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tonies®

tonies SE

Annual Report 2024

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tonies SE – at a glance

	2024	2023
Sales		
Revenue (in EUR m)	480.5	360.9
Revenue growth in % YoY	33.1 %	39.7 %
Tonieboxes sold (in m units)	2.4	1.9
Tonies sold (in m units)	30.7	23.4
Online revenue share (in % of gross revenue)	44 %	45 %
Results of operations (adjusted)		
Gross margin (in % of revenue)	62.1 %	61.6 %
Gross margin after licensing costs (in % of revenue)	50.7 %	51.6 %
Contribution margin (in % of revenue)	34.5 %	35.3 %
Adjusted EBITDA margin (in % of revenue)	7.5 %	4.0 %
EBITDA margin (in % of revenue)	7.0 %	2.4 %
Financial position & Assets and liabilities		
Cash (in EUR m)	87.4	59.3
Free cash flow (in EUR m)	33.1	– 4.8
Team		
People employed group-wide (as of reporting date)	561	508

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tonies SE

Annual Report 2024

In 2024, we achieved a major milestone:

> 100 m Tonies sold since launch

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Dear Shareholders,

This was my first full year as CEO of tonies, and in these 12 months I've witnessed countless moments reminding me why this company is so special. But there is one that stood out: during our incredible launch event in Australia, I met a little girl who had come to celebrate her birthday with us. I spontaneously handed her a Tonie figurine as a birthday present, and the sparkle in her eyes – that look of pure joy – was truly magical. Moments like these reflect the heart of what we do at tonies. In 2024, we delivered not just great results, but sparked joy and imagination. We focused on innovation, disciplined growth, and our mission to create magical moments for children everywhere. I'm pleased to share with you the story of our year, one of growth, resilience, and exciting new chapters.

A Year of Extraordinary Growth and Expansion

We have grown ambitiously as planned and met our targets once again. We have continued to successfully execute our strategy and expanded our global presence, entering new markets down under and strengthening our footprint in existing regions all over the world. This progress means that we are well on our way to establishing tonies as a global icon – with now more than **100 million Tonies in homes across the globe**, we are growing our international business stronger than ever. This year, North America has emerged as our largest market just four years after our initial launch, and Australia and New Zealand marked our most successful market entry ever.

Record Financial Performance

Our strong momentum is clearly reflected in our financial performance. You expect high-growth from tonies – and in 2024, we again delivered on this promise, accelerating our trajectory even further. We achieved **strong revenue growth, recording double-digit increases across all markets.** Equally important, we achieved positive margins in every market, significantly improving the profitability of the group – and, for the first time, achieved both **a positive free cash flow and net income**. Our by-now largest market, North America, the highly profitable DACH-region, and our Rest of World segment with expanding markets like the UK and France all contributed to this success. All of these results underscore the immense global appeal of our product and the unwavering dedication of our team.

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Navigating Challenges with Resilience

While we celebrate our success, we also acknowledge the challenges that come with it. Scaling a global business requires careful coordination – from managing our supply chain to maintaining operational efficiency while ensuring that our brand experience remains exceptional. Our ability to mitigate these complexities and sustain our growth trajectory is a testament to the strength and agility of our team.

One major enhancement was the addition of **Ginny McCormick as our Chief Experience Officer (CXO)** in September. By unifying brand, product, and content into one function, she has already had a major impact on delivering exceptional customer experiences as we scale globally.

Building a Sustainable, Responsible Business

At tonies, we measure success not just by **what** we achieve, but **how** we achieve it. We are deeply aware that the children who love our products today also deserve a healthy planet and society to grow up in. That's why in 2024, we have strengthened our sustainability efforts and made significant progress in assessing and documenting our very own footprint. We now have the solid foundation needed to improve further, in alignment with our vision to listen, learn, and grow responsibly.

Inspiring Outlook – The Story Ahead

Looking ahead to 2025, our ambitions, our plans, and our excitement are higher than ever. We will continue our growth journey by expanding our reach, refining our offerings, and optimizing operations to ensure sustained success. Most importantly, we will continue to **inspire and delight millions of families around the world.**

We can't wait to show you what we have in store later this year. Rest assured; we are only getting started.

