



### Content





Introduction to tonies SE

9M 2023 & Outlook 2023

Sustainability

**Appendix** 

## Introduction to tonies SE



tonies: the world's largest interactive audio platform & creator of a multi-billion Euro category in kids entertainment & beyond



We are the pioneers of connected, technology-enabled audio systems for kids and provider of premium, curated audio content

# Our ecosystem is tailored to the needs of young families by providing a playful, safe and screen-free audio experience







**Toniebox:** Smart, connected audio player allows for a large installed base, anchoring our proprietary ecosystem

**Tonies:** Extensive and constantly growing choice of over 700 exciting characters (with premium content) are triggering steady usage and repurchases



**Data:** We understand our consumers thanks to our data-driven and insight-supported business model

## Superior content distribution requires proprietary tech platform



### Gaming





### Video





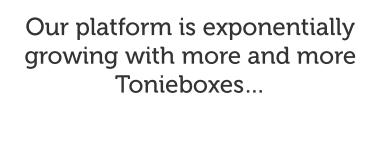
### Audio

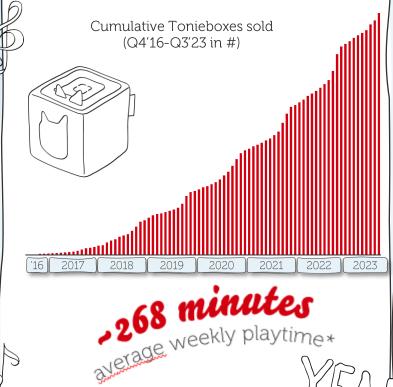




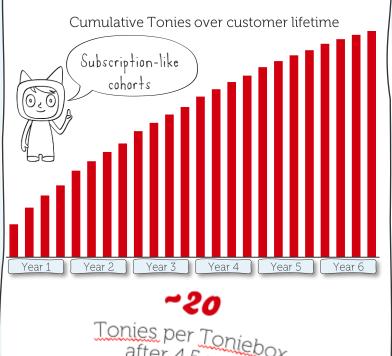
### Our business model in a nutshell



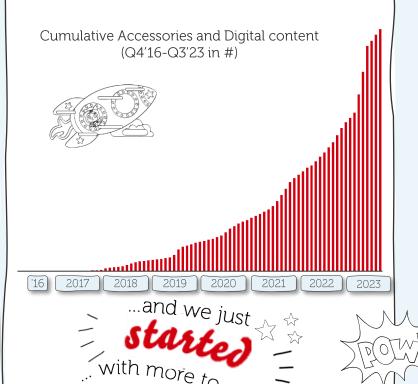




... fueling our razorblade business model with highly predictable Tonie activations







### Key investment highlights



Huge market opportunity

Newly created multi-billion Euro product category tapping into adjacent connected audio, streaming as well as kids gaming and toys segments



Differentiating positioning

Pioneer with category-defining offering as first device in the kid's room, high brand loyalty and differentiating value proposition, leveraging first-mover advantage



Tech-enabled business model

Scalable, asset-light razor-blade business model, building on continuously growing installed base and data-driven content creation

Brand loyalty

Beloved DTC brand with a fast-growing and highly loyal fanbase, anchored by the unique tonies experience and its proprietary ecosystem



Proven track-record

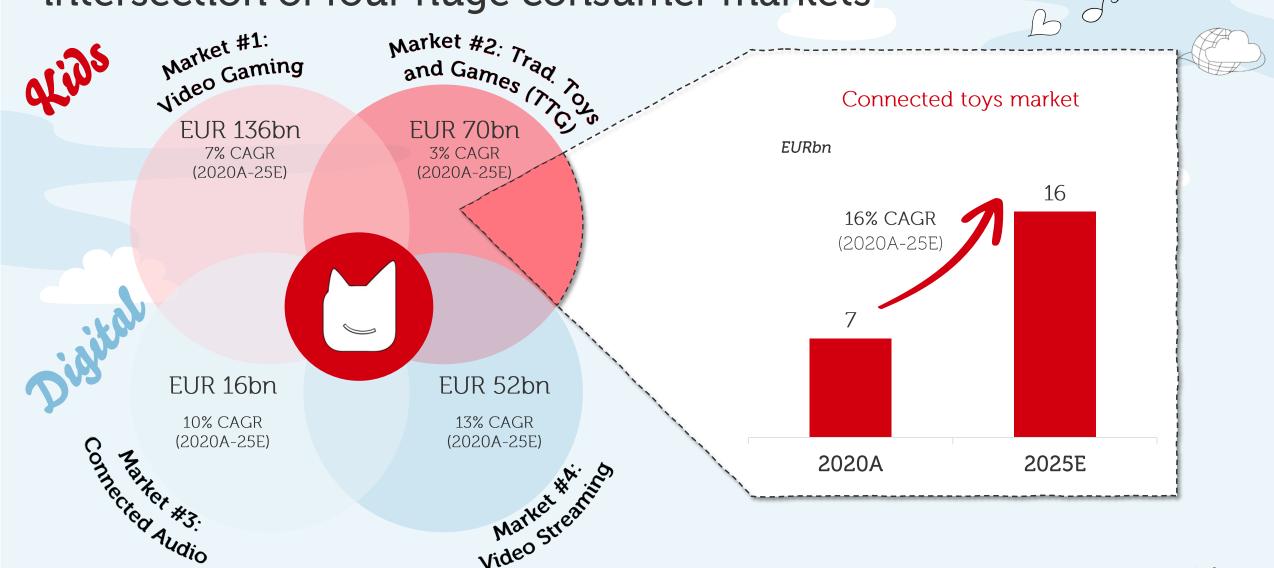
Track-record of outstanding growth and proven profitability backed by an active and sticky customer base and attractive unit economics

6 Accelerated growth

Clear building blocks for sustainable growth as part of strategic roadmap, utilizing tonies' tech platform for further global expansion

 Market
 Positioning
 Business model
 Brand
 Financial track-record
 Growth opportunities

We have created a new multi-billion Euro category in the intersection of four huge consumer markets



## Toniebox is the first connected device to enter the child's room









Age:



