Earnings Presentation
H1 2023

tonies SE | August 23, 2023
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, gross margin, gross margin after licensing costs, contribution margin, net working capital 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. Gross margin is defined as gross profit (revenue less costs of goods sold) in percent of revenue. Gross margin after licensing costs is defined as gross profit less licensing costs 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 fulfillment (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. Net working capital is defined as the sum of inventories and trade receivables less trade payables. Net working capital outlines how much cash is bound in tonies’ operations. 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

Marcus Stahl
Co-CEO, Co-Founder

Jan Middelhoff
CFO
AGENDA

- Business Update
- H1 2023 Results
- Outlook
- Q&A
H1 2023 – we are a profitable, high growth company – our strategy works!

Results H1 2023

• Achieved **profitability** with adj. EBITDA margin at **2.6% (+10.4 pp YOY)**

• Profitable business model can be replicated internationally

• Revenue growth of **34% YOY (113m)**, led by the US (+171%), growth in mature DACH market continued with +4%

Business update

• Establishing sound **sustainability** framework to lead our category

• Leveraging our unique tech platform, we are progressing in the field of **artificial intelligence**

• Rapid US growth across all channels – platform grows **exponentially** with strong cohorts

Outlook FY 2023

• We are **fully on track** to reach our goals and confirm our guidance

• Revenue growth of **37% YOY to EUR 354m**, led by the US (77% YoY to EUR 116m)

• Profitable on group level with positive adj. EBITDA
Business Update
The world’s largest interactive audio platform for kids…

~5.3m Tonieboxes sold in last 12 months

~67m Tonies sold in last 12 months

~4,800 titles in our audio library

~268 minutes average weekly playtime*

Psst, there’s much more to come soon.

Kids are the same around the globe

>100 countries with activated Tonieboxes**

* in H1 2023
**July 2023
Sustainability: We want to lead the change in our category

“Lead the change”

“For us, a planet worth living on is a part of our vision, and so we are committed to leading change in our category toward a more sustainable future.”

We set standards to rise to

We focus on sustainability in our category

We take a holistic approach to sustainability

The journey just started!
Sustainability starts with our product – the Toniebox is a sustainability cornerstone

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

**Conscious content**
raising awareness for endangered species with “Conservation Crew”-Tonies

**No screen-time**
contributes to physical and mental well-being

**Educates generations**
every 2nd child in DACH owns a Toniebox*

**Encourages independence**
can already be operated by very young children

* Penetration rates based on assumed 6 years average lifetime
** Source: tonies DACH data 2022, Attest Survey September 2022
Our sustainability goals have four pillars related to the ESG areas: Planet, Play, People, Principles

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

**People**
We prioritize strong and long-lasting relationships with employees and suppliers and hold up non-negotiable standards.

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

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

Visit our new website for more information!
Example: Our “Planet” goals translate into concrete actions

- **Materials**
  Implementation of biobased or recycled materials in all tonies products

- **Packaging**
  100% recyclable or reusable packaging for Tonies and Tonieboxes

- **CO₂ reduction**
  Reduction of CO₂-emissions via optimization of operations

- **Waste management**
  Reduction of waste to landfill from production and operations

- **Circular concepts**
  Expansion of “preloved” concept into additional geographies and products

High-level overview – for more information see website
Artificial Intelligence: we pioneered AI-based story generation in our category ...

It took us only 6 weeks from idea to product launch.

Let’s do some magic together!
What would you like to generate?

Let us write your story!
Choose age, name and parameters and let your personal begin!

For a 4 year old child
named Bernie
about searching for unicorns
featuring a princess
when the night falls
that ends with stardust raining down

Here is your personal story!

Bernie’s Magical Unicorn Adventure

Once upon a time, in a land far, far away, there lived a little boy named Bernie. Bernie loved to imagine and dream about magical creatures. His favorite creature of all was the majestic unicorn. Bernie had heard stories about unicorns and their magical powers, and he longed to see one for himself.

One evening, as the sun began to set and the night sky filled with twirling stars, Bernie decided it was the perfect time to go on a unicorn adventure. He put on his favorite adventure hat and set off into the enchanted forest near his home.