A Final Word of Thanks

Before I close, I want to express my sincere gratitude. First, to our incredible team at tonies – every designer, engineer, storyteller, marketer, and employee around the world who pours their passion into our products – **thank you.** You have built a company that brings joy to millions, and none of these results would be possible without your dedication and ingenuity. I also want to thank our content partners and retailers for believing in our vision and helping us reach more families; your support and collaboration mean the world to us. And of course, I want to thank you, our shareholders. Your trust and support have enabled us to invest in growth and innovation with a long-term mindset. We do not take your confidence for granted. Our aim is to continue earning it each day by executing on our strategy, being transparent about our progress, and ultimately delivering strong returns.

We are proud of what we accomplished in 2024, but we are even more excited about what lies ahead. By creating magical moments for children everywhere, we create value for our shareholders. We have many more smiles to spark, many more stories to tell, and together with you we will write the next chapters of the tonies journey.

Sincerely,

Tobias Wann
Chief Executive Officer, tonies SE

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Global Footprint

A Year of Remarkable Expansion and Strategic Progress

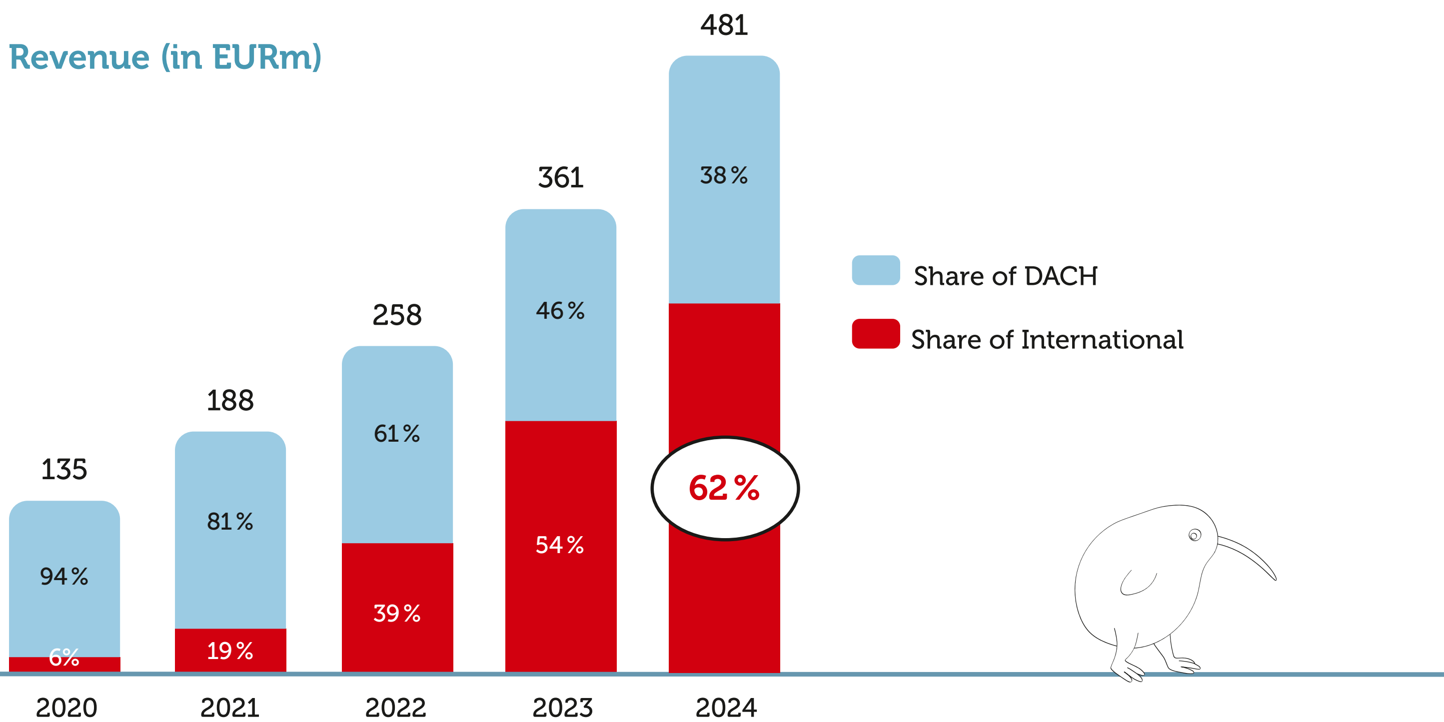
Internationalization remains one of tonies' most crucial value levers. In 2024, tonies reached new heights in its mission to bring the Toniebox listening experience to children across the globe – with the US market playing a pivotal role. Tonieboxes are now available in 28 countries and activated in over 100, and while North America has replaced DACH as tonies' largest single market, tonies' home region and other markets such as the UK and France have also grown remarkably, with double-digit growth across the board. Last but not least, the launch in Australia and New Zealand: tonies' largest and most successful market entry to date, underlines the proven blueprint for entering and winning new regions in 2024 and beyond.

