

Quarterly statement Q3 2022

tonies delivers strong results in first nine months of 2022 and raises profitability guidance for FY 2022 significantly

- Outlook for Adjusted EBITDA margin raised: tonies now expects materially better Adjusted EBITDA margin in the range of -5% to -2% for FY 2022 (FY 2021: -8.1%)
- Outlook for revenue for FY 2022 confirmed at EUR 250 million for the Group and EUR 52 million for the US market
- Strong revenue growth of +30% YoY in the first nine months of 2022 driven by international expansion, especially the US market with an almost five-fold increase in revenue

LUXEMBOURG, 28 October 2022 // tonies SE ("tonies"), a leading international digital audio platform for children with the award-winning Toniebox, announced results for the third quarter and the first nine months of 2022, ended on 30 September 2022. tonies continued its growth path with revenue growth of +30% YoY in first nine months of 2022 and raised full-year 2022 guidance for Adjusted EBITDA margin.

Marcus Stahl, Co-Founder and Co-CEO, says: "The increase in our Adjusted EBITDA margin guidance is a strong message and I am proud that we are making significant progress in improving our profitability even despite persistent macroeconomic challenges. In line with our strategy, we are further rolling out our highly profitable DACH business model into international markets and our international expansion continues to gain momentum. Not only have we maintained our exceptional growth trajectory in the US market, but we have also taken our first step into the Asia-Pacific region with the launch of our beloved products in Hongkong."

Patric Faßbender, Co-Founder and Co-CEO, adds: "The third quarter was characterized by two product launches that are particularly dear to me. By offering our "Preloved Tonieboxes", we are sending a clear signal that sustainability is a crucial element for tonies. We also launched our first own license brand, "Sleepy Friends", which focuses on bedtime routine, one key use case of our product. The brand comprises Tonies with bedtime stories and lullabies, cuddle blankets and sleeping bags, and has become one of our bestsellers from the start. This underlines our strategic approach of focusing increasingly on in-house productions and self-developed licenses which will increase margins and further support our profitability goals."

Revenue performance

Group revenue in the third quarter went up by +20.8% YoY to EUR 53.8 million (Q3 2021: EUR 44.5 million). In the first nine months of 2022 revenue grew by +30.0% YoY to EUR 138.2 million (9M 2021: EUR 106.3 million).

As expected, in the third quarter, the individual **regions** showed a differentiated growth profile. The **US** market continued its rapid growth trajectory in the third quarter with a revenue increase of +360.9% YoY to EUR 12.6 million. Tonieboxes and Tonies are now also available in around 1,100 Target stores across the US, which significantly improves accessibility to tonies' products as ~75% of the US population lives within ten miles of a Target store. In the first nine months of 2022, revenue increased almost fivefold year over year with a growth rate of +383.3%, driven by all channels.

In the profitable **DACH** region, revenue decreased in the third quarter by -9.0% to EUR 34.4 million. This decline was due to an exceptionally strong September in the previous year and lower retail footfall as a result of weaker consumer sentiment, although tonies operates in a product category that is generally resilient to macroeconomic downturns. At the same time, and in line with tonies' strategy, online direct-to-consumer revenues increased year over year by a double-digit percentage in the third quarter. In the first nine months ended September, the DACH region continued its steady growth at a rate of +4.1% YoY to already almost EUR 100 million.

In **Rest of World**, revenue in the third quarter grew by +71.7% YoY to EUR 6.8 million driven by very strong growth in UK. Revenue in the first nine months of 2022 more than doubled year over year with growth of +116.1%. Furthermore, tonies increased its presence in Europe via its European Webshop, which now ships to different countries in Europe and prepared for its successful launch in Hong Kong, which took place in early October.

Overall, the regional share of revenues outside the DACH region rose to 29% in the first nine months of 2022 from 12% in the first nine months of 2021, demonstrating that tonies is fully on track with its international expansion.