3+

8+



tonies<sup>®</sup>

















Video Gaming







Audio Streaming





Video **Streaming** 







# Our business model is based on a tech-driven, highly scalable D2C platform, leveraging our proprietary ecosystem







### Toniebox

Central platform for the ecosystem



EUR 99.00



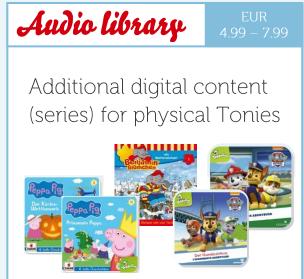














### Proven business model with clear focus on value creation



#### Hardware

#### Data-driven content production

Distribution

Contract manufacturing Third party licensing

**Proprietary** content creation

Go-to-market

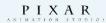


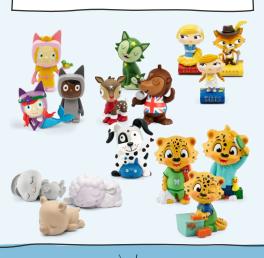




























Highly scalable backend enabling lock-in effect

## Third party licenses relevant for majority of Toniesfigurines revenue – share of own productions rises





### Own

#### Licensed

Jarine Ow

OWL

Licensed



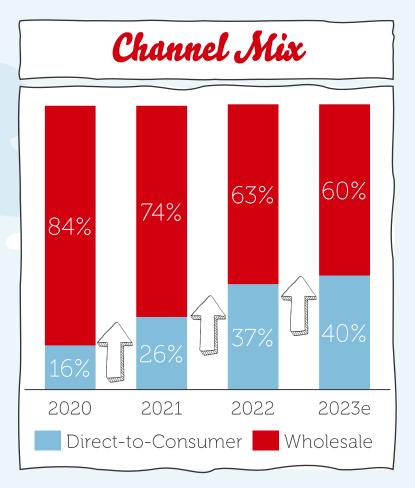






## Distribution: Strong omni-channel mix with increasing DTC-share



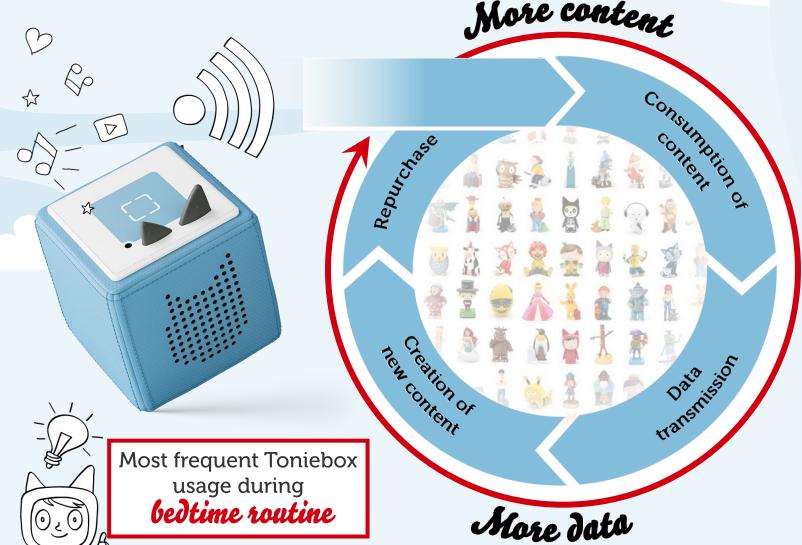






tonies' content-driven flywheel provides comprehensive

customer data...



Thanks to being **data-driven**, we understand our users

...what they listen for, where and when

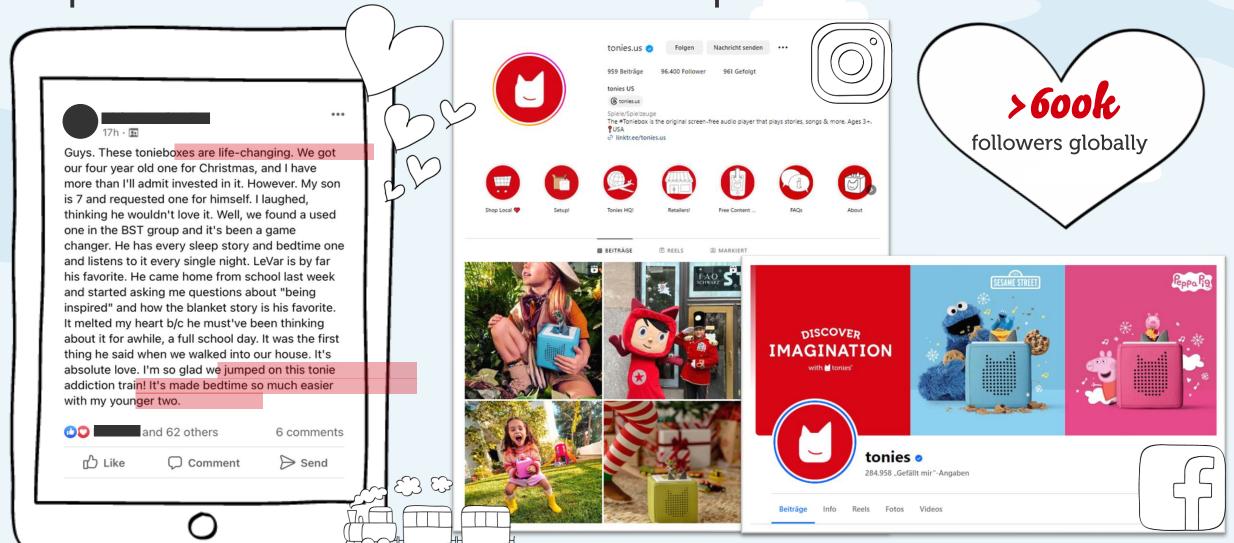
...how often and how long they listen for

...how many users share a box

...how intense they engage with the platform

We have truly excited customers that actively seek inspiration and information about our products







tonies® Originals are sold more often in Germany than albums of renowned artists







Since their release in 2021, our playtime songs have achieved triple gold status 1,2











Adele - 30 (2021)



tonies® Original -Playtime Songs (2021)



Ed Sheeran – Equals (2021)



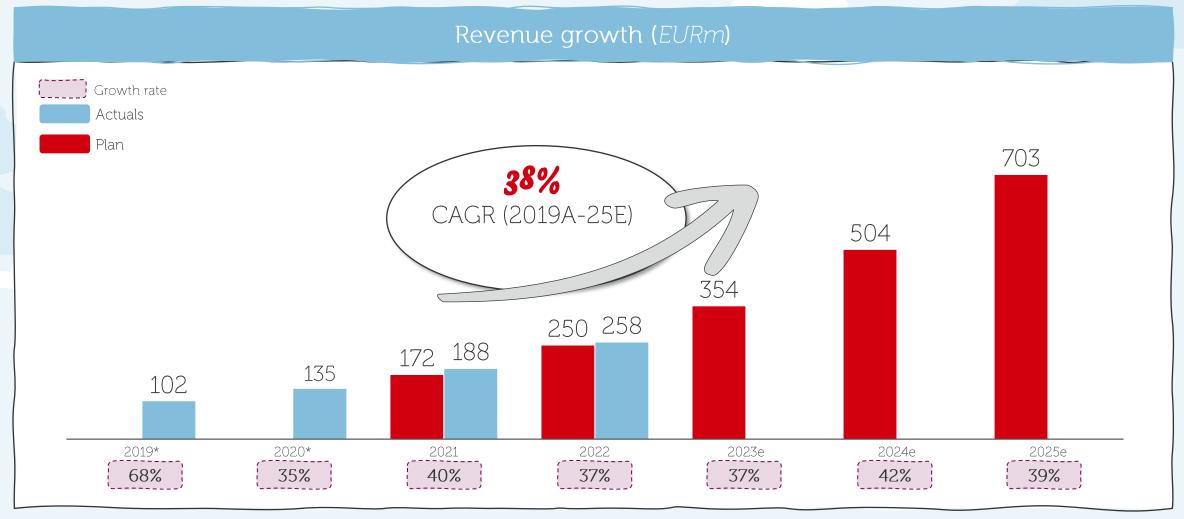






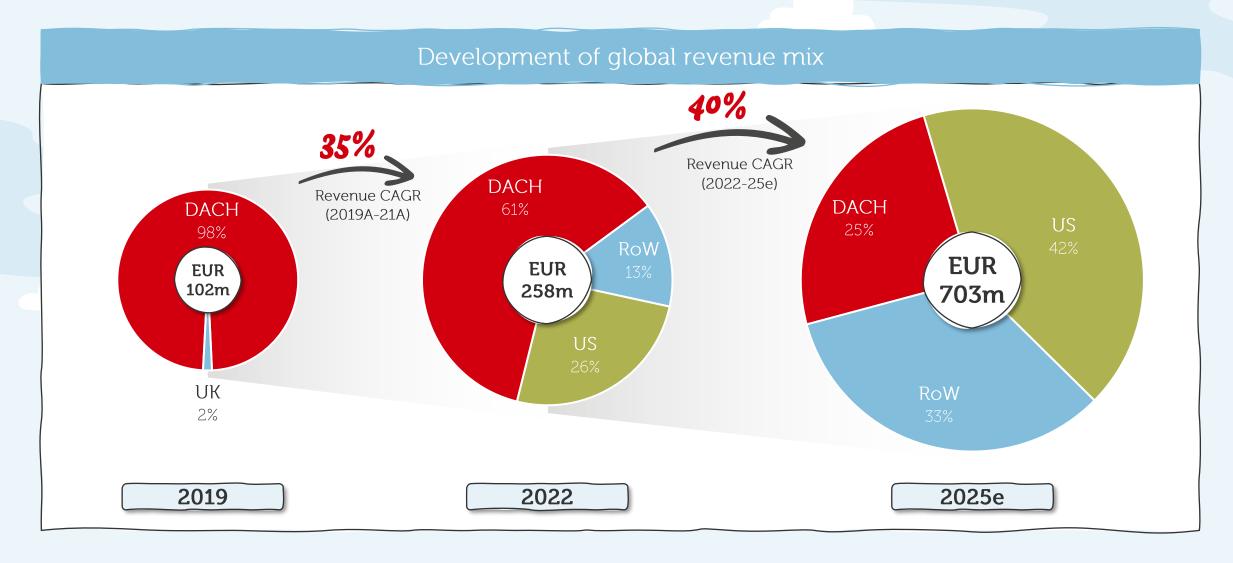
# Our highly loyal and continuously growing customer base drives sustainable revenue growth