North America: tonies' Largest Market

North America was tonies' key growth region in 2024. With strong momentum, revenues increased by approximately 50 % year-on-year to EUR 210 million, making North America tonies' largest market. Since its launch in 2020, tonies has built an impressive installed platform of > 2.5 million Tonieboxes and ~ 20 million Tonies, that grew by more than > 1.1 million Tonieboxes and > 11 million Tonies in 2024 alone.

A major driver of tonies' success in North America has been the expansion of its wholesale business. tonies has made significant progress by increasing the number of points of sale (POS) and expanding shelf space. Notably, tonies has successfully onboarded the iconic retailer Kohl's and strengthened key partnerships with Target and Walmart, enhancing its visibility and availability.

Revenue (in EURm)



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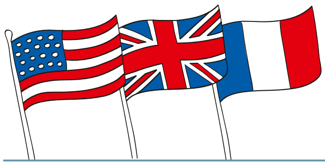

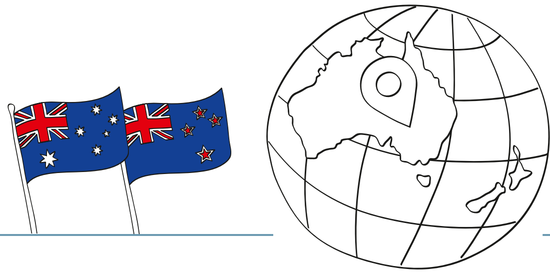

tonies has expanded its wholesale operations successfully, as demonstrated by its partnership with Target. By doubling its store shelf space, tonies tripled its sales, highlighting its potential for disproportionally high scalability. Additionally, tonies' performance on Amazon in the US has been exceptional, particularly during major shopping events such as Amazon Prime Day and Amazon Prime Big Deal Days.

DACH and Beyond: Doubling Down on European Markets – Expanding Horizons Down Under

Beyond high growth in North America all other regions recorded strong performances, too – with remarkable double-digit growth even in the established and highly profitable DACH region, where consistent and high consumer demand drove revenue by 11% year-on-year to around EUR 184 million. In a region where one in two children owns a Toniebox, this is a testament to the enduring appeal of tonies' products. This appeal extends to other markets. In the UK and France, tonies has gained significant market share as brand awareness and popularity grow. Driven primarily by these markets, the company's Rest of World revenue grew by ~57% year-over-year to EUR 86 million. Another contributor and highlight of 2024: The successful launch of tonies in Australia and New Zealand in August. With the largest launch portfolio ever, the market introduction was exceptionally successful.

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Products

A Broader Portfolio for Expanded Target Audiences – Increasing Customer Lifetime Value

In 2024, tonies continued to broaden its product portfolio through data-driven innovation, creating new products that appeal to older children. By introducing not only new content, but also entirely new formats, refining existing categories and expanding its range of accessories, tonies aims to increase the customer lifetime value and further consolidates its position as the world's leading interactive audio platform for children.

In September 2024, tonies appointed Ginny McCormick as Chief Experience Officer (CXO), further strengthening the company's focus on brand, product, and content strategy. With over 20 years of experience in marketing and a proven track record in scaling global brands, Ginny plays a key role in establishing tonies as a global icon in children's entertainment.