From a **product category** perspective, **Tonieboxes** revenue was up by +46.3% YoY in the third quarter of 2022 to EUR 15.8 million. Almost half of the Tonieboxes were sold outside of DACH region. This clearly underlines the international revenue and margin potential as more than 20 Tonies figurines per Toniebox are sold on average in the first 4.5 years. In the first nine months of 2022, revenue growth of Tonieboxes was +42.1% YoY.

Revenue of **Tonies figurines** increased in the third quarter by +9.4% YoY to EUR 34.9 million driven by both licensed third-party Tonies including Paw Patrol, Frozen and Peppa Pig as well as Tonies with in-house produced content and own design such as "Playtime Songs". In the first nine months ended September, Tonies revenue increased by +23.5% YoY.

In **Accessories & Digital** revenue grew by +67.8% YoY to EUR 3.1 million driven by headphones, carriers and shelves. In the first nine months of 2022 revenue rose by +81.4%.

Net assets and financial position

No substantial changes to the net assets and financial position of the Group occurred in the period under review compared to the situation as of June 30, 2022. Free Cash Flow was around EUR -21 million in the third quarter of 2022 on a preliminary basis, mainly due to the seasonal build-up of inventories. Financing Cash Flow includes EUR 10 million from a convertible bond option exercised in July. Two further upsizing options of EUR 10 million each are available for the convertible bond, amounting to EUR 20 million. In addition, tonies has credit lines available with a total volume of EUR 26 million, which have been partially drawn as of September 30, 2022.

Guidance for full-year 2022

Based on business development in the first nine months of 2022 and assumptions regarding progress to the end of the year, the management board of tonies has decided to confirm its revenue guidance and raise its outlook for Adjusted EBITDA margin for the full-year 2022.

Guidance for expected **revenue** remains at EUR 250 million for the group and at EUR 52 million for the US. This corresponds to a group revenue growth of +33% YoY and for the US of +156% YoY.

tonies raises its full-year 2022 outlook for **Adjusted EBITDA margin** to a range of -5% to -2%. Previously, only a slight improvement of the Adjusted EBITDA margin compared to the full-year 2021 was expected (FY 2021: -8.1%). The margin increase is the result of a higher than originally anticipated contribution margin due to a stronger improvement in gross margin, lower fulfilment costs and lower licensing costs, including non-recurring effects due to the release of licensing provisions.

This new outlook is based on the assumption that consumer sentiment will not worsen significantly in the fourth quarter, where tonies typically generates a substantial share of its revenues, especially during Christmas season.

tonies SE will hold a presentation on its Q3 2022 results today, Friday, 28 October at 11 am CET. All details can be found under <https://tonies.com/en-gb/ir/?tab=financial-calendar>.

All publication documents are available on tonies' Investor Relations Website under <https://tonies.com/en-gb/ir/>.

Figures at a glance

<i>(in EURm)</i>	Q3 21	Q3 22	Change	9M 21	9M 22	Change
Revenue	44.5	53.8	20.8%	106.3	138.2	30.0%

by geography

DACH	37.8	34.4	-9.0%	94.0	97.9	4.1%
US	2.7	12.6	360.9%	5.2	25.1	383.3%
Rest of World	4.0	6.8	71.7%	7.0	15.2	116.1%

by product category

Tonieboxes	10.8	15.8	46.3%	25.6	36.4	42.1%
Tonies Figurines	31.9	34.9	9.4%	76.9	95.0	23.5%
Accessories & Digital	1.9	3.1	67.8%	3.7	6.8	81.4%

About tonies

tonies is the creator and publisher of tonies®, the innovative and award-winning audio system for children aged three and up. Consisting of the Toniebox and the matching audio figurines - called Tonies - the system makes audio content touchable and enables a completely new kind of listening experience: "audio play". Launched in 2016 in Germany, Austria, and Switzerland, tonies® is now available in twelve different countries on two continents and offers a portfolio of over 700 Tonies. tonies employs over 400 people and has been listed on the Frankfurt stock exchange through tonies SE since 2021.

Investor Relations Contact

Manuel Bösing
Head of Investor Relations
Phone: +4915157846012
Mail: ir@tonies.com

This document contains forward-looking statements

Certain statements included in this document are 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.

Disclaimer

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