As Bernie walked deeper into the forest, he noticed a soft glow coming from behind a cluster of trees. Curiosity filled his heart, and he followed the glow. To his amazement, he discovered a beautiful princess sitting on a mossy rock.
... and customers really loved it

“LOVED it, so wonderful to see a business being innovative with new technology and great to see AI used in a positive way - very exciting!”

“65% of caretakers had not used any other AI-tool in their life”

“Excitement of seeing my child’s face when the story has been tailored to her with her name in and others as well”

“92% found the AI interface easy to use”

“Endless options. It could make a story out of whatever prompts we gave it & it made sense to a child”

“33% said they’d use the feature weekly”

“Very impressive feature. Definitely gives you an edge over competition.”

Based on feedback from UK field study with 1,000 registered users
US-market lives up to our high expectations

- **5.9m Tonies sold**
- **740k Tonieboxes sold**

### Continued strong cohorts

- **in k units**
- **in m units**

### Increase of retail channel as planned

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>80%</td>
<td>75%</td>
<td>66%</td>
<td>60%</td>
</tr>
<tr>
<td>Retail</td>
<td>20%</td>
<td>25%</td>
<td>34%</td>
<td>40%</td>
</tr>
</tbody>
</table>

>6,000 retail partner stores

**Digital**
**Retail**

- Walmart
- Barnes & Noble
- Kohl's
Disney’s Encanto - most successful Tonie launch in the US

Huge commercial success...

3.8x sales over typical AAA-Tonie launch

#1 Amazon new release in Toys & Games

Amazon Hot New Releases

...leveraged by social media

Platinum Launch
- Hero product
- 700,115 reach
- 3,689 engagements

Platinum Launch
- Content Creator
- 1.7m views
- 18k likes

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Financial Results
H1 2023
We delivered profitable growth in H1 2023

**Revenue**

- EUR 113m
- +34% YoY

- In line with plan & on track to reach EUR 354m
- Fueled by international markets...:
  - with rapid US growth of 171%
  - and Rest of World (55%), driven by UK & FR
  - continued growth in mature DACH (4%)
- ...and all product categories
  - Tonieboxes with 21%
  - Tonies figurines growth of 37%
  - and Accessories & Digital was up 62%

**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
H1 2023 – revenue growth in line with full year guidance...

Revenue by geography

<table>
<thead>
<tr>
<th>Geography</th>
<th>H1 2022</th>
<th>H1 2023</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>84.4</td>
<td>113.1</td>
<td>+34%</td>
</tr>
<tr>
<td>DACH</td>
<td>63.4</td>
<td>66.2</td>
<td>+4%</td>
</tr>
<tr>
<td>US</td>
<td>12.5</td>
<td>33.8</td>
<td>+171%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>8.4</td>
<td>13.1</td>
<td>+55%</td>
</tr>
</tbody>
</table>

Revenue split by geography

<table>
<thead>
<tr>
<th></th>
<th>H1 2022</th>
<th></th>
<th>H1 2023</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>84.4</td>
<td>25%</td>
<td>113.1</td>
<td>41%</td>
</tr>
<tr>
<td>DACH</td>
<td>75%</td>
<td></td>
<td>59%</td>
<td></td>
</tr>
</tbody>
</table>

From local dominance to international success
...and driven by all product categories!

### Revenue by product category

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>84.4</td>
<td>113.1</td>
</tr>
<tr>
<td>Tonieboxes</td>
<td>20.6</td>
<td>24.9</td>
</tr>
<tr>
<td>Tonies</td>
<td>60.1</td>
<td>82.3</td>
</tr>
<tr>
<td>Accessories &amp; Digital</td>
<td>3.7</td>
<td>5.9</td>
</tr>
</tbody>
</table>

- Tonieboxes: +34%
- Accessories & Digital: +37%
- Tonies: +21%
- Accessories: +34%
- Digital: +62%
- Group: +21%

### Revenue split by product category

<table>
<thead>
<tr>
<th>Product Category</th>
<th>H1 2022</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonieboxes</td>
<td>84.4</td>
<td>22%</td>
</tr>
<tr>
<td>Tonies</td>
<td>71%</td>
<td>71%</td>
</tr>
<tr>
<td>Accessories &amp; Digital</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- Tonieboxes: 22%
- Tonies: 71%
- Accessories & Digital: 5%
Q2 2023 – Easter was early this year with retail revenues mostly booked in Q1