Clever Pocket Tonies: Expanding Interactive Learning and Edutainment

After the initial launch in late 2023 in UK and North America, tonies brought Clever Pocket Tonies to the DACH region and significantly expanded the format in the UK in early 2024.

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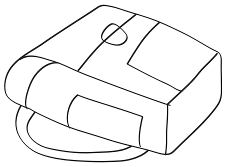

The product line is designed for pre-schoolers and beyond, aged 5+, and aims to enhance learning through interactive and engaging storytelling. Across markets, Clever Pocket Tonies were met with impressive demand from the outset. Further expansion with new partnerships, franchises and own IPs — such as Animal World, Checker Tobi or Cool Jobs – supported the global success throughout the year.

Book Pocket Tonies: A New Format for Older Children

With Book Pocket Tonies, tonies introduced another category specifically designed for children aged five and older in the UK and North America. This new format offers full-length, unabridged audiobooks and brings engaging long-form storytelling experiences to the Toniebox. Book Pocket Tonies started with a strong portfolio of bestselling regional authors, including Beverly Cleary with the "Ramona" series and Andrea Beaty with "Questioneers", offeringa diverse and high-quality selection of beloved stories right from the start.

The product will launch in Germany in May 2025, marking another milestone in the company's efforts to extend its reach beyond preschool-age listeners and support literacy development among young readers.

Award-Winning Innovation: tonies Named Product of the Year 2024 in Australia

Furthermore, tonies' commitment to innovation and high-quality products was recognized with prestigious industry accolades in 2024. At the Australian Toy Association Awards, tonies won Product of the Year in the Infant/Preschool category and was also honored with the overall Product of the Year 2024 across all categories. These awards highlight the high-quality of tonies' engaging audio experiences for young audiences, reinforcing its position as the world's leading interactive audio platform for children.

Nightlight Tonies successfully expand Sleepy Friends success

Besides its core portfolio, tonies is continuously evaluating opportunities to expand on the success of its traditional core products. After the success of its Sleepy Friends franchise for night time, the company introduced Night Light Tonies. In 2024, tonies brought a new Night Light to market and recorded overwhelming demand for the category. Designed to create a comforting bedtime atmosphere, the Night Lights portfolio was a standout success across all key markets, underlining the successful approach to expand product lines in a multi-faceted way.

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Franchises

From Global Licensing to Proprietary Content: Strengthening Market Leadership

The foundation of tonies' success lies in a strategic mix of prestigious global licensing partnerships and high-margin proprietary franchises, enabling the company to extend its reach across multiple consumer preferences. By securing long-term licensing agreements with industry-leading brands and developing exclusive in-house content, tonies strengthens its portfolio and the competitive advantage at the heart of its platform.

Success Through Global Licensing Partnerships

By maintaining access to highly recognizable entertainment franchises, tonies ensures continued consumer engagement, drives recurring purchases, and secures sustainable revenue growth. A major milestone in 2024 was the multi-year renewal of the licensing agreement with The Walt Disney Company after five years of successful collaboration. As part of this extension, at least 50 new Tonies will be launched, featuring beloved characters from Disney, MARVEL, and National Geographic will come to the market. In addition, tonies expanded its licensing portfolio with Paramount, signing a multi-year, multi-territory agreement to launch more than 10 new Tonies, including fan-favorite characters from Paw Patrol, SpongeBob SquarePants, and Teenage Mutant Ninja Turtles.

Agreements with licensing partners such as The Walt Disney Company, Paramount, Warner Bros., Hasbro, Mattel and NBC Universal are testament to the confidence that leading entertainment companies have in tonies' business model and long-term success.

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Driving Profitability and Brand Loyalty with Proprietary Franchises

To complement its licensing strategy, tonies continues to invest in its proprietary franchises and smaller, own IPs, which in the long-term provide higher margins, brand loyalty, independence, and strong growth potential. The success of Sleepy Friends®, tonies' first and highly successful franchise, has demonstrated the value of developing exclusive content. Sleepy Friends ranked as the fourth best-performing IP globally in 2024, won multiple awards, and created opportunities for adjacent products, such as the Sleepy Friends Nightlights.

