



Earnings Presentation FY 2023

tonies SE | April 11, 2024



tomiebox

Disclaimer



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

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

Who you have on the call today



Tobias Wann
CEO



Dr. Jan Middelhoff
CFO

tonies SE | Earnings Presentation Agenda



Welcome to tonies

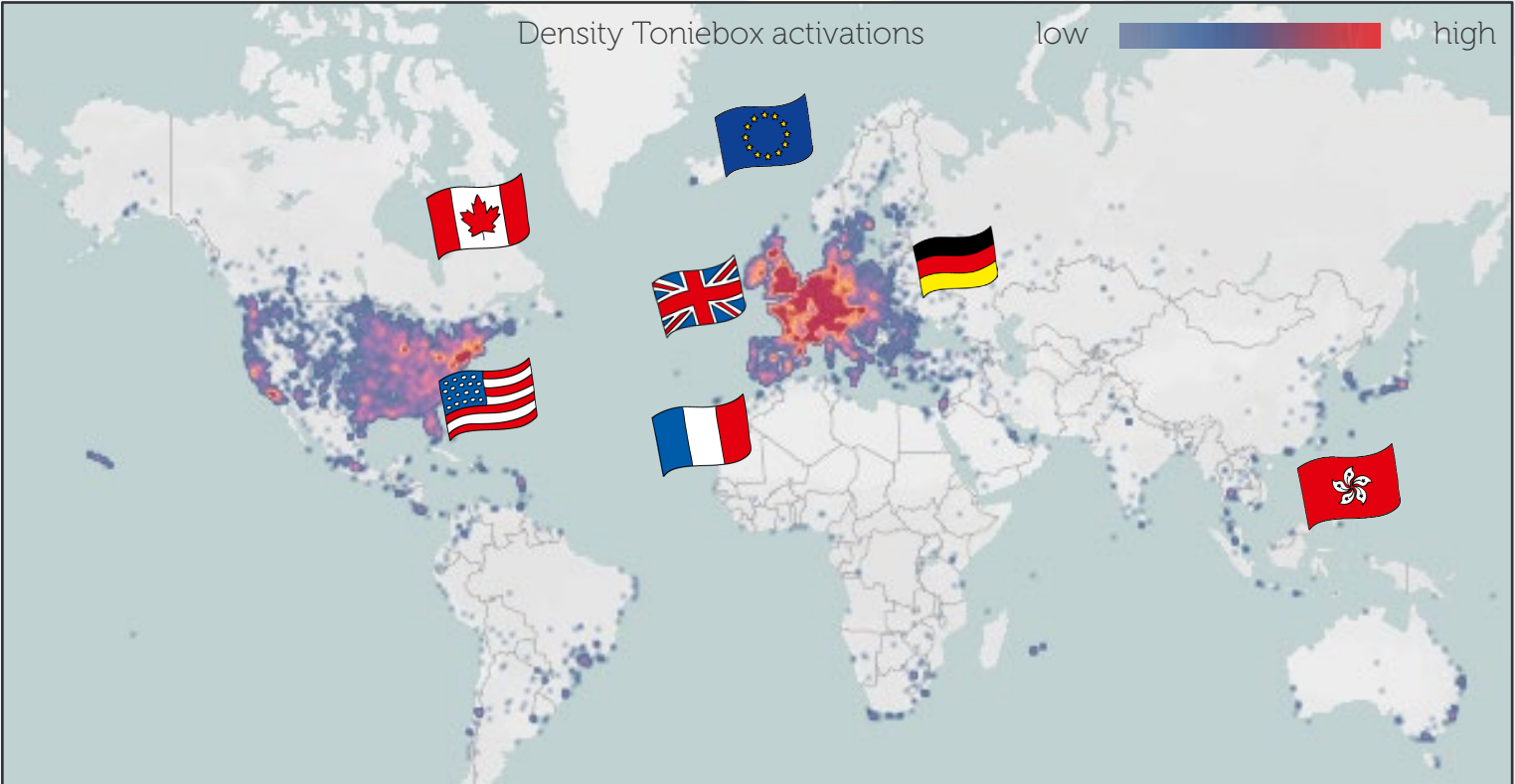
Business Update FY 2023

Financial Results FY 2023

Outlook 2024

Q&A

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



Our products enrich the life of **~50m** people¹

6.8m Tonieboxes and **82m Tonies** sold since Q4 2016

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

Note: All figures as per FY 2023 / December 2023 | ¹50m People = "extended family" affected by a Toniebox (assuming ~8 consumers/customers per Toniebox (e.g., the child, family & friends))

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



- 1** Global **category creator and leader** – offering a smart connected audio experience device “Toniebox” for children – unparalleled stickiness
- 2** **Largest global platform** – proven, highly-profitable business model in DACH replicated internationally in US, UK and FR (product-market fit!)
- 3** **Profitable repeat purchases model** with subscription like cohorts – superior CLV¹ through purchases of high-margin Tonies figurines and other products
- 4** **Clear value levers:** (1) Internationalization, (2) Gross margin expansion, (3) Own content/IP, (4) Product/channel Mix, (5) Operating leverage
- 5** **True love brand** offering all blockbuster IP and proprietary own content - highly-vocal and attached fanbase (WOM² effects)

268 min average weekly playtime	>70% active of all Tonieboxes ever sold
DACH >50% penetration rate	>100 countries with Tonieboxes activated
~20 Tonies per Toniebox after 4.5 years	EUR ~290 customer lifetime value
+20ppts contribution margin since 2019	DACH >16% EBITDA margin already
NPS >70 measured daily in US	2 out of top 5 franchises are our own IP

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



FY 2023 performance at a glance: Another record year!



Revenue:

EUR 361m

YoY: +40%

DACH: EUR 166m (+5%)

NA: EUR 140m (+114%)

ROW: EUR 55m (+59%)

54%

share int. business

Adj. EBITDA¹ / EBITDA margin:

+4.0% / +2.4%

YoY: +6.4pp / +15.9pp

>35%

contribution margin

Free cash flow:

EUR -5m

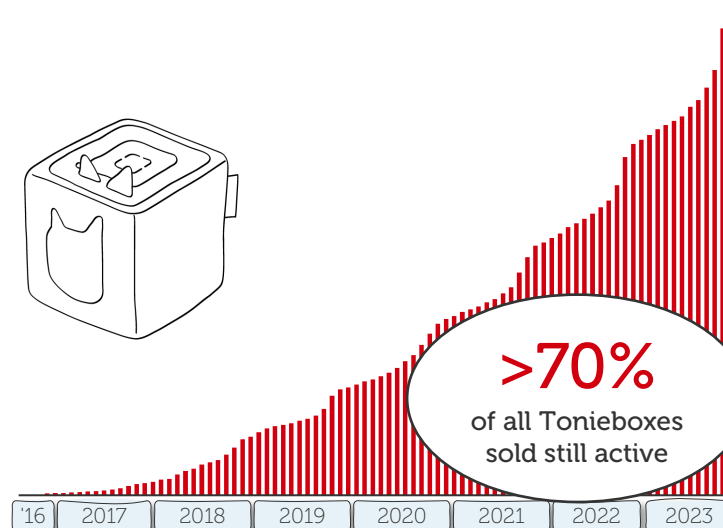
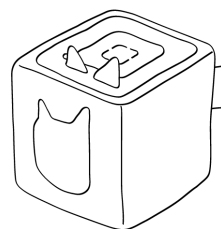
YoY: +83m

74m

cash available²

Toniebox platform grows exponentially every year...