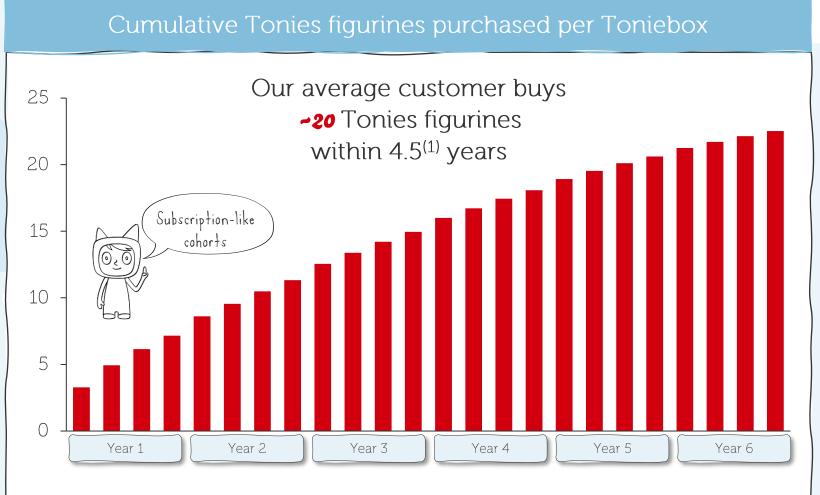
## We replicate our proven DACH success story globally

