December 2022
(Expressed in EUR)

10. OTHER OPERATING EXPENSES

Other operating expenses are composed of:

	From 01/01/2022 to 31/12/2022 EUR	From 29/03/2021 to 31/12/2021 EUR
Operating provisions (see Note 7)	-1.692.638,00	-
Directors' fees	-527.500,00	-258.500,00
Non-refundable VAT	-440.083,03	-
CSSF fees	-	-266.729,00
Listing fees	-36.272,27	-72.617,14
Other expenses	-10,10	-
Total	-2.696.503,40	-597.846,14

11. OTHER INTEREST AND SIMILAR EXPENSES

Other interest and similar expenses are composed of:

	From 01/01/2022 to 31/12/2022 EUR	From 29/03/2021 to 31/12/2021 EUR
Loss on own shares	-4.926,58	-
Interest on convertible notes (see Note 8)	-243.835,61	-
Other financial charges	-20.147,30	-30.375,12
Total	-268.909,49	-30.375,12

12. STAFF

The Company did not employ any staff during the financial year ended on 31 December 2022 (2021: nil).

13. EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES

The Company granted emoluments amounting to EUR 527.500,00 (See Note 10) to the supervisory board members during the year ended 31 December 2022 (2021: EUR 258.500,00). The Company has no commitments in respect of retirement plans to members of its management and supervisory board during the financial year ended on 31 December 2022 (2021: nil).

14. ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Company did not grant any advances or loans to members of its Management Board during the financial year ended on 31 December 2022 (2021: nil).

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Notes to the annual accounts for year ended 31 December 2022
(Expressed in EUR)

15. OFF-BALANCE SHEET COMMITMENTS

On 26 November 2021 (the grant date), tonies SE has implemented an equity-settled stock option plan ("ESOP") in favor of Höllenhunde GmbH for the subscription of 2.751.208 class A shares of the Company at notional value equal to their par value. A vesting period of 24 months with a cliff period of 12 months had been agreed.

During the year, tonies SE delivered 1.375.604 of its class A shares held in treasury to Höllenhunde GmbH against the payment in cash by the latter of an amount equal to the notional value of those class A shares.

As at 31 December 2022, the staff costs estimated in relation to this ESOP are EUR 24.538.974,00 (2021: EUR 2.154.772,00). The fair value at the grant date of the ESOP has been calculated using the Black-Scholes model. There are no payouts from this plan.

On 28 June 2022, the Company entered into a credit facility agreement as a guarantor and is jointly liable with tonies GmbH for a total amount of EUR 11.5m.

16. MACROECONOMIC AND GEOPOLITICAL RISKS

The current macroeconomic situation remains challenging particularly due to ongoing effects from Covid-19, especially in China, and the war in Ukraine. The consequences include deteriorating consumer sentiment as a result of high inflation, especially due to rising commodity and energy prices, limited availability of raw materials and freight capacities, and the EUR devaluating against the USD.

Management is monitoring the situation closely and prepared to respond flexibly depending on what the situation requires. Management assessed that these risks does not negatively affect the Company's ability to continue as going concern at of the date of this report.

17. SUBSEQUENT EVENTS

There are no other significant subsequent events after balance sheet date, other than those disclosed in herein.