Cumulative Tonieboxes sold
(Q4'16-Q4'23 in #)



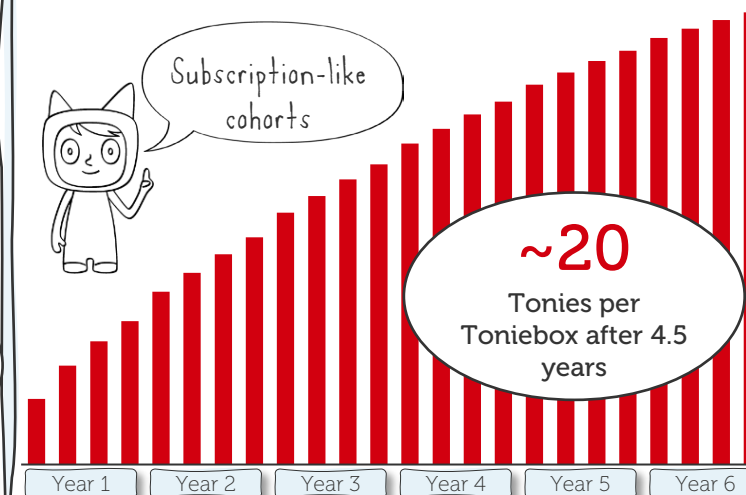
+1.9m Tonieboxes
sold in 2023

... fueling the highly predictable repeat purchases of Tonies

Cumulative Tonies over customer lifetime



Subscription-like cohorts



+23.4m Tonies
sold in 2023

Business Update

Growing platform: In Q4, we have proven our ability to deliver commercial excellence yet again



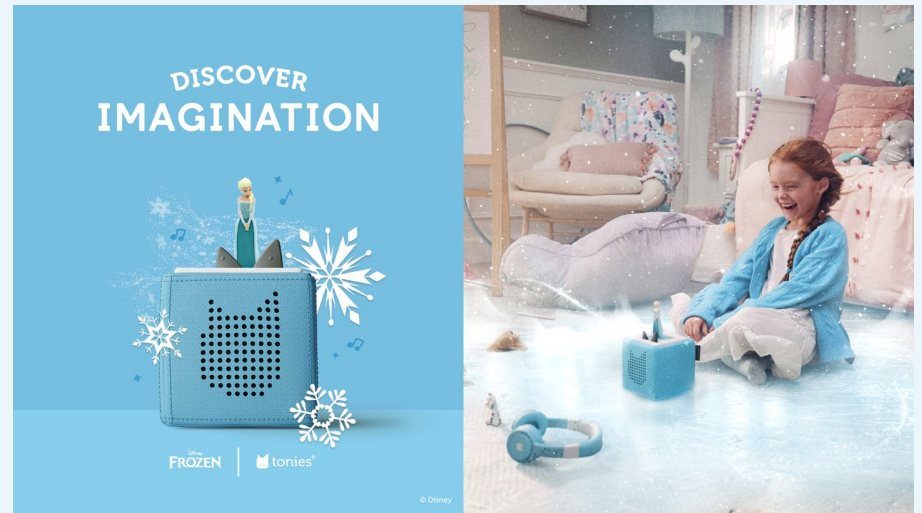
EUR >169m

~ 1bn

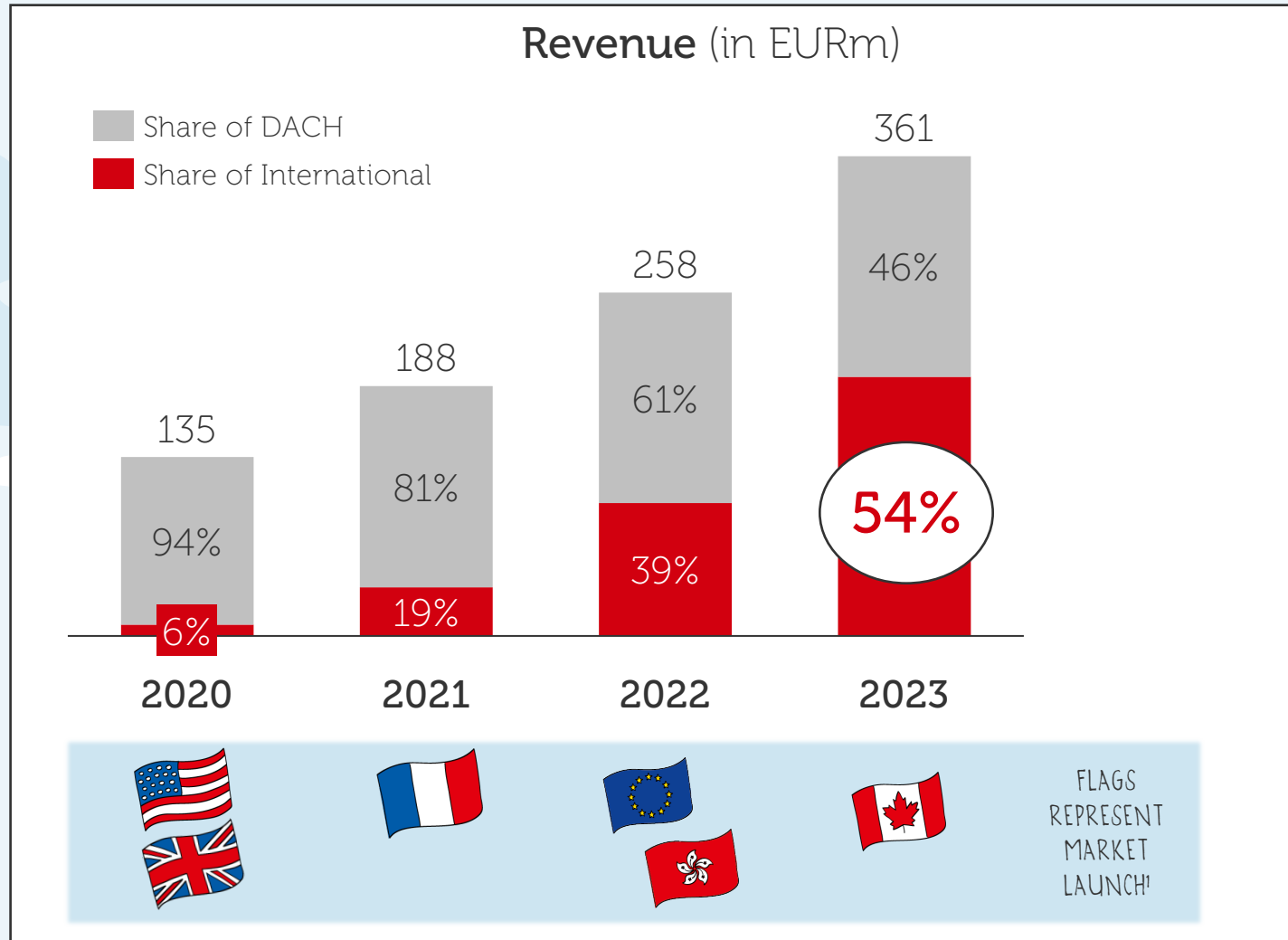
impressions reached with our first ever nationwide 360 brand campaign



>500k Tonieboxes sold within 10 days during Black Friday week



A truly international business: >50% revenue outside of DACH



We replicated our proven, **profitable DACH blueprint** in 3 selected core markets (UK, US and FR)

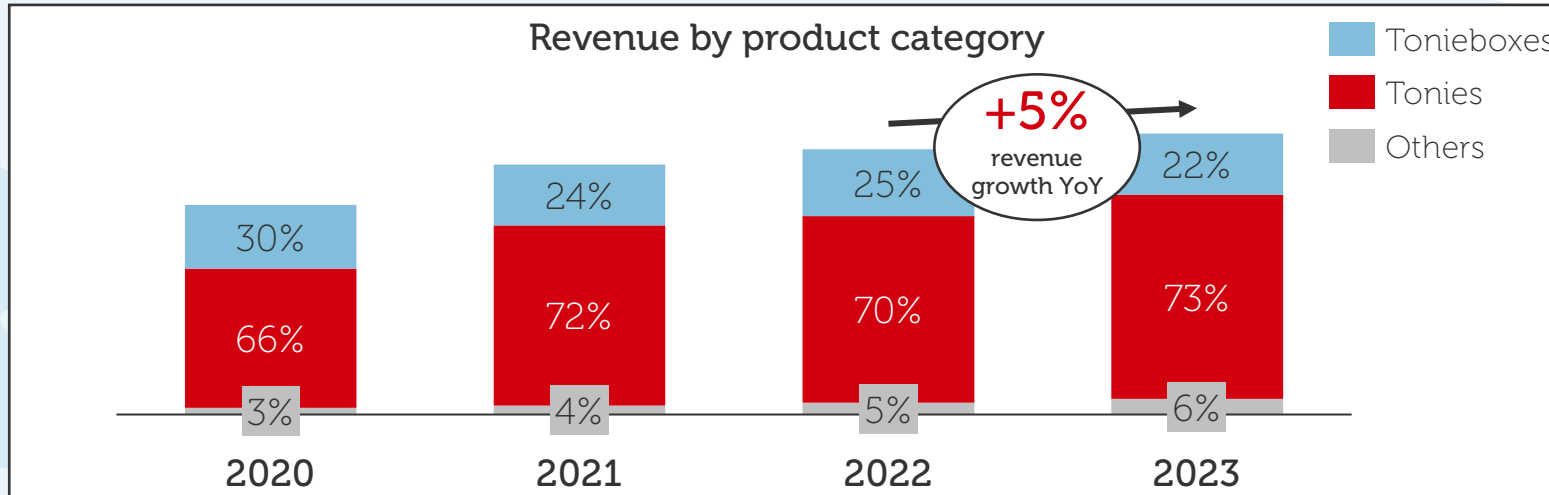
It takes **3-4 years** for a core market to become profitable