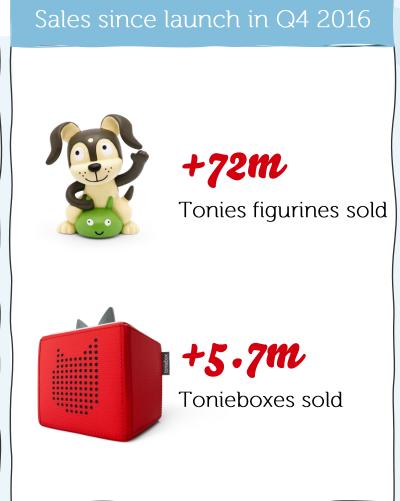




## Strong and highly predictable cohorts drive growth



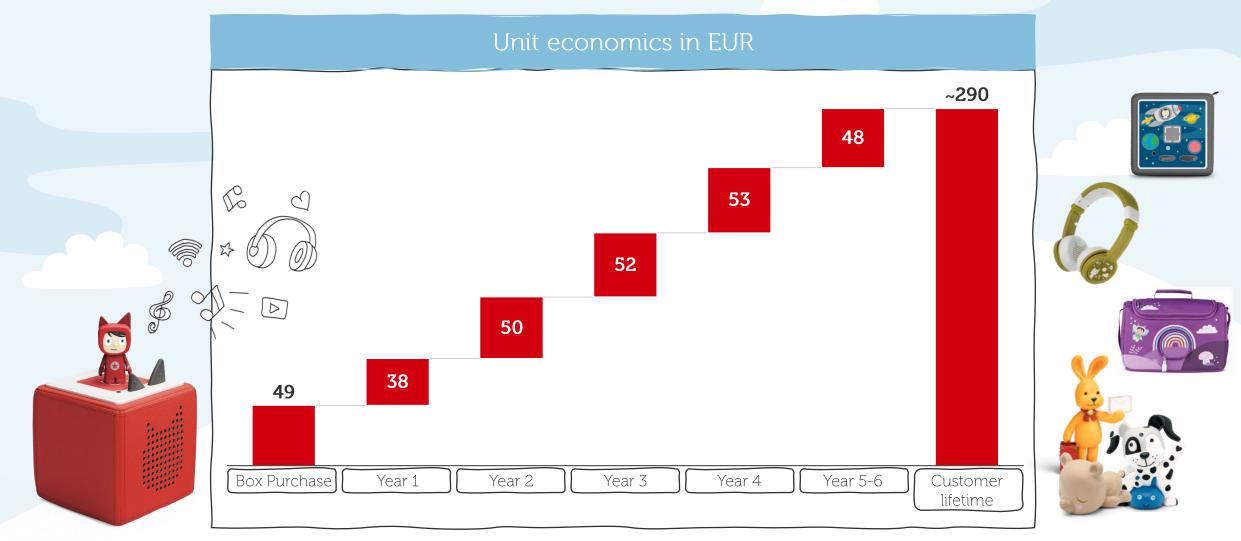




Note(s): (1) First month of trading September 2016 tonies® 21

# Our strong unit economics are the backbone of our profitable business model





## Our scalable business model will drive future profitability



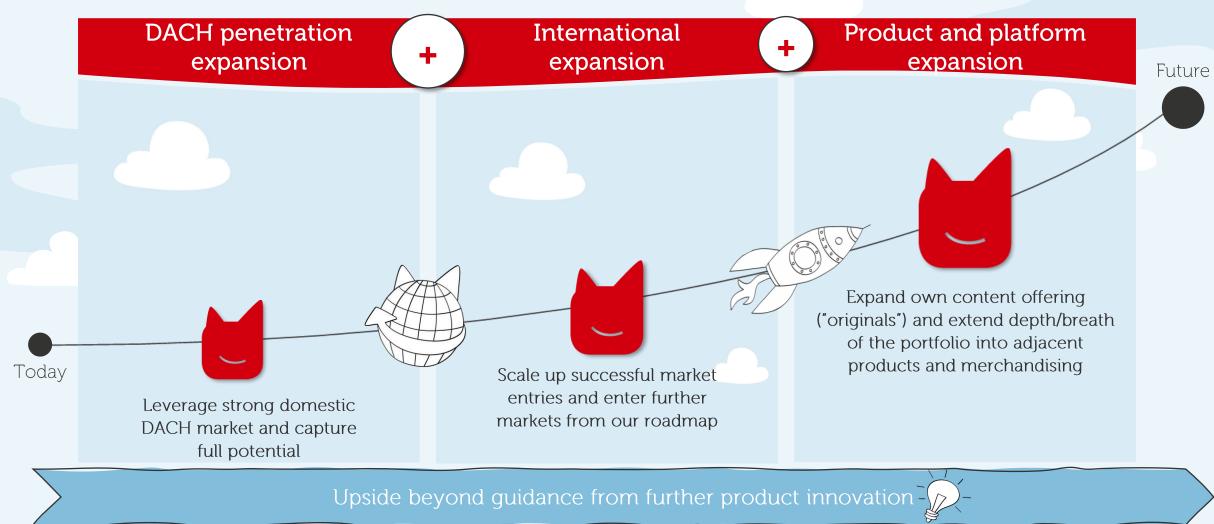
#### Financial targets overview

|                              | 2019(HGB) | 2020(IFRS) | 2021(IFRS)   | 2022(IFRS)                           | H1 2023<br>(IFRS) | IPO: Group<br>medium-term |
|------------------------------|-----------|------------|--------------|--------------------------------------|-------------------|---------------------------|
| Gross margin before licenses | 44.6%     | 50.1%      | <b>54.1%</b> | <b>54.2%</b> exceptional air freight | 65.0%             | ~70%                      |
| Licensing costs              | -17.6%    | -17.8%     | -18.7%       | -12.3%                               | -8.6%             | ~-12%                     |
| Gross margin after licenses  | 27.0%     | 32.4%      | 35.4%        | 41.9%                                | 56.5%             | ~58%                      |
| Fulfillment costs            | -11.8%    | -12.6%     | -14.1%       | -14.5%                               | -16.3%            | ~-18%                     |
| Contribution margin          | 15.2%     | 19.7%      | 21.3%        | 27.4%                                | 40.2%             | ~40%                      |
| Personnel expenses           | -6.6%     | -9.0%      | -13.3%       | -12.7%                               | -18.4%            | ~-7%                      |
| Marketing expenses           | -1.2%     | -3.9%      | -9.8%        | -9.7%                                | -7.5%             | ~-13%                     |
| OPEX                         | -6.1%     | -8.8%      | -8.2%        | -9.6%                                | -13.4%            | ~-5%                      |
| Other Result                 | 2.3%      | 1.8%       | 2.0%         | 2.2%                                 | 1.8%              | -                         |
| Adj. EBITDA margin           | 3.6%      | -0.2%      | -8.1%        | -2.4%                                | 2.6%              | ~16%                      |

(medium term targets from IPO)

# We are ready to capture multi-dimensional growth opportunities





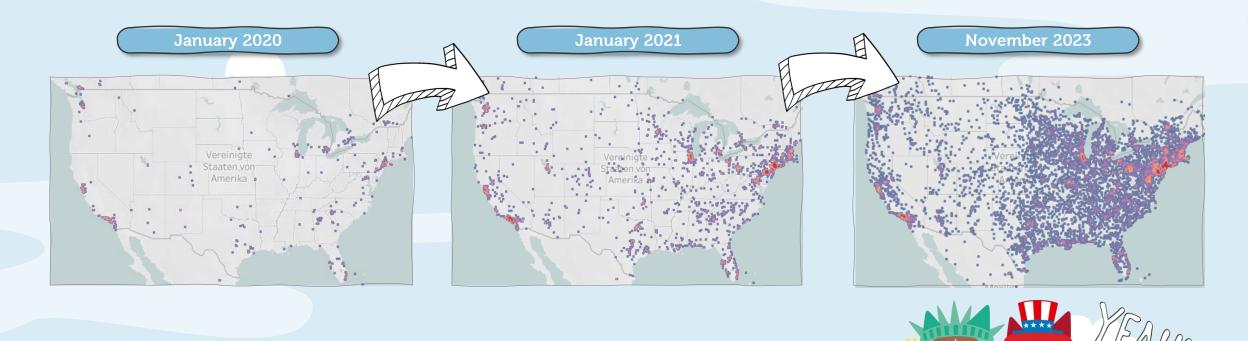
### US with continued excellent traction since launch