Building on this success, tonies proudly introduced its second original franchise in November 2024. The Lalalinos® combine music, adventure, and social-emotional learning to provide an engaging and developmentally enriching experience for children. This music-driven franchise not only expands tonies' content ecosystem but also strengthens customer retention by offering unique, high-quality proprietary content.

Expanding Educational and Long-Form Content with Licensing

With the introduction of new product categories such as the Pocket Tonies, tonies has realized several opportunities to secure engaging, high-profile licenses for educational and knowledge-based content. These include collaborations with one of DACH's most popular TV hosts Checker Tobi, the award-winning Wondery Kids' podcast and a joint series with London's Natural History. The Book Pocket Tonies launch portfolio includes popular stories from bestselling authors such as Tom Fletcher, David Walliams, Enid Blyton, and Adam Kay – a major factor for its early success.

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Sustainability

Driving Sustainability Forward – Listen, Learn, and Grow Responsibly

At tonies, sustainability is not just an obligation – it is an opportunity to create a better future for the next generation. The updated vision, "Listen, Learn, and Grow Responsibly" reflects tonies' belief that sustainability is an ongoing journey, requiring continuous learning, innovation, and collaboration. By actively listening to stakeholders, embracing new solutions, and staying committed to responsible business practices, tonies aims to drive meaningful change within the industry and beyond.

A Holistic Approach to Sustainability

Sustainability at tonies is embedded in every aspect of the business. The focus is on reducing our environmental footprint, improving resource efficiency, and promoting ethical business practices across our value chain. At the same time, tonies continues to foster strong relationships with employees, licensors, and suppliers, ensuring ethical labor practices and long-term partnerships.

A central focus of the efforts in 2024 was assessing tonies' current position to create transparency and establish a solid foundation for future improvements. Sustainability at tonies is an ongoing process, driven by continuous improvement – we implement policies and

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actions, set clear targets, and measure our progress to address emerging sustainability challenges and opportunities.

The company's new and refined approach is built around key sustainability topics that are material to its business, including climate change, pollution, resource use and circular economy, workforce responsibility, and ethical business conduct. Addressing these areas in alignment with tonies' business model and value chain reinforces commitment to a more sustainable future.

Advancing Sustainable Materials and Circularity
In 2024, tonies took key steps to further strengthen our commitment to sustainability, particularly in the materials we use for the Pocket Tonies range. A key milestone in this journey was the introduction of Clever Tonies in the DACH region and the UK in Q1 2024, following their initial launch in the USA in October 2023.

As part of our broader sustainability efforts, Novodur® ECO P2H-AT BC50, a high-performance Acrylonitrile Butadiene Styrene (ABS) material, was introduced in 2024. This material is based on up to 50% renewable feedstock, following a mass balance approach, reducing our reliance on fossil resources. This material ensures that the outer housing of our Pocket Tonies benefits from a lower carbon footprint while maintaining the durability and safety standards required for children's use. Notably, Clever Tonies have been produced using this more sustainable material since their launch, further improving the sustainability of the product composition.

To further advance tonies' efforts toward more sustainable materials, the transition to using Terluran® ECO GP-35 BC100 for the housing of the products, is planned for 2025. This material is based on up to 94% of bio-circular ISCC PLUS certified feedstocks following a mass balance approach. Despite its eco-friendly composition, Terluran® ECO GP-35 BC100 maintains the same high-quality, impact-resistant properties, ensuring that tonies' products remain durable and long-lasting.

A foundational key characteristic of the Toniebox is its durability and longevity. To extending this even further, the Toniebox Repair Service in the DACH region was launched in 2024. This initiative allows customers to repair essential components such as the ears, battery, or platform, reducing electronic waste while ensuring that children can continue enjoying their Toniebox for years to come.

Transparency and Accountability in Sustainability

As part of our commitment to transparency, tonies publishes its first Sustainability Report 2024, aligned with the Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS). By openly sharing both impact and progress, tonies holds itself accountable while identifying areas for continuous improvement.