In total, we ship to **25 countries**, incl. 17 countries catered to by our European Webshop

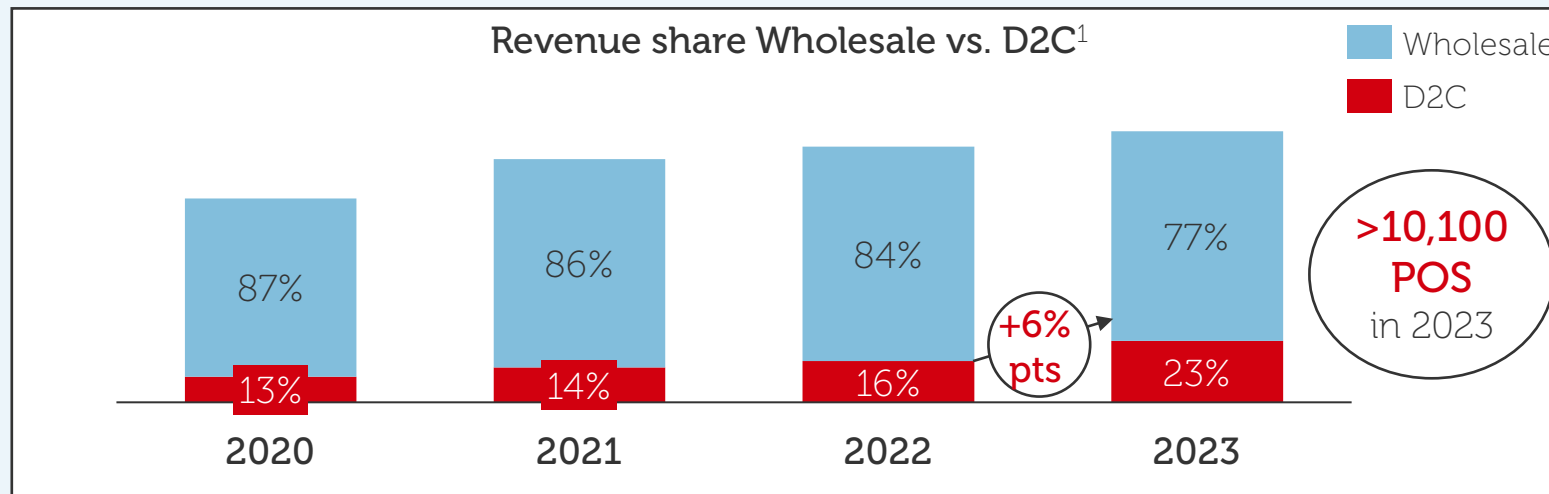


¹ UK officially launched in 2018 with significant scale up in 2020

DACH is our mature market but still grows mid single digit



Despite every second child owning a Toniebox², DACH still **grows single digit**, especially on Tonies and other products (profitability drivers)



We are continuously **increasing our D2C share** and **expand our wholesale footprint**

We are category creator and leader with **84% aided brand awareness³**

¹Incl. Webshop, Amazon marketplace, and mytonies | ²Company estimate based on target age range / birth rates | ³ Appinio

Meanwhile, US is just getting started ...



1.5 million

Tonieboxes
sold since market entry

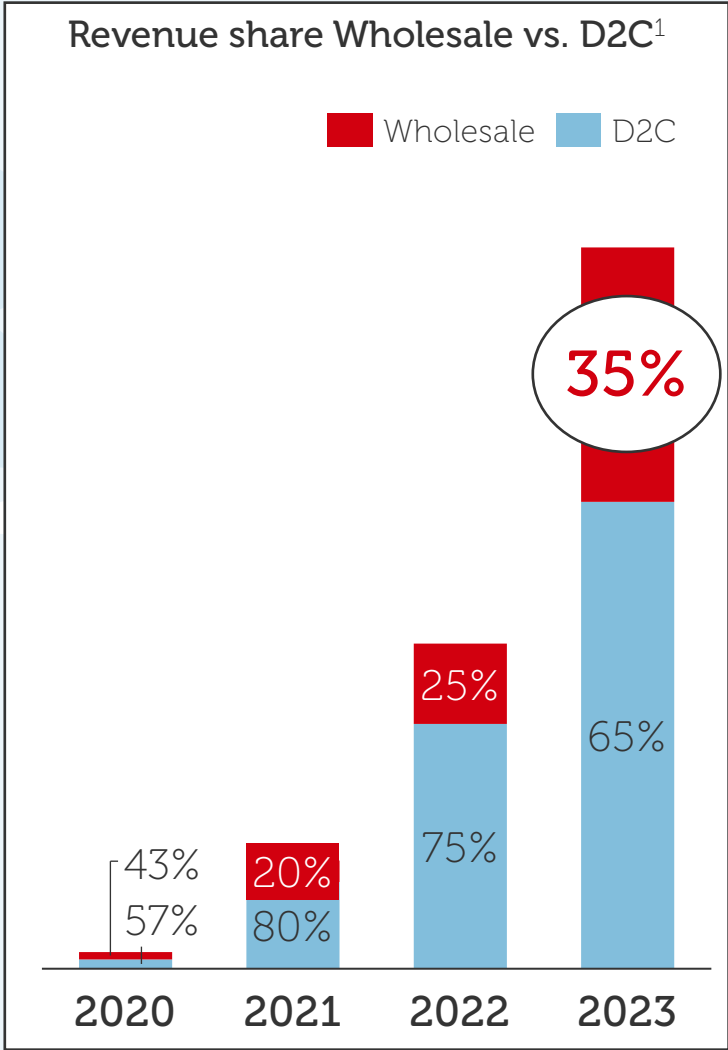
amazon

#1

best selling German
brand on amazon.com¹

¹ Highest selling German brand that started on amazon.de and moved to amazon.com via *Amazon Global Selling* program

US wholesale is expanding continuously: We have successfully proven our potential to Target and Walmart



Exemplifying our successful retail evolution



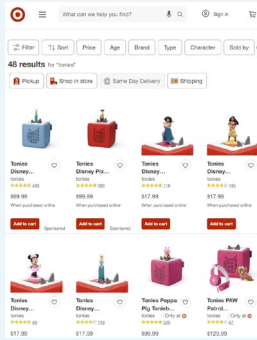
Online only

Seasonal listings in 400 stores in Q4

>1,000 stores with half-end caps

>1,500 stores with full-end caps

>1,750 stores & doubling shelf space in >1,300 stores



¹Incl. Webshop, Amazon marketplace, and mytonies

Better unit economics: Successful expansion of value lever "own content"



Improvement in unit economics through:

- 1. Gross margin** improvement
- 2. Licensing costs** reduction
 - (Re)negotiations
 - Own content/ franchises
 - New products
 - Regional mix effects
- 3. Fulfilment** optimization



2 out of top 5 global bestselling franchises¹ are our own brands (IP)

Global quantities sold in 2023



New additions in 2023



¹Franchises (≠ licensors) are a recurring series built around a theme, topic, or story with a unique branding or messaging style | ²Certified with three golden records by BVMI (Bundesverband der Musikindustrie)

Category leadership: Constant innovation of product portfolio



AI stories from Santa

biggest test run to date with **>80,000** stories generated



Advent calendar

>169min avg. weekly playtime in Dec – huge pre-holidays awareness boost



Nightlight

Bestselling new accessory with **>EUR 2m** revenue – builds on successful franchise Sleepy friends