We were in the US even before market launch

Since then, we have conquered all **50 states...** 

...and significantly increased our **market penetration** 





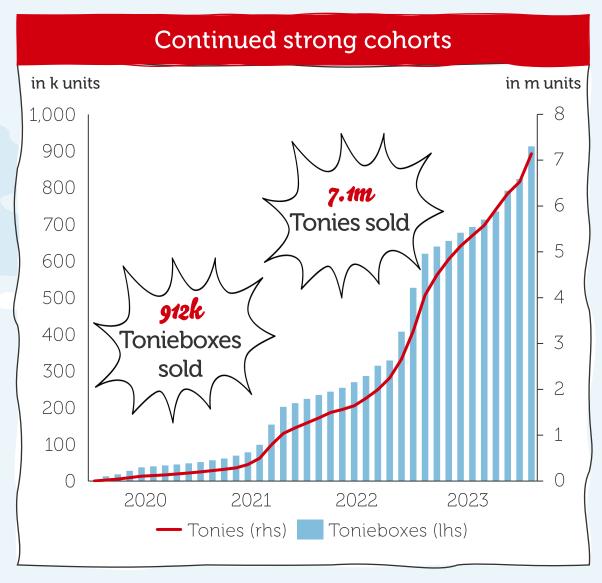


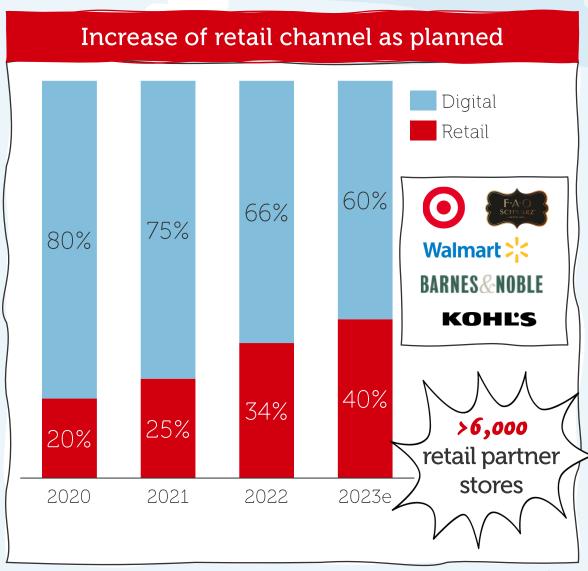




### Upwards and onwards for the US-market

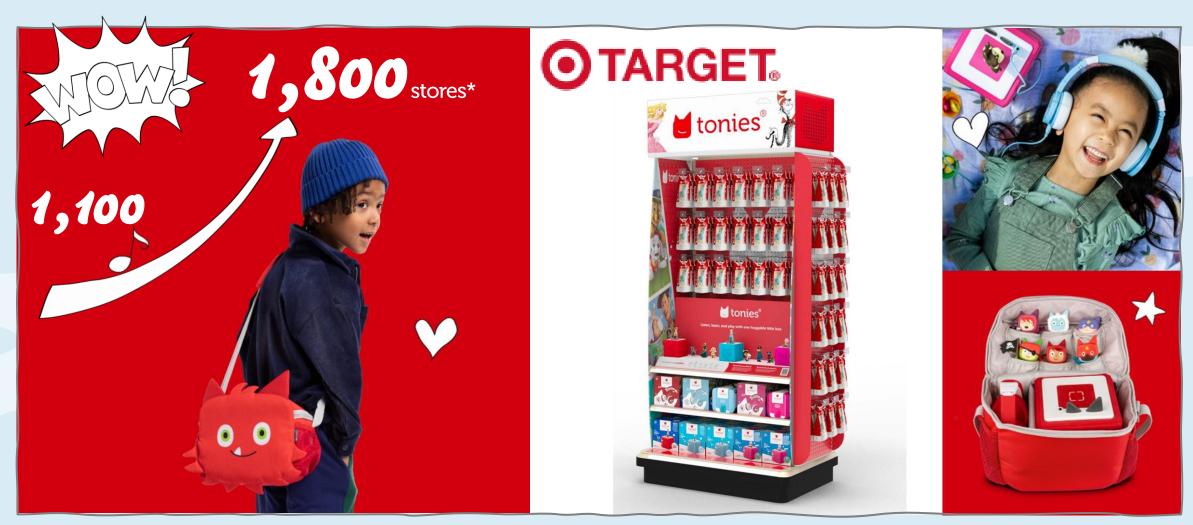






# We will be listed with Target nationwide in the US starting fall 2023...



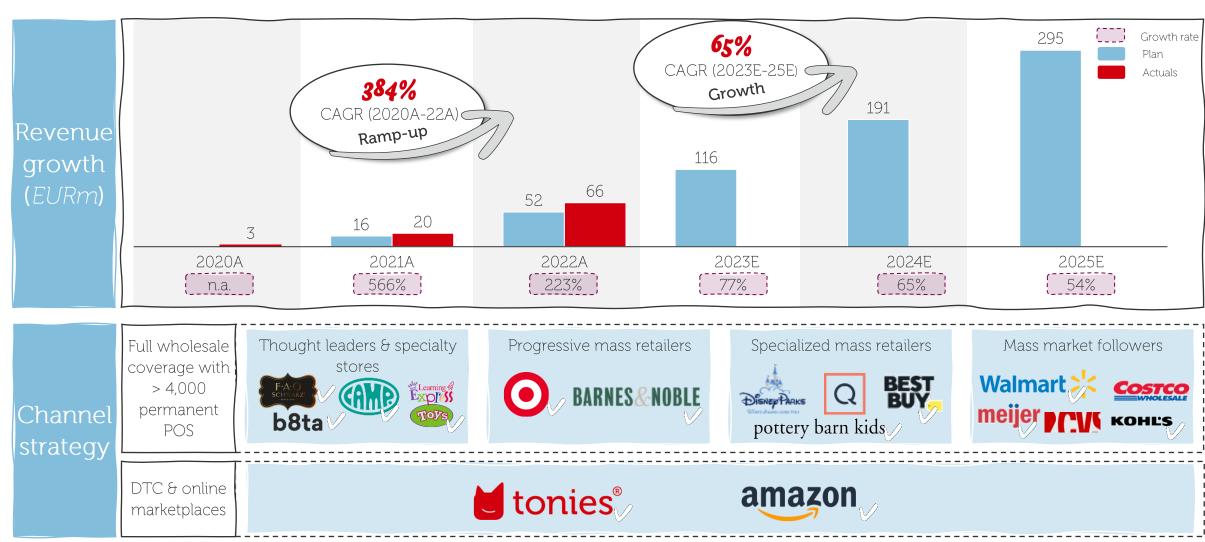


### ...and for the first time also in 1,700 Walmart stores



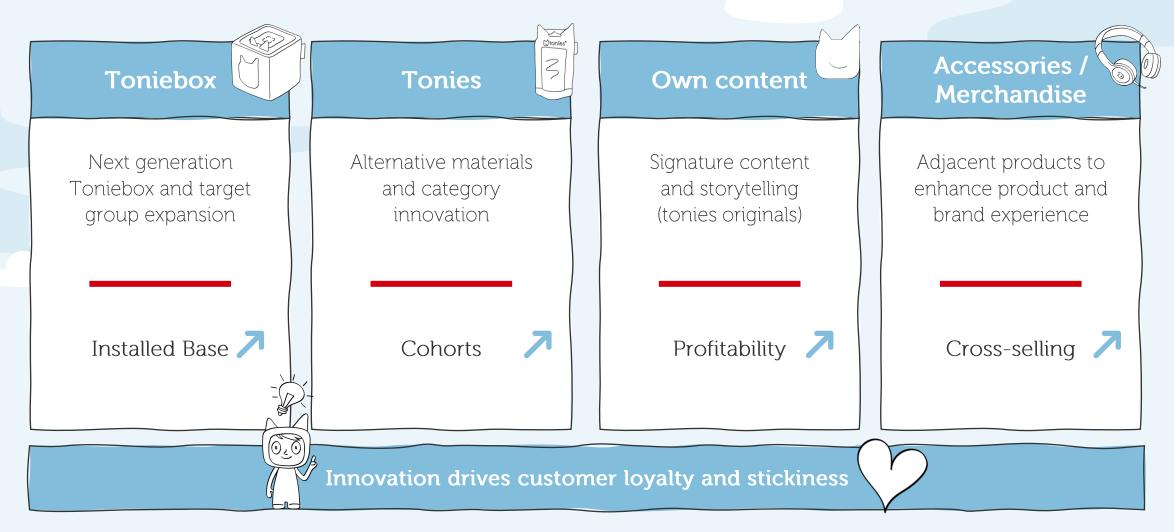


# We have proven product fit in the US and leverage our strong growth momentum based on a clear channel strategy



# Improving our platform and product offering to satisfy and grow our fanbase is a key element of our strategic roadmap









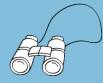
## **Business Update**



Revenue Performance 9M 2023



Profitability & Cashflow H1 2023



Outlook 2023 & Key takeaways



## The world's largest interactive audio platform for kids...



~5.7m

Tonieboxes sold



+1.5m

in last 12 months

~72m

Tonies sold



+20m

in last 12 months

>850

different "Blades"

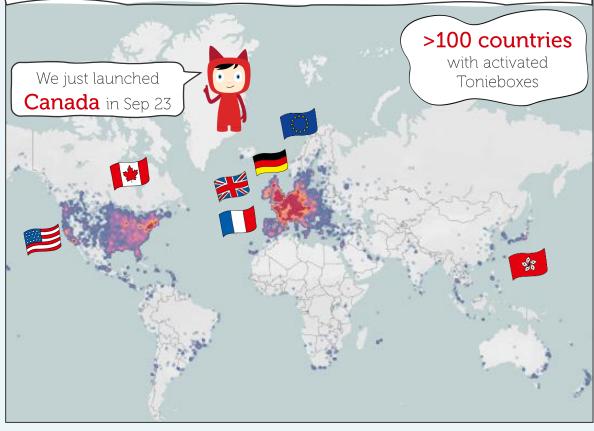


US > DACH + for the first

# of Tonieboxes sold in Q3



## Kids are the same around the globe



## ... offering a great basis for countless innovations such as our new format "Clever Tonies"



#### "Clever Tonies" provide

edutainment for kids aged 5 years and above fostering knowledge acquisition, emotional intelligence & social skills

#### **Paleontologist**

Jack Horner\* teaches about

Gentle Giant Dinosaurs





#### Actress

Jane Lynch\* teaches jokes & riddles in Kid's Comedy

Rid's Corried

#### Marine biologist

Cristina Mittermeier\* teaches about

Marine Life





#### Astrophysicist

Neil deGrasse Tyson\* teaches about

Inventions & Innovations

Launching







Q1 2024

✓ Still screen-free

- ✓ More affordable & perfect for collecting
- ✓ More grown-up design
- ✓ More sustainable (Up to 50% bio-circular material)



Daily fun, facts, and challenges for curious minds in our podcast Today with tonies

\* Speakers will differ between countries

# We already got a lot of positive feedback for our pioneering AI-based story generator but it's getting even better!





We just started further testing of engagement & monetisation potential in Germany

#### Our ambition for a global roll-out

## Deliver the best customer experience



Meet highest security & privacy expectations

#### Better safe than sorry!

With our custom story generator, you create stories as if by magic. But it's not magic, it's artificial intelligence. To protect you and your child, responsible use of this technology is immensely important. Because you know better than any artificial intelligence what is suitable for your child. Therefore, take the time to read your story carefully before the audio file is created.

Download privacy policy

Download terms & conditions

Engage families beyond the novelty effect



Develop a sustainable business model



We are so happy you enjoy creating your own stories! As your daily credits are depleted for today, you could have a look what stories you recently created. Looking forward to see you tomorrow again!