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Content

Company

Consolidated Financial Statements

Other Information

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Company

- Report of the Supervisory Board
- Remuneration Report
- tonies SE shares in review

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Report of the Supervisory Board

Dear Shareholders,

Reflecting on 2024 as Chairperson of the Supervisory Board of tonies SE, I am proud to recognize the remarkable efforts of our colleagues in navigating a dynamic business landscape while continuing to bring joy to countless children and families worldwide. Our vision is that our playful audio experiences become an integral part of children's lives around the world. In 2024, tonies not only upheld its commitments but also delivered an outstanding business performance, demonstrating strong revenue growth and sustained profitability. Achieving break even on free cash flow and net income while expanding our global presence are significant milestones and a testament to the strength of our business model.

On behalf of the Supervisory Board, I would like to express my deep gratitude to all employees at tonies for their dedication, creativity, and contributions to our continued success. I also want to extend my sincere appreciation to our shareholders for your unwavering trust in tonies, its leadership, and its people. Additionally, my thanks go to the members of the Management Board for their commitment to steering tonies forward during a year of transformation and growth.

Following the leadership transition in 2023, we are pleased to see our new CEO, Tobias Wann, successfully leading the company into its next phase of development. With his extensive experience in scaling international digital businesses and his entrepreneurial background, Tobias has brought valuable insights and leadership that align perfectly with tonies' vision and values. His deep understanding of our culture and strategic direction ensures continuity while driving innovation and global expansion.

We are also delighted to welcome Ginny McCormick as Chief Experience Officer in the Management Board. Based in the United States, Ginny brings a wealth of experience in brand strategy, consumer engagement, and digital innovation. Her expertise will be instrumental in enhancing the tonies' experience and strengthening our connection with families worldwide. Her leadership will ensure that we continue to put our customers, young listeners everywhere, first and reinforce our strategic growth in the U.S. market.

I would also like to take this opportunity to extend my heartfelt gratitude to Anna Dimitrova, the former Chairperson of the Supervisory Board, for her dedicated service and leadership. Her contributions have been invaluable during the first years as a public company, and we sincerely appreciate her commitment to the company's growth and success.

Furthermore, the Supervisory Board remains committed to providing strategic oversight and guidance to the Management Board and the broader leadership team. We work diligently to ensure that tonies maintains its momentum, upholds its values, and achieves long-term success.

As we move forward, we remain confident in tonies' ability to drive sustainable growth, expand its global footprint, and further enhance the listening experience for children worldwide. Thank you for your continued support and belief in our vision.

I would also like to explain how the Supervisory Board operates and how my colleagues and I oversee and support the Management Board as well as the broader leadership team. In this way, we strongly promote the longterm success of the Company.

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Duties of the Supervisory Board

The Supervisory Board of tonies is in charge of the supervision and control of the Company's management and performed its duties in accordance with the articles of association of the Company, its rules of procedures and applicable laws and regulations. It consulted regularly with the Management Board and the audit committee of the Company (the "Audit Committee"). The Supervisory Board closely follows business strategy, key financial developments, investments and was directly involved in all key decisions.

The Supervisory Board was in regular contact with the Management Board. It contributed to the following topics in the financial year ended 31 December 2024.

1. Cooperation between the Supervisory Board and the Management Board

The Supervisory Board does not interfere with the management of the Company, which rests in the hand of the Management Board, prior consent requirements for certain matters notwithstanding. However, the Supervisory Board does have an unlimited right of information regarding all operations of the Company and may inspect any of the Company's documents. It may request the Management Board to provide any information necessary for exercising its functions and may directly or indirectly proceed to all verifications, which it may deem useful in order to carry out its duties.

Over the course of the financial year, the Supervisory Board oversaw and supported the Management Board with strategy, planning, business development, compliance and risk management in a continuous, intensive dialogue.

The Supervisory Board is involved in all decisions of fundamental importance for the Company and cooperates closely in an atmosphere of trust with the other corporate bodies of the Company, in particular with the Management Board, in the best interest of the Company.