Clever Tonies

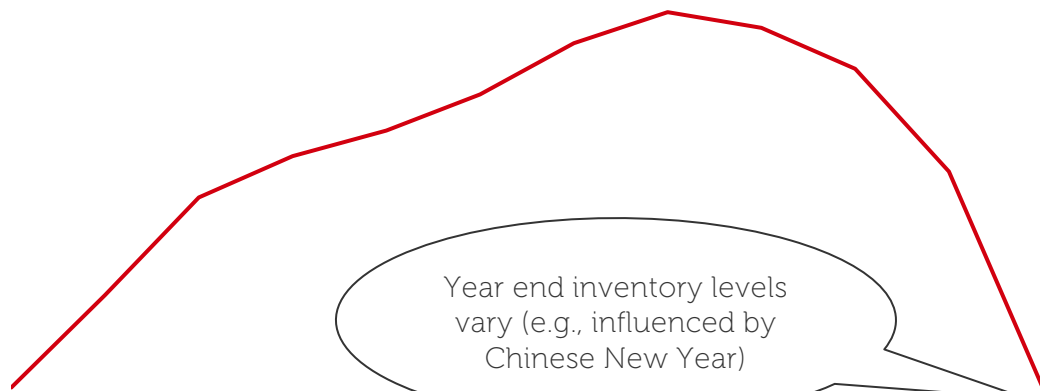
Great start of new eco-friendly edutainment Tonies for **kids 5+**



Optimized working capital: Efficient inventory steering and financing



Typical seasonal inventory built-up



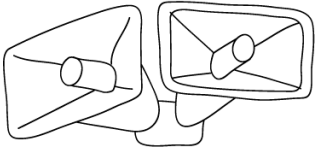
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

- tonies has only **"good" inventory**, i.e., no fresh or seasonal items that could go "bad"
- Inventory is crucial for **growth** and healthy cohorts (launches and availability drive repurchases)
- Working capital management substantially **optimized** (factoring, payables, receivables)
- **EUR 30m** syndicated loan closed (EUR 10m top up option in 2024) = signal of confidence from banks





Financial Results FY 2023



Exponential revenue growth + profitability break-even



Revenue

EUR 361m

YoY: +40%

DACH: EUR 166m (+5%)
 NA¹: EUR 140m (+114%)
 ROW: EUR 55m (+59%)

Exponential revenue growth exceeding guidance of EUR 354m driven by international markets, esp. NA, and all product categories

54%
share int. business

Adj. EBITDA²/EBITDA margin

+4.0% / +2.4%

YoY: +6.4pp / +15.9pp

Surge in profitability with contribution margin reaching 35%, driven by higher gross margin and lower licensing and marketing costs

>35%
contribution Margin

Free cash flow

EUR -5m

YoY: +83m

Strong increase in FCF from EUR -88m in PY due to substantially more profitable operating activities, only low net working capital increase

74m
cash available³

Other

16.3% EBITDA margin DACH

First-time publication of segment reporting on regional basis shows the high profitability of the DACH blueprint replicated internationally

100%
blueprint confirmation



¹North America | ²Only adjusted for share-based compensation | ³At December 31, 2023, including unused credit line of EUR 15m

P&L: Key numbers and margins (adjusted)



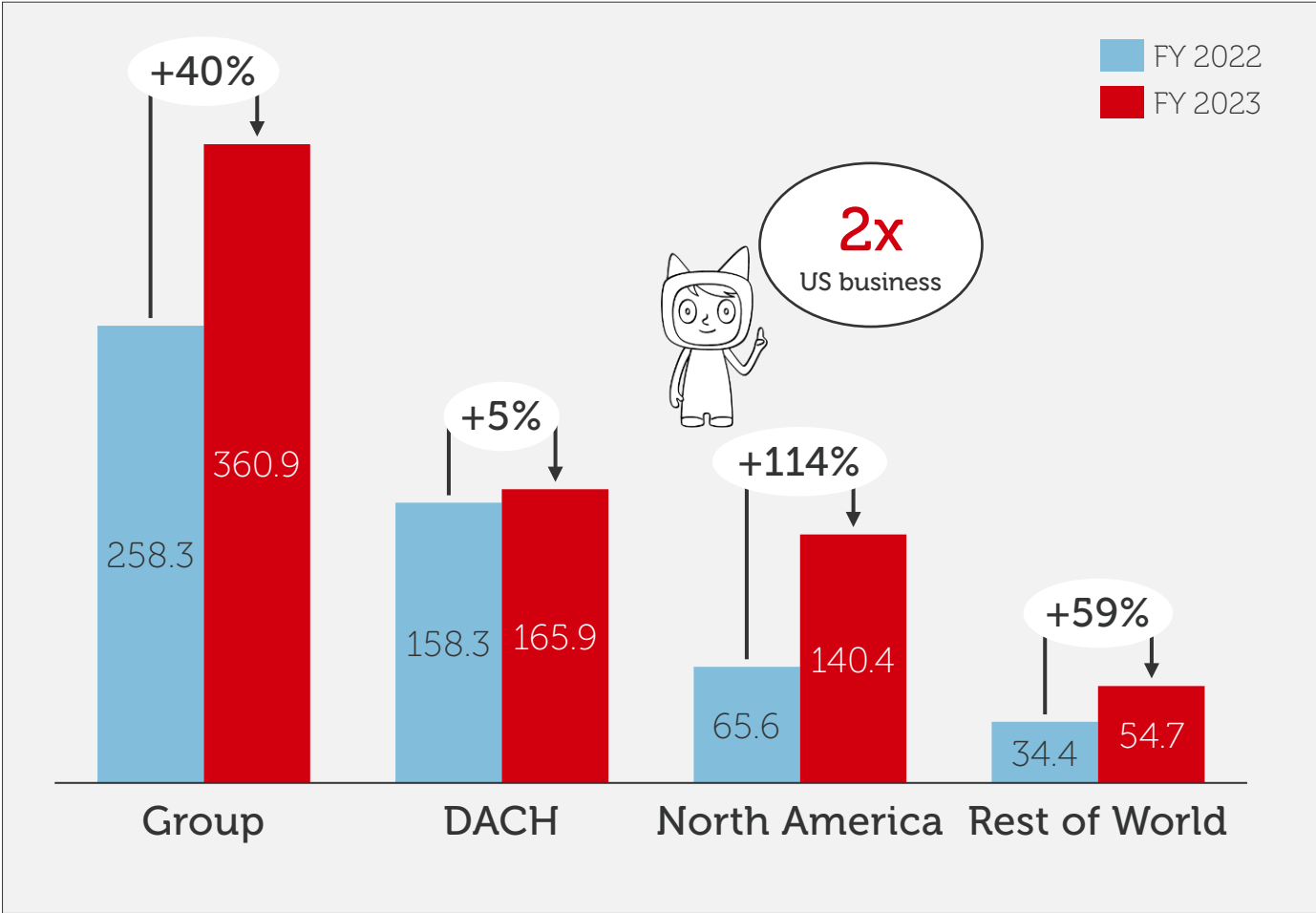
	FY 2023		FY 2022		+/-	
	EURm	% of revenue	EURm	% of revenue	EURm	pp
Revenue	360.9	100.0%	258.3	100.0%	102.7	-
COGS	-138.5	-38.4%	-119.0	-46.1%	-19.5	+7.7pp
Gross profit	222.5	61.6%	139.3	53.9%	83.2	+7.7pp
Licensing costs	-36.3	-10.1%	-31.7	-12.3%	-4.7	+2.2pp
Gross profit after licensing costs	186.1	51.6%	107.6	41.7%	78.5	+9.9pp
Fulfilment	-58.8	-16.3%	-37.4	-14.5%	-21.4	-1.8pp
Contribution profit	127.3	35.3%	70.2	27.2%	57.1	+8.1pp
Marketing	-29.7	-8.2%	-25.0	-9.7%	-4.7	+1.5pp
SG&A	-92.8	-25.7%	-59.7	-23.1%	-33.0	-2.6pp
Personnel	-42.9	-11.9%	-32.9	-12.7%	-10.0	+0.9pp
OPEX	-49.9	-13.8%	-26.8	-10.4%	-23.1	-3.4pp
Own work capitalized	1.4	0.4%	0.0	0.0%	1.4	+0.4pp
Other result	8.1	2.3%	8.4	3.3%	-0.3	-1.0pp
EBITDA	8.7	2.4%	-34.7	-13.5%	43.4	+15.9pp
Adjusted EBITDA	14.4	4.0%	-6.1	-2.4%	20.5	+6.4pp