<sup>\*</sup> Based on feedback from UK field study with 1,000 registered users

# We keep gaining recognition in the US by sparking kids' imagination ...

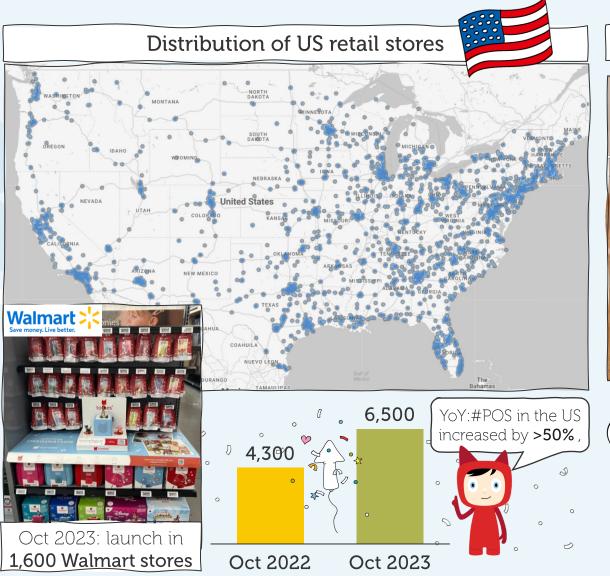








## ... and enter the important Q4 with a strong retail footprint



#### Canada launch in September

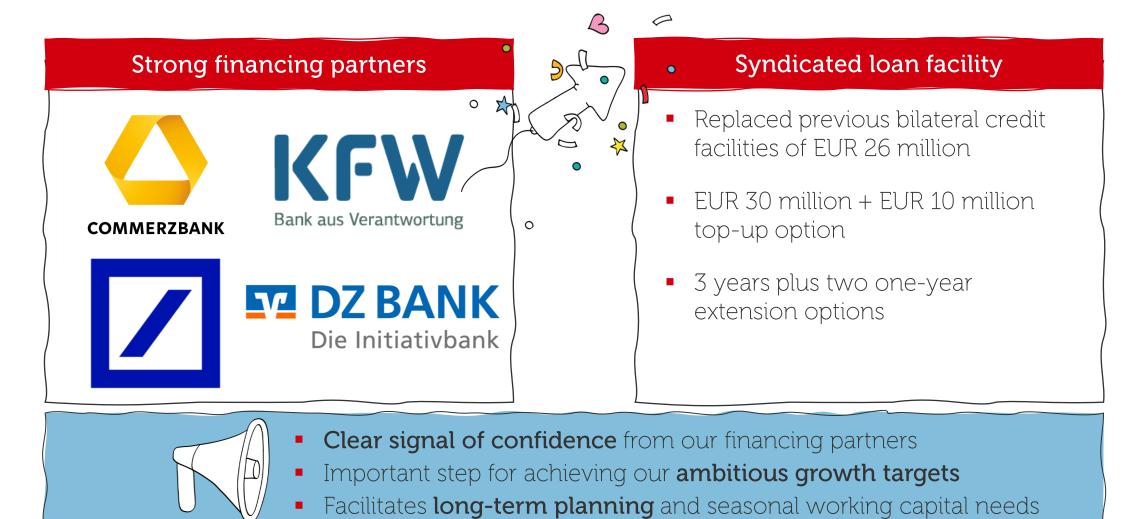






## We successfully closed a syndicated loan facility with strong partners to secure working capital needs for growth





## 9M 2023 & Outlook 2023



Business Update



Revenue Performance 9M 2023





Profitability & Cashflow H1 2023

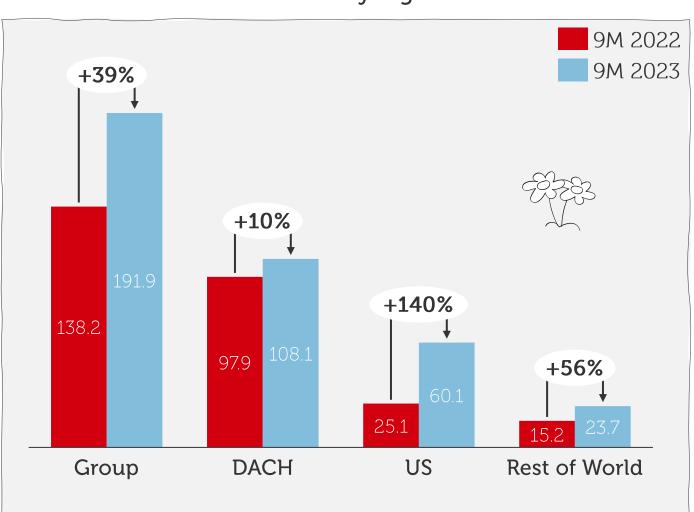


Outlook 2023 & Key takeaways

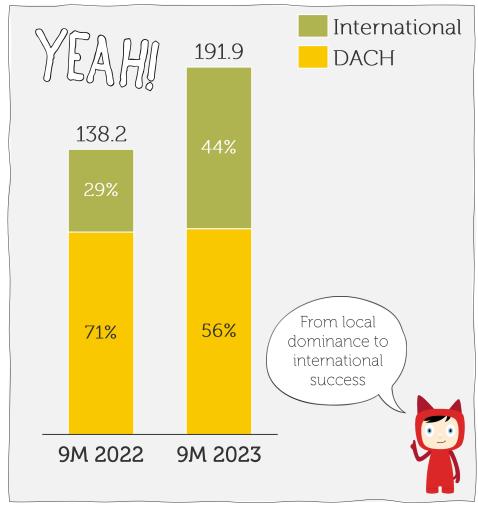
# 9M 2023 – on track to reach 2023 guidance driven by resilient DACH market & very strong international growth...



### Revenue by region



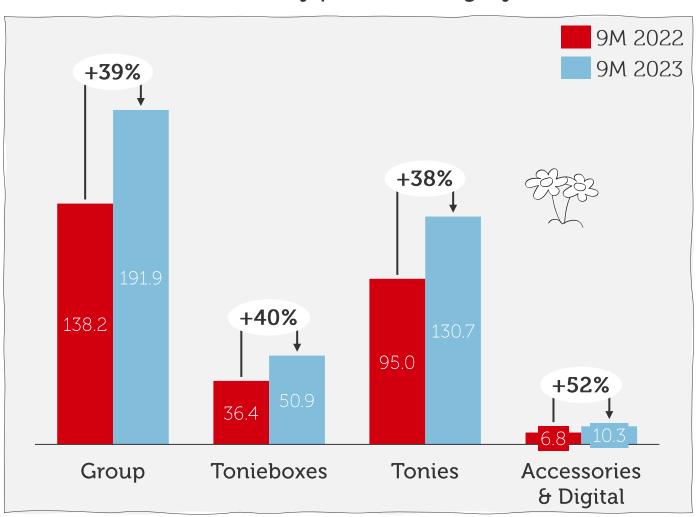
### Revenue split by region



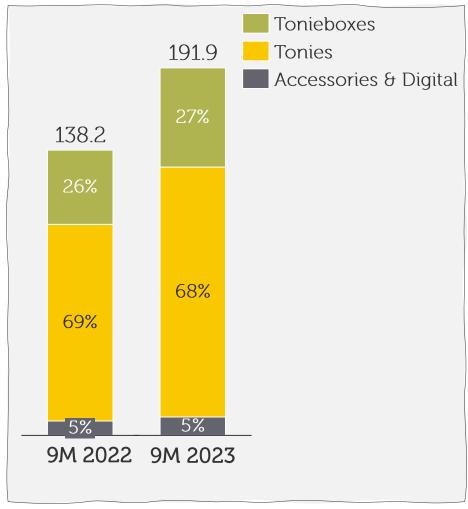
## ...and strong & well-balanced growth in all product categories!