In addition to attending meetings, the members of the Supervisory Board have performed the following activities:

- Approval of the proposed budget for the financial year 2024, including the cash measures as part of the overall budget;
- Approval of the draft documentation for the Annual General Meeting 2024 including discharge to all board members and appointment of Anna Dimitrova, Chairperson of the Supervisory Board, as delegate to approve the final documentation for Annual General Meeting 2024;
- Approval to share information with Marcus Stahl and Patric Faßbender, founders and former Co-CEOs of the Company, on the basis of their consultancy agreement and in their capacity as senior advisors of the Company;
- Approval of Share Option Scheme and performance based Restricted Stock Units (RSUs) for Christoph Frehsee in his capacity as President of tonies US, Inc. as well as re-allocation of RSUs within the US team;
- Approval of the annual report including the audited consolidated annual accounts of the Company and its group companies (Konzernabschluss und -lagebericht) and the audited annual accounts of the Company (Jahresabschluss), each for the financial year 2023 which were submitted to the Annual General Meeting 2024;
- Approval of the allocation of profits/losses of the Company (Ergebnisverwendung) to carry forward losses of the financial year 2023 which was approved by the Annual General Meeting 2024;
- Approval of the Remuneration Report (Vergütungsbericht) of the Company for the financial year 2023 which were resolved upon by the Annual General Meeting 2024;
- Approval of the re-election of Mazars Luxembourg as the independent auditor (réviseur d'entreprises agréé) for the financial year 2024 which was resolved upon by the Annual General Meeting 2024;
- Approval of the Remuneration Policy (Vergütungssystem) of the Company;
- Appointment of Christian Bailly as Chairman and Alexander Schemann as Deputy Chairman of the Supervisory Board;
- Appointment of Helmut Jeggle, Christian Bailly and Alexander Schemann as members of the Audit Committee, with Helmut Jeggle being appointed as Chairman and Christian Bailly as Deputy Chairman;

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- Approval of a global Stock Option Scheme;
- Acknowledgement of the 2024 settlement of the pre-IPO VSP (virtual stock option program);
- Approval and granting of the mandate for the Chief Experience Officer (CXO) engagement to finalize the Service Agreement and Equity Incentive Agreement;
- Approval to appoint Virginia McCormick as member of the Management Board with effect as of 2 September 2024 and until 1 September 2027, including approval of the service contract and the remuneration (fixed and performance-dependent)
- Authorization for the members of the Supervisory and Management Boards, and lawyers from Arendt & Medernach S.A. to take necessary actions, sign documents, and file with Luxembourg Trade and Companies Register;
- Approval of the initial directional budget for the financial year 2025 and next steps of its refinement;
- Approval of the collaboration with a business consultancy on operational transformation program;
- Support of the Management proposal to conduct a Capital Markets Day in 2025 following the financial year 2024 results;
- Coordination with the Management Board and approval of all Supervisory Board reserved matters;
- Review on ongoing business performance, including revenue and profitability development, liquidity position, market position, expansion and business strategy of the Company;
- Informal dialogue and consultation with the Management Board and senior executives;
- Additional contracts with third parties as needed, e.g. the Company's external auditors and consultants;
- Ongoing review of regulatory requirements.

The members of the Supervisory Board frequently exchange information among themselves and meet to discuss specific matters and for subcommittee meetings. The entire Management Board was present at all plenary meetings of the Supervisory Board in fiscal year 2024.

2. Composition of the Supervisory Board and respective changes

Each member of the Supervisory Board must have the required knowledge, abilities and expert experience to fulfil his or her duties properly. At least one member of the Supervisory Board must have knowledge in the field of accounting and auditing. The members of the Supervisory Board must take responsibility for undertaking any training of professional development measures necessary to fulfil their duties.

The Supervisory Board consists of the following members

- Anna Dimitrova (as chairperson and member of the Audit Committee; until 29 May 2024),
- Christian Bailly (as chairperson from 29 May 2024 and member of the Audit Committee),
- Helmut Jeggle (as chairperson of the Audit Committee),
- Alexander Kudlich,
- Alexander Schemann (as member of the Audit Committee),
- Dr. Thilo Fleck (until 29 May 2024),
- Erika Wykes-Sneyd .

3. Meetings of the Supervisory Board and its committees

The Supervisory Board held four meetings and a separate Strategy Day Meeting during the financial year ended 31 December 2024.