Revenue by geography

<table>
<thead>
<tr>
<th>Region</th>
<th>Q2 2022</th>
<th>Q2 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>38.5</td>
<td>48.0</td>
</tr>
<tr>
<td>DACH</td>
<td>28.2</td>
<td>27.0</td>
</tr>
<tr>
<td>US</td>
<td>6.6</td>
<td>14.8</td>
</tr>
<tr>
<td>Rest of World</td>
<td>3.7</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Revenue by product category

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2 2022</th>
<th>Q2 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>38.5</td>
<td>48.0</td>
</tr>
<tr>
<td>Tonieboxes</td>
<td>11.3</td>
<td>11.4</td>
</tr>
<tr>
<td>Tonies</td>
<td>25.1</td>
<td>33.8</td>
</tr>
<tr>
<td>Accessories &amp; Digital</td>
<td>2.0</td>
<td>2.8</td>
</tr>
</tbody>
</table>
Why will tonies be a profitable company?

Proven, profitable business model blueprint in DACH

Replication of blueprint in selected focus markets: US, UK, FR

Focus on execution of margin-enhancing levers from our strategy
## tonies has a profitable business model and deliberately chose to invest in international growth

<table>
<thead>
<tr>
<th></th>
<th>2019 (HGB)</th>
<th>2020 (IFRS)</th>
<th>2021 (IFRS)</th>
<th>2022 (IFRS)</th>
<th>H1 2023 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin before licensing costs</td>
<td>44.6%</td>
<td>50.1%</td>
<td>54.1%</td>
<td>54.2%</td>
<td>65.0%</td>
</tr>
<tr>
<td>Gross margin after licensing costs</td>
<td>27.0%</td>
<td>32.4%</td>
<td>35.4%</td>
<td>41.9%</td>
<td>56.5%</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>15.2%</td>
<td>19.7%</td>
<td>21.3%</td>
<td>27.4%</td>
<td>40.2%</td>
</tr>
<tr>
<td>Adj. EBITDA margin</td>
<td>3.6%</td>
<td>-0.2%</td>
<td>-8.1%</td>
<td>-2.4%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

### Markets
- only active in DACH & UK
- Launch US
- Launch FR and scale-up US & UK

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 promised you to turn a market profitable in 3-4 years!
We have a clear plan of our margin-enhancing levers

<table>
<thead>
<tr>
<th>Successful price increases</th>
<th>Expansion of high-margin offering</th>
<th>Optimization of product portfolio &amp; launches</th>
<th>Reduction of licensing costs</th>
<th>Cost-conscious SG&amp;A management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implemented in DACH, US, UK and France where volumes remained strong</td>
<td>Strengthened our “blades” by offering additional accessories &amp; digital products</td>
<td>Strengthened our cohorts by removing unprofitable products from the assortment and improving launch planning</td>
<td>Increased share of own content, international expansion and renegotiation of terms with license partners</td>
<td>Invested into further scale up, partly in functions, but also markets (esp. US). Enables future operating leverage</td>
</tr>
</tbody>
</table>

**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, 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

### Adjusted EBITDA margin bridge (in pp)

<table>
<thead>
<tr>
<th>Component</th>
<th>H1 2022</th>
<th>Improvement in contribution margin</th>
<th>Other costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA margin</td>
<td>7.1%</td>
<td>-7.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>COGS</td>
<td>7.7%</td>
<td>-2.8%</td>
<td></td>
</tr>
<tr>
<td>Licensing costs</td>
<td></td>
<td>-0.1%</td>
<td></td>
</tr>
<tr>
<td>Fulfilment</td>
<td>-0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>-0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opex</td>
<td>-1.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

### Adjusted EBITDA margin H1 2023

- 2.6%
Wrapping up with P&L: Key numbers and margins (adjusted)