#### Revenue by product category



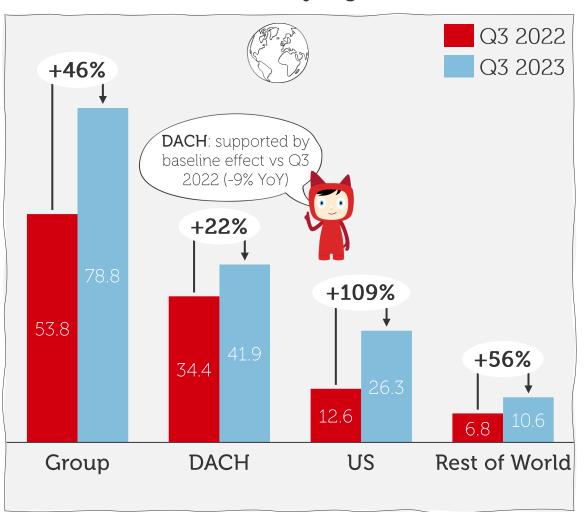
#### Revenue split by product category



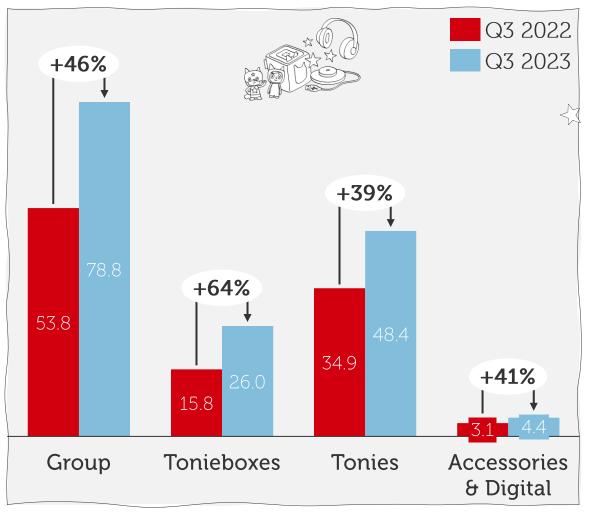
## Q3 2023 – strong rebound in DACH and continued rapid international expansion



#### Revenue by region



#### Revenue by product category







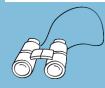
Business Update



Revenue Performance 9M 2023



Profitability & Cashflow H1 2023



Outlook 2023 & Key takeaways



### We delivered profitable growth in H1 2023



### Adjusted EBITDA margin

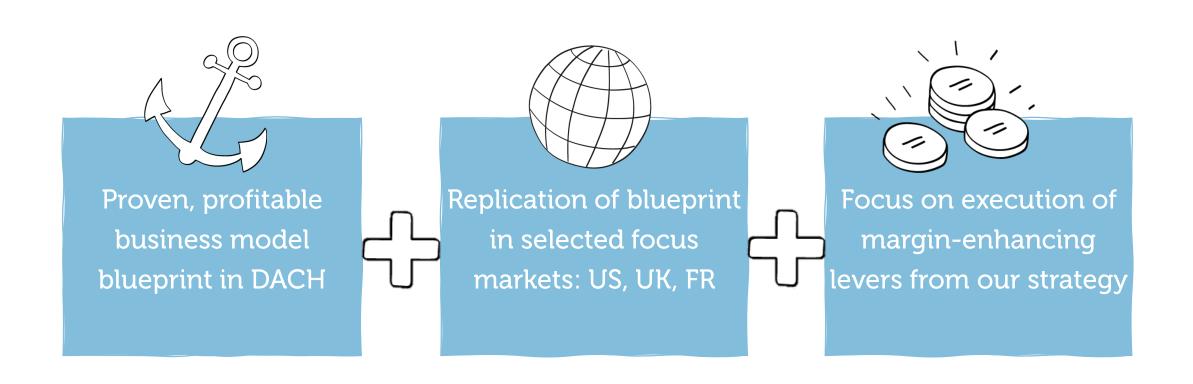
+2.6% +10.4pp yoy



- Achieved profitability in H1 2023 driven by:
  - increased gross margin (+7.1pp) mainly due to price increases, channel mix, product mix and lower costs for inbound-logistics (e.g. airfreight)
  - **higher contribution margin** (+12.0pp) due to substantially higher gross margin & **lower licensing costs**, including non-recurring effects from the release of licensing related provisions
- Continued to invest in international expansion

## Why will tonies be a profitable company?





## tonies has a profitable business model and deliberately chose to invest in international growth



|                                     | 2019(HGB)                   | 2020(IFRS)                               | 2021(IFRS)                        | 2022(IFRS)                                       | H1 2023<br>(IFRS)   |  |
|-------------------------------------|-----------------------------|--|-----------------------------------|--|---------------------|--|
| Gross margin before licensing costs | 44.6%                       | 50.1%                                    | 54.1%                             | 54.2%  | 65.0%               |  |
|                                     |                             | includes -4pp of exceptional air freight |                                   |  |                     |  |
| Gross margin after licensing costs  | 27.0%                       | 32.4%                                    | 35.4%                             | 41.9%  | 56.5%               |  |
|                                     |                             |  |                                   |  |                     |  |
| Contribution margin                 | 15.2%                       | 19.7%                                    | 21.3%                             | 27.4%  | 40.2%               |  |
|                                     |                             |  |                                   |  |                     |  |
| Adj. EBITDA margin                  | 3.6%                        | -0.2%                                    | -8.1%                             | -2.4%  | 2.6%                |  |
| Markets                             | only active in<br>DACH & UK | Launch US                                | Launch FR and<br>scale-up US & UK | We prom<br>to turn a<br><b>profitab</b> i<br>yea | market<br>le in 3-4 |  |



We have been profitable with our DACH blueprint



Business models largely resilient to macro challenges



We chose to invest into international expansion



We see the fruits of our relentless execution focus

## We have a clear plan of our margin-enhancing levers





### Increasing gross margin

Increasing gross margin after licensing & operating leverage

Successful price increases

Expansion of highmargin offering Optimization of product portfolio & launches

Reduction of licensing costs

Cost-conscious SG&A management

Implemented in DACH, US, UK and France where volumes remained strong Strengthened our "blades" by offering additional accessories & digital products

Strengthened our cohorts by removing unprofitable products from the assortment and improving launch planning

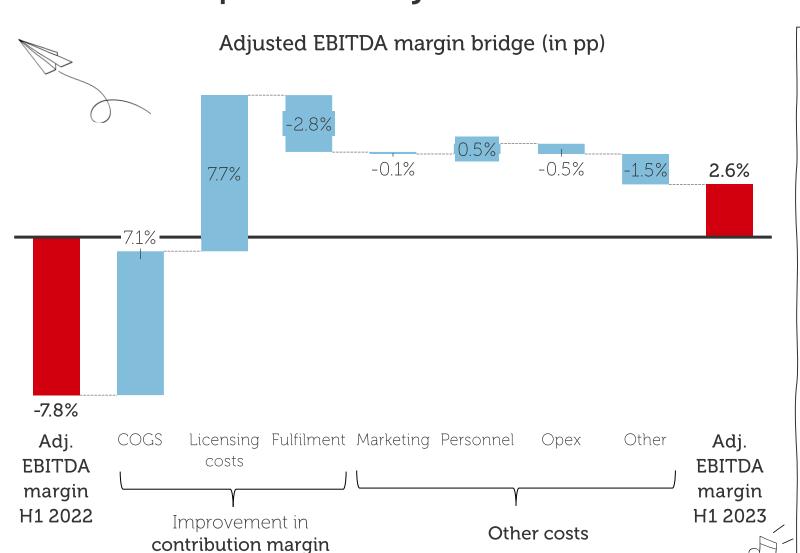
Increased share of own content, international expansion and renegotiation of terms with license partners

Invested into further scale up, partly in functions, but also markets (esp. US).
Enables future operating leverage

**Profitable** growth has always been a central part of our strategy

# H1 2023 – Gross margin improvement and lower licensing costs drive positive adjusted EBITDA





- COGS driven by price increases, lower cost for inbound logistics (mainly airfreight) as well as favorable effects from channel and product mix
- Licensing costs lower due to increasing share of less expensive international markets, and significantly higher share of own content and non-recurring positive effect related to the release of licensing provisions of EUR 3.4m
- Fulfilment costs increased due to higher revenue share from digital channels
- Marketing, Personnel, Opex, roughly stable at group level
- Other includes non-recurring effect related to the updated approach for tech development costs, as they will no longer be adjusted as of H2 2023