Note: Numbers are unaudited

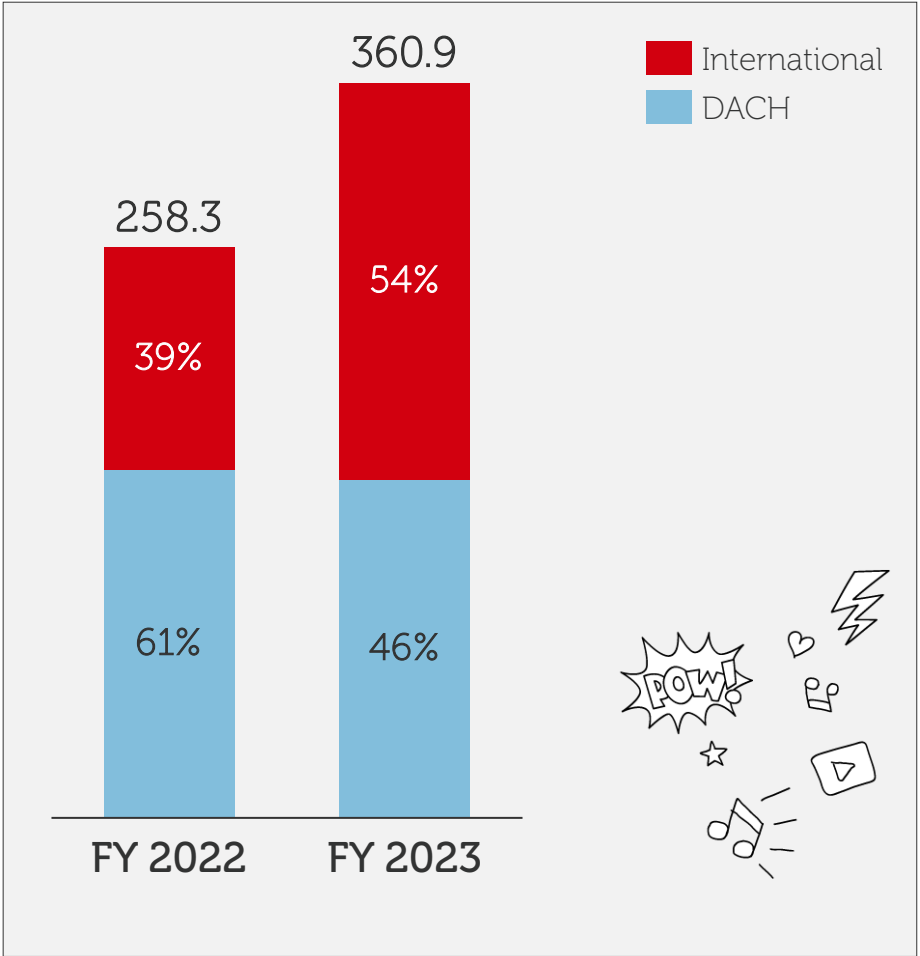
Geography split: International revenue exceeds revenue in the DACH region for the first time



Revenue growth by region



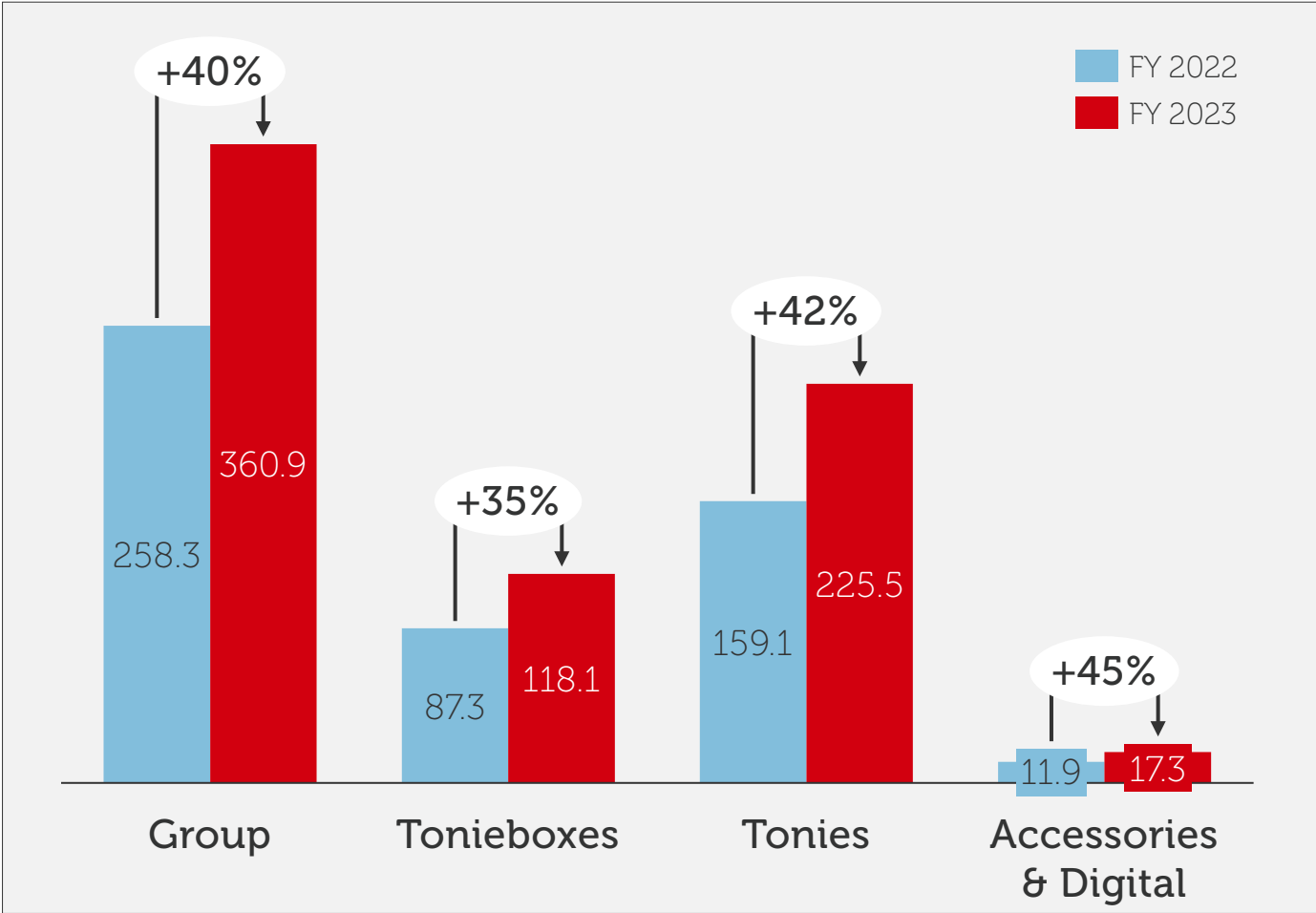
Revenue split



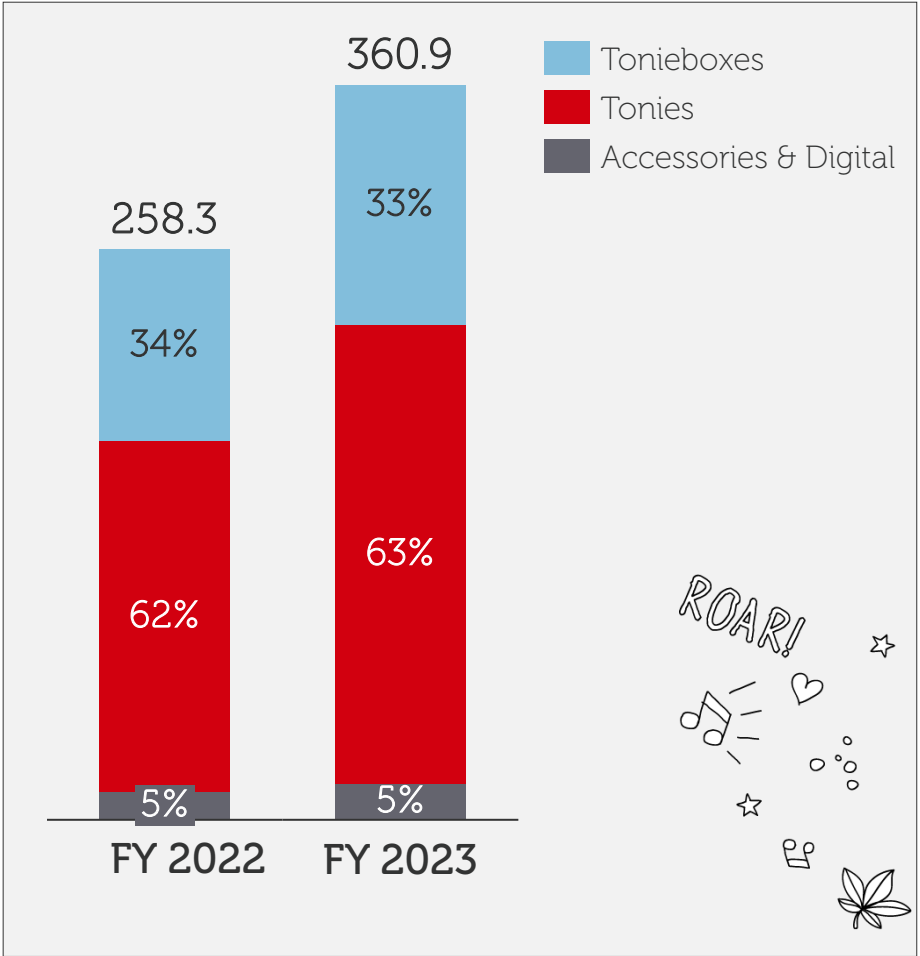
Product split: Strong and well-balanced growth in all product categories