<table>
<thead>
<tr>
<th>in EURm and % of revenue</th>
<th>H1 2023</th>
<th>H1 2022</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abs.</td>
<td>% of revenue</td>
<td>Abs.</td>
<td>% of revenue</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>113.1</td>
<td>-</td>
<td>84.4</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>73.5</td>
<td>65.0%</td>
<td>48.9</td>
</tr>
<tr>
<td><strong>Gross profit after licensing costs</strong></td>
<td>63.9</td>
<td>56.5%</td>
<td>35.2</td>
</tr>
<tr>
<td><strong>Contribution profit</strong></td>
<td>45.4</td>
<td>40.2%</td>
<td>23.8</td>
</tr>
<tr>
<td><strong>Marketing</strong></td>
<td>-8.4</td>
<td>-7.5%</td>
<td>-6.2</td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>-36.0</td>
<td>-31.8%</td>
<td>-26.9</td>
</tr>
<tr>
<td><strong>Other result</strong></td>
<td>2.0</td>
<td>1.8%</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Adj. EBITDA</strong></td>
<td>3.0</td>
<td>2.6%</td>
<td>-6.6</td>
</tr>
</tbody>
</table>

Note: all numbers are unaudited
Cash flow reflects early inventory build-up to be ready for the important Q4

- Operating CF driven by strong inventory build-up to avoid stock-outs & high airfreight costs in case of macroeconomic disruptions
- Investing CF mainly for manufacturing tools, product-related expenses & own content production and software
- Free cash flow at EUR -39.0m, mainly for growth inventory
- Financing CF at EUR -1.2m mainly for lease payments
- In addition to EUR 15m cash, we have EUR 26m of credit lines
Outlook
Guidance FY 2023* – fully on track to achieve our ambition

<table>
<thead>
<tr>
<th></th>
<th>Results FY 2022</th>
<th>Guidance from IPO FY 2023</th>
<th>Guidance FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group revenue (EURm)</td>
<td>258</td>
<td>354</td>
<td>354 (+37% YoY)</td>
</tr>
<tr>
<td>US revenue (EURm)</td>
<td>66</td>
<td>108</td>
<td>116* (+77% YoY)</td>
</tr>
<tr>
<td>Group adjusted EBITDA in % of revenue</td>
<td>-2.4%</td>
<td>na</td>
<td>“positive”</td>
</tr>
</tbody>
</table>

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

**tonies will be** **profitable** on adjusted EBITDA basis
We have some **exciting extensions** planned for our portfolio and will also bring our Tonies to **Canada**

**Top licenses**
New Tonies of the most beloved characters among kids that spark imagination: e.g., Paw Patrol, Marvel, DC

**Own content**
New Tonies of our successful own content series that promote diversity and routines: e.g., Favorite Myths, Leo’s Day, and Cultural Tales

**Canada market entry**
Our next step to bring joy to kids around the world: Launch with English & French Tonies in Q3 in retail and on Amazon
Our platform also offers a great basis for countless innovations – some new Tonie categories will launch in H2 2023.

Podcast-like Advent Calendar
Our very first advent calendar Tonie with daily content updates: Every day from December 1st, kids can listen to a new part of the story.

Clever Tonies
Our new, more affordable, Tonie format with edutaining audio content: sparks fascination & curiosity and is especially popular with kids aged 5-8 years due to its more grown-up design.
H1 2023 – Key takeaways

1. Despite challenging times, we continuously keep our promises & deliver against the plan.

2. We prove that we are a profitable growth company.

3. The US-market growth is happening – it’s our most important growth market.

4. FCF on plan, with inventory-level in H1, we are well prepared for important Q4.

5. We strive to lead the sustainability change in our category.

6. Outlook for 2023 confirmed: we are fully confident in reaching our targets.
Meet us on conferences and roadshows

H2

**AUG 23: H1 2023**

**SEP 5: Corporate Conf. Coba & ODDO BHF**

**SEP 19: BB/GS German Corporate Conference**

**NOV 13: Q3 2023**

**NOV 16: Warburg Conference**

**NOV 27-29: Deutsches Eigenkapitalforum 2023**

**DEC 5: Berenberg European Conference**

**AUG 30: London**

**AUG 31: Paris**

**SEP 6: US (virtual)**

**SEP 7: US (virtual)**
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