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

| 1 |  |
|---|--|
|   |  |

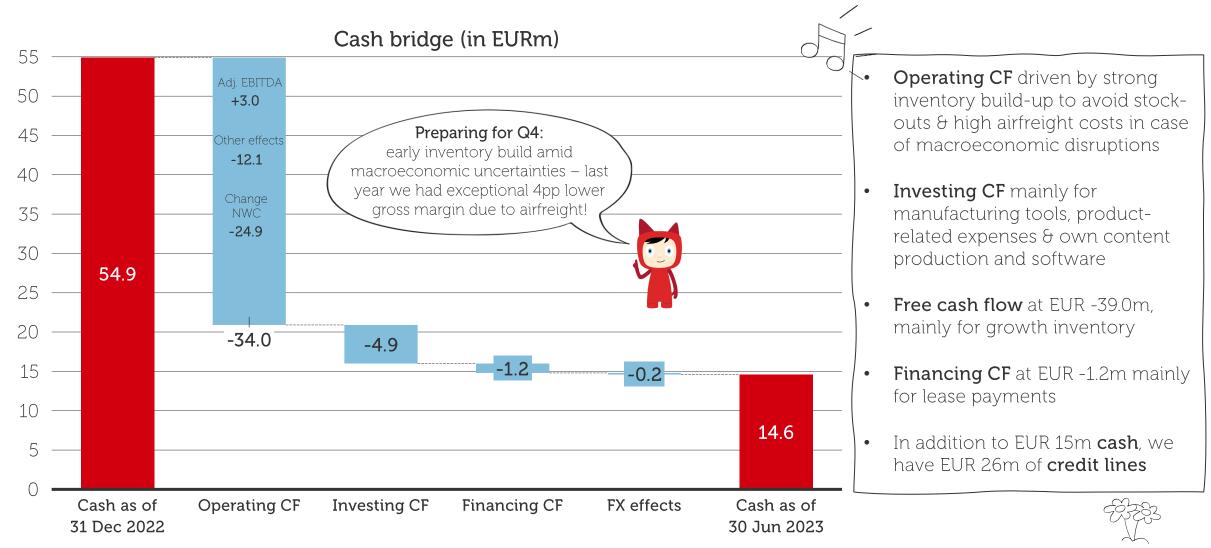
|                                    |         |              |         |              |       |         | _5       |
|------------------------------------|---------|--------------|---------|--------------|-------|---------|----------|
| in EURm and<br>% of revenue        | H1 2023 |              | H1 2022 |              | Delta |         | \$       |
|                                    | Abs.    | % of revenue | Abs.    | % of revenue | Abs.  | pp.     |          |
| Revenue                            | 113.1   | -            | 84.4    | -            | 28.7  | -       |          |
| Gross profit                       | 73.5    | 65.0%        | 48.9    | 57.9%        | 24.7  | +7.1pp  |          |
| Gross profit after licensing costs | 63.9    | 56.5%        | 35.2    | 41.7%        | 28.7  | +14.8pp |          |
| Contribution profit                | 45.4    | 40.2%        | 23.8    | 28.2%        | 21.6  | +12.0pp |          |
| Marketing                          | -8.4    | -7.5%        | -6.2    | -7.4%        | -2.2  | -0.1pp  | The same |
| SG&A                               | -36.0   | -31.8%       | -26.9   | -31.8%       | -9.1  | +0.0pp  |          |
| Other result                       | 2.0     | 1.8%         | 2.7     | 3.2%         | -0.7  | -1.5pp  |          |
| Adj. EBITDA                        | 3.0     | 2.6%         | -6.6    | -7.8%        | 9.5   | +10.4pp |          |

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tonies® 48

# Cash flow reflects early inventory build-up to be ready for the important Q4









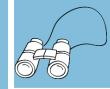
Business Update



Revenue Performance 9M 2023



Profitability & Cashflow H1 2023



Outlook 2023 & Key takeaways



## Outlook FY 2023\* – after 9 months we are fully on track to achieve our ambitious targets



|                                       | Results<br>FY 2022 | Outlook from IPO<br>FY 2023 | Outlook<br>FY 2023         |
|---------------------------------------|--------------------|-----------------------------|----------------------------|
| Group revenue (EURm)                  | 258                | 354                         | <b>354</b><br>(+37% YoY)   |
| <b>US revenue</b> (EURm)              | 66                 | 108                         | <b>116 *</b><br>(+77% YoY) |
| Group adjusted EBITDA in % of revenue | -2.4%              | na                          | "positive"                 |



Further year of significant growth ahead with US revenue expectation even above IPO plan



tonies will be profitable on adjusted EBITDA basis

\*2023 based on EUR/USD of USD 1.08 tonies® 51

# Tobias Wann appointed as the new CEO of tonies SE with effect as of January 1st, 2024





- Logical next step after Marcus and Patric step back from the operating business at their own request, having led the company for 10 years to its position as a love brand and market leader
- As a former founder himself, **Tobias** understands how smaller companies operate and **has a proven track record** of leading profitable high-growth companies, including:
- Tobias will lead tonies together with his fellow board member Jan Middelhoff (CFO of tonies SE) supported by the unchanged leadership team
- Marcus and Patric remain associated with the company as Senior Advisors & second-largest shareholders (after a deliberate time-out: Supervisory Board Seat possible)

## 9M 2023 – Key takeaways



- Despite challenging times, we continuously keep our promises & deliver against the plan
- We prove that we are a **profitable growth company**
- The **US-market growth is happening** its our most important growth market
- Outlook for 2023 confirmed: we are confident in reaching our targets
- With Tobias Wann, we have won a highly accomplished new CEO for tonies



## Sustainability



## Sustainability: We want to lead the change in our category



Sustainability starts with our product – the Toniebox is a

sustainability cornerstone





148x more play time than an average gifted toy\*\*

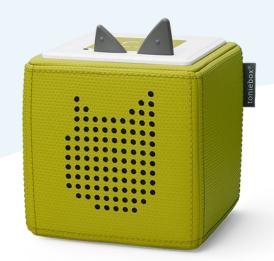


Educates generations

every 2<sup>nd</sup> child in DACH owns a Toniebox\*



Raising awareness for endangered species with "Conservation Crew"-Tonies





No screen-time

contributes to physical and mental well-being



Encourages independence

can already be operated by very young children

<sup>\*</sup>Penetration rates based on assumed 6 years average lifetime

<sup>\*\*</sup> Source: tonies DACH data 2022, Attest Survey September 2022

# Our sustainability goals have four pillars related to the ESG areas: Planet, Play, People, Principles



Governance

### Planet

We take increasing responsibility in measuring and reducing the environmental impact of our products and operations



We prioritize strong and longlasting relationships with employees and suppliers and hold up non-negotiable standards Visit our new website for more information!

Social

### Play

We aim to have a positive impact on the next generation promoting consciousness, minimizing screen time, and encouraging independence

### Principles

Environmental

We engage in ongoing evaluation of internal systems, processes and policies and fulfill reporting requirements

## Example: Our "Planet" goals translate into concrete actions





#### Materials

Implementation of biobased or recycled materials in all tonies products





#### CO<sub>2</sub>- reduction

Reduction of CO<sub>2.</sub>-emissions via optimization of operations



#### Packaging

100% recyclable or reusable packaging for Tonies and Tonieboxes



#### Waste management

Reduction of waste to landfill from production and operations



#### Circular concepts

Expansion of "preloved" concept into additional geographies and products

## **APPENDIX**



### Meet us on conferences in Q4



Results Roadshows Conferences NOV 13: Q3 2023 NOV 22: SdK Company Presentation NOV 27-29: Deutsches Eigenkapitalforum 2023 DEC 5: Berenberg European Conference DEC 14: HSBC European Small & Mid-Cap Series

### **Investor Relations Contact**





Investor Relations Website <a href="https://ir.tonies.com/">https://ir.tonies.com/</a>

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## Thank you!