Revenue growth by product category



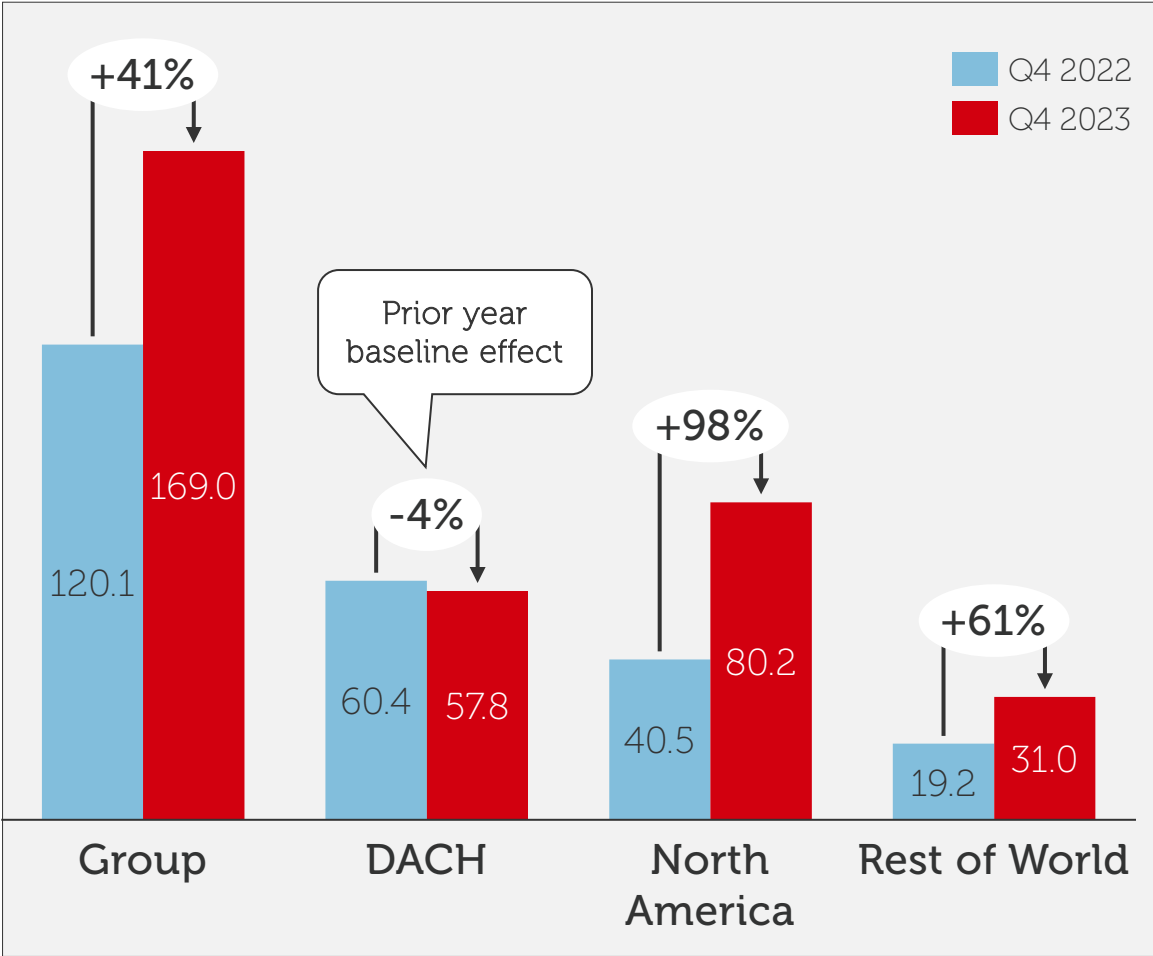
Revenue split by product category



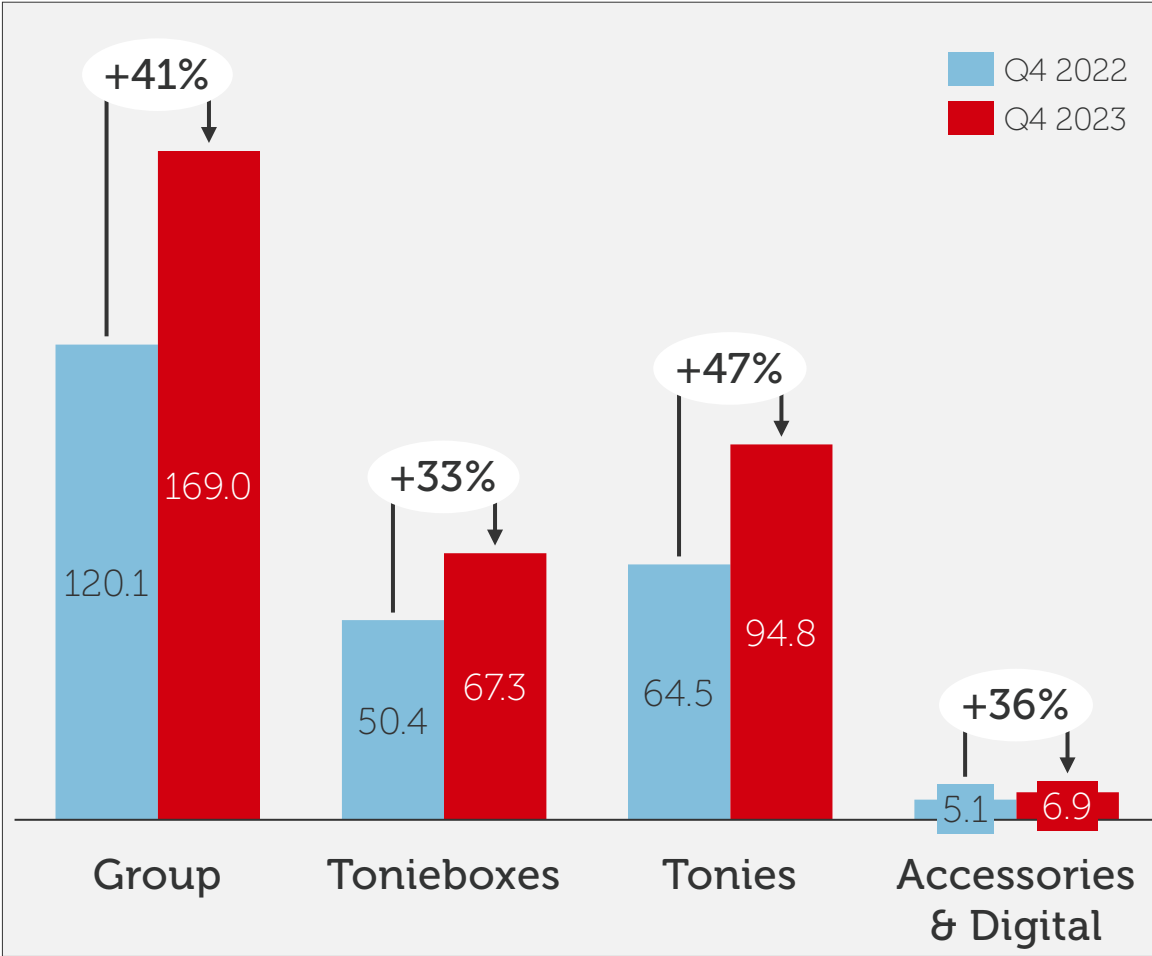
Deep-dive Q4: Strongest tonies quarter ever with more than EUR 169m revenue mainly driven by NA and ROW



Revenue growth by region




Revenue growth by product category



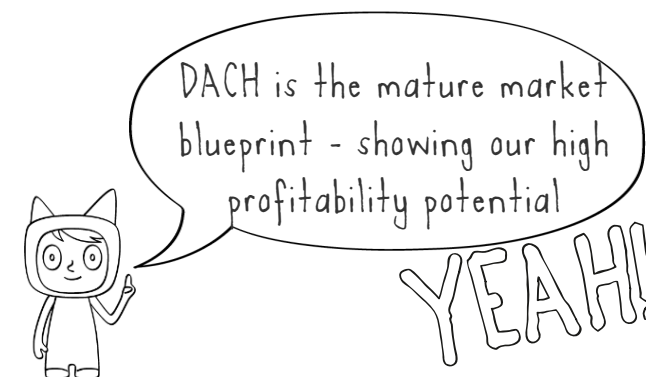
Segment reporting introduced: DACH market already with >16% EBITDA margin



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

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

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

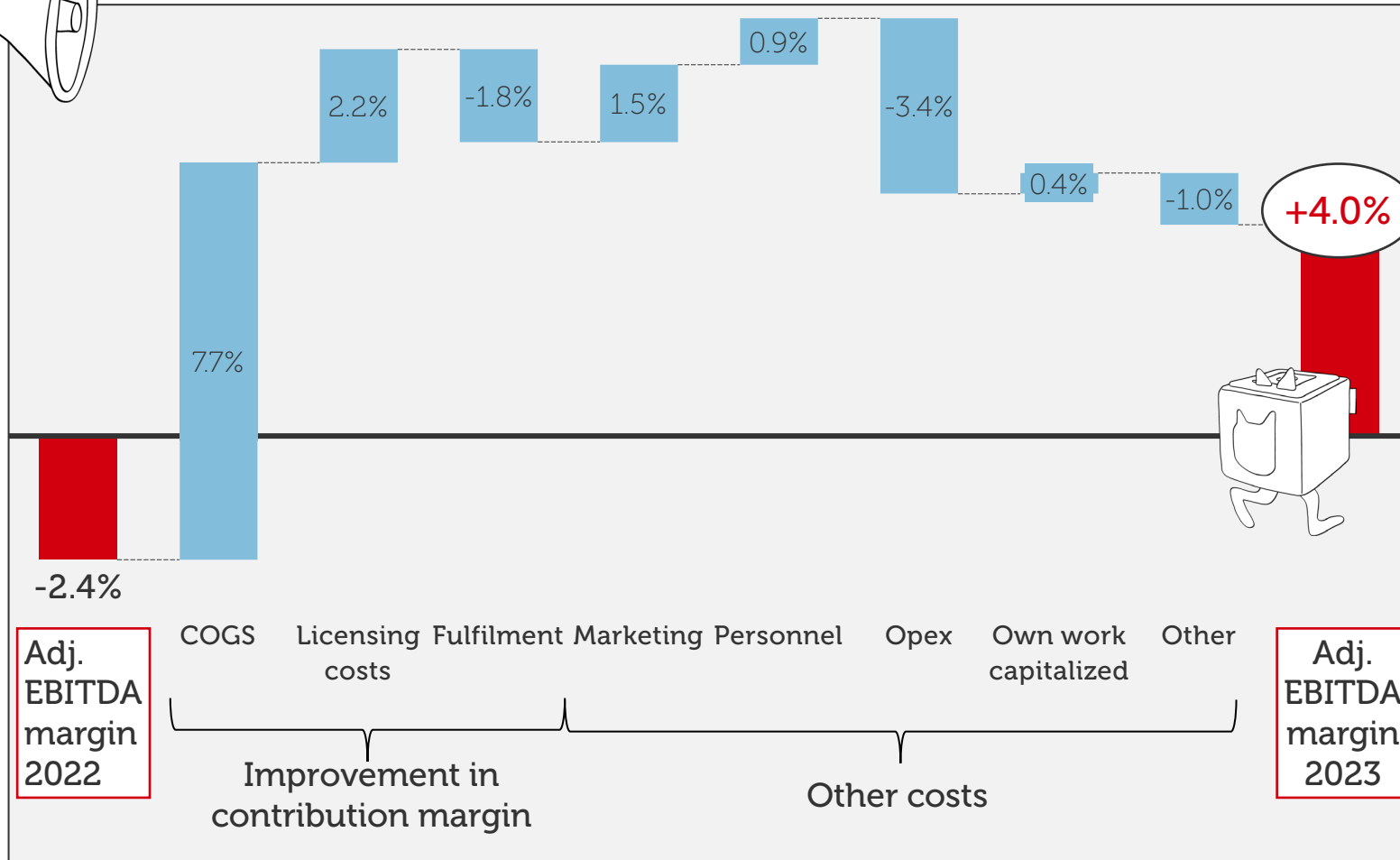


¹ According to IFRS

Adjusted EBITDA margin at upper end of guidance range



Adjusted EBITDA margin bridge (in pp)



- **COGS** driven by price increases, lower inbound logistics costs (airfreight), favorable channel/regional/product mix
- **Licensing costs** lower due to regional mix, successful renegotiations, higher share of own content and release of licensing provisions of EUR 3.3m
- **Fulfilment** up due to higher D2C share
- **Marketing** reflects increased brand awareness, operational excellence, growing retail footprint and WOM¹
- **Personnel** shows operating leverage
- **Opex:** Disproportionate growth through selected one-time effects incl. legal costs, provisions and external services
- **Own work capitalized:** Now fully capitalized vs. adjusted in PY
- **Other** increase related to FX costs

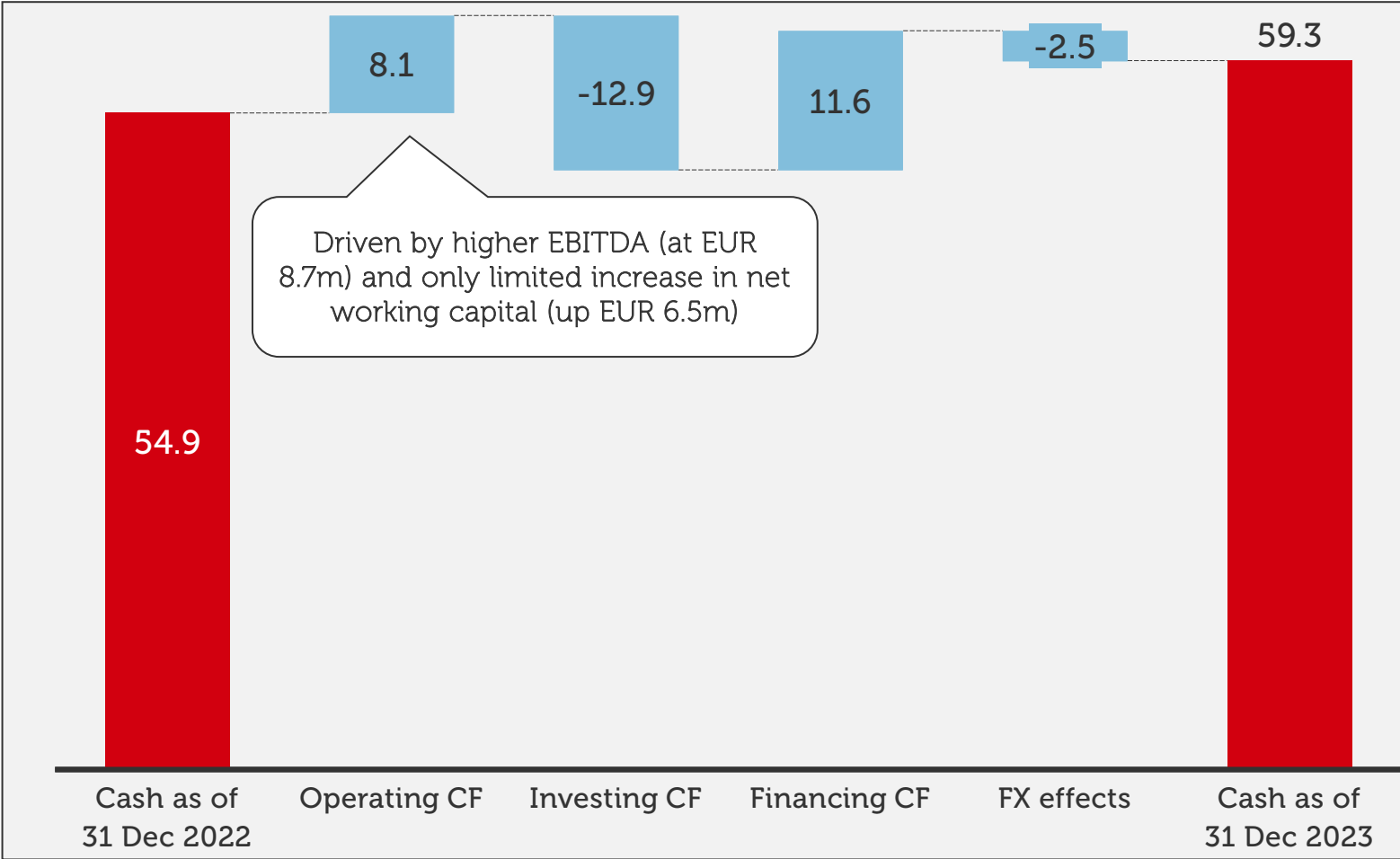
Strong structural improvement and one-off effects of EUR 3.3m

¹ Word of mouth

Improved Cash position resulting from higher profitability and more efficient working capital management



Cash bridge (in EURm)

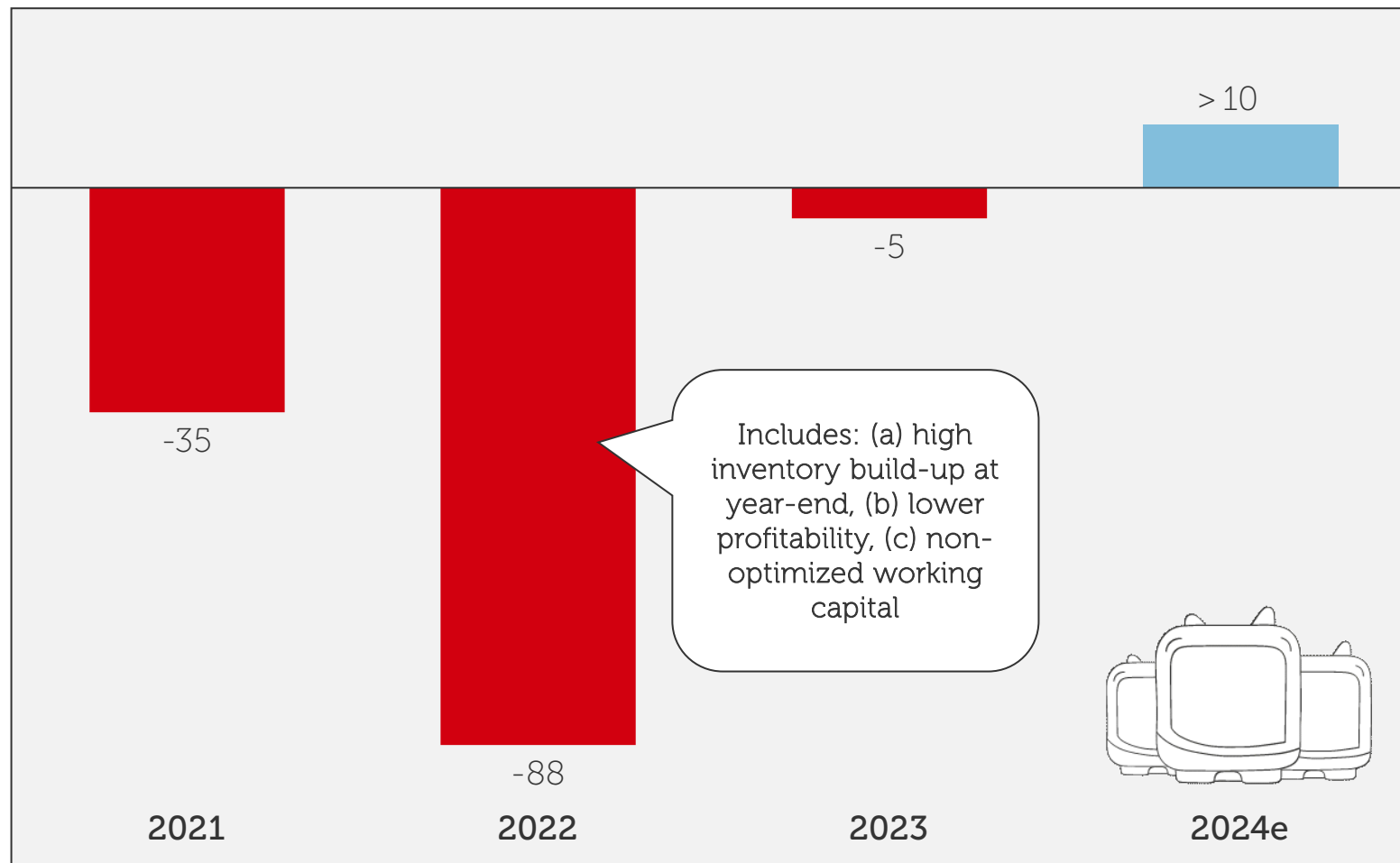


- **Operating CF** driven by EBITDA improvement and only slightly increased net working capital
 - **Investing CF** mainly for manufacturing tools, product-related expenses, own content production and software
 - **Free CF** significantly improved vs previous year EUR -6m vs. EUR -88m
 - **Financing CF** mainly from partial utilization of credit lines for seasonal working capital financing
 - In addition to EUR 59m **cash**, we had EUR 15m **unused credit lines** so that we had a total of EUR 74m **cash available**
-

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



Free Cash Flow (FCF) (in EURm)



- **FCF substantially improved** from EUR -88m in 2022 to EUR -5m in 2023
- Driven by a significantly **higher cash flow from operating activities** (higher EBITDA, only slight increase in NWC)
- **Inventories fell notably in H2** due to efficient inventory management and revenue growth (inventory built early in H1 to avoid stock-outs and airfreight)
- **FCF is expected to be positive in 2024** and amounts to > EUR 10m driven by a further increase in EBITDA & continued efficient inventory management





Outlook 2024

Guidance FY 2024¹: Continued significant revenue growth and further improvement in profitability



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



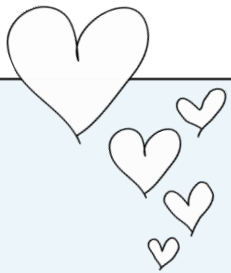
¹ 2024 based on EUR/USD of USD 1.07

Four priorities ensure we deliver our plan



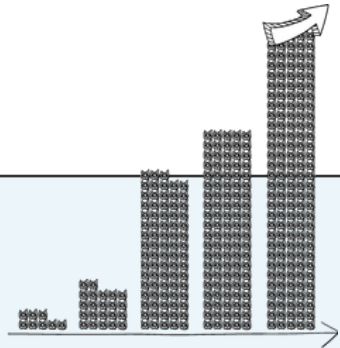
I

Excite customers with great experiences



II

Grow our customer base



III

Leverage full customer potential

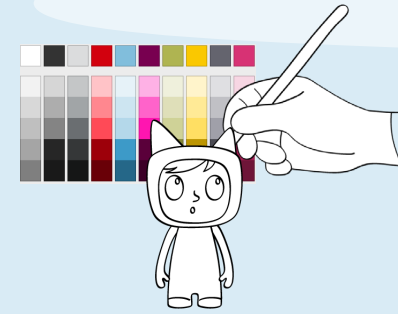


IV

Build a scalable company



I. Exciting customers in a sustainable way: New products & initiatives planned for 2024



Fueling the **collectors' hype:**
Limited editions

Building **a new franchise:**
A whole new world for musical adventures

Entering **a new category:**
Literature and books

Leading **change in the category:**
>200 Tonies with water-based colors

Extending educational franchise
conservation crew

And many more coming soon ...

Stay tuned for 2025...



II. Grow customer base: Australia & New Zealand up for an amazing start



>6,400
Tonieboxes already activated

Our **biggest** launch portfolio ever



New **core market**: We have our own local team on the ground

Distribution:
Together with **bluemouth INTERACTIVE** 
>250 POS secured for launch

MYER  **BIGW** 



Q&A

Key takeaways: FY 2023 was another record year for tonies



- I Outperformance of the plan, exponential growth in all markets (40% YoY)
- II Capturing the US-market opportunity is real (EUR 140m revenue (2x YoY))
- III tonies is an EBITDA profitable, high-growth company (2.4% EBITDA margin)
- IV Segment reporting proves high profitability (>16% EBITDA margin in DACH)
- V Substantially improved FCF at the brink of breakeven (EUR -5m - +83m YoY)
- VI Tobias Wann joined as a highly accomplished new CEO for tonies

Meet us on conferences and roadshows



H1

H2

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

Investor Relations Contact



Investor Relations Team Contact

ir@tonies.com

Investor Relations Contact

Manuel Bösing

Head of Investor Relations

Phone: +4915157846012

Mail: manuel.boesing@tonies.com