All meetings were held via video conference initiated from the Grand Duchy of Luxembourg and adequate numbers of members of the Supervisory Board were present at all meetings to ensure that a quorum was present at all times. On certain occasions, the Supervisory Board appointed a delegate to deliberate upon and determine certain transactions specifics, e.g., appointment of Anna Dimitrova, Chairperson of the Supervisory Board, as delegate to approve the final documentation for the Annual General Meeting 2024.

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4. Audit Committee and audit of the separate and consolidated financial statements

The Audit Committee of the Company oversees the accounting and financial reporting processes of the Company, the audits of the standalone and consolidated financial statements (the "Financial Statements") of the Company, internal controls and choice of the Company's independent auditor. The mode of operation as well as the duties and responsibilities are set out in the internal terms of reference of the Audit Committee.

The Supervisory Board has specified the following goals for the composition of the Audit Committee:

- The chairperson of the Audit Committee must have specific knowledge and experience in applying accounting principles and internal control procedures.
- The majority of the Audit Committee must be independent of the Company. The chairperson of the Audit Committee must be designated by the Supervisory Board and must be independent of the Company. Members of the Audit Committeeas as a whole shall be competent in the business sector of the Company.
- The chairperson of the Supervisory Board may not be appointed as chairperson of the Audit Committee.

The current members of the Audit Committee of the Company are Helmut Jeggle (as chairperson), Christian Bailly and Alexander Schemann. The mandate of Anna Dimitrova as a member of the Supervisory Board and thus as member of the Audit Committee has expired with effect of the Annual General Meeting 2024 on the 29 May 2024. This composition follows the abovementioned goals for the composition of the Audit Committee. In particular, all members of the Audit Committee have specific knowledge and experience in applying accounting principles and internal control procedures and three of them are independent of the Company.

Forvis Mazars Luxembourg (previously Mazars Luxembourg) was appointed as the independent auditor of the Company at the Annual General Meeting on 29 May 2024 for this financial year. Forvis Mazars Luxembourg also performed the audit of the consolidated Financial Statements as of 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024. The auditors issued an unqualified audit opinion.

The Supervisory Board acknowledged the independence of the auditor and obtained a corresponding declaration of independence. The Financial Statements and associated audit reports were sent to the members of the Supervisory Board. The Supervisory Board reviewed the separate and consolidated Financial Statements and the management report of the Company. The result of the preliminary review by the Audit Committee and the result of its own review fully correspond to the result of the audit of the Financial Statements. In view of the final result of its own review, the Supervisory Board raises no objections to the result of the audit by the auditor. The Supervisory Board has therefore approved the separate and consolidated Financial Statements of the Company for the financial year 2024. The annual Financial Statements of the Company are thus approved.

As the Supervisory Board, we are very much looking forward to continuing the tonies success story this year.

Luxembourg, 9 April 2025

For the Supervisory Board

Christian Bailly
Chairperson

Docusign Envelope ID: 3DFBC00E-33EA-4CC2-86C9-CACAE16FE661

Remuneration Report

Contents of the remuneration report

This remuneration report has been prepared in accordance with Luxembourg laws. It is a separate report, which contains the main features of the remuneration systems for the management board (the "Management Board" or the "MB Members" and each member, an "MB Member") and supervisory board (the "Supervisory Board") of tonies SE ("tonies") for the financial year 2024 as well as a statement of the amount and structure of remuneration.

At the beginning of the financial year 2024, a new CEO of tonies was appointed with effect as from 1 January 2024, and during the financial year 2024, for the first time a Chief Experience Officer (CXO) was appointed with effect as from 2 September 2024.

1. The remuneration policy for the Management Board

The current remuneration policy for its MB Members became effective as of 1 January 2024 after having been presented to and approved by the 2024 annual general meeting of tonies.

2. Components of the remuneration of the Management Board

The remuneration system of the MB Members comprises fixed and variable components, whereas the components mix shall balance both short term economic performance with long term goals of tonies. The total annual remuneration of the MB Members thus shall consist of 20 % to 30 % of fixed remuneration components, while the variable remuneration shall consist of 70 % to 80 % of the total annual remuneration. Such setup shall provide for flexibility to answer different needs of current and future members of the Management Board in terms of their remuneration structure, considering customary market practice and appropriateness.

2.1. Fixed non-performance-related remuneration components

The fixed components of the remuneration for all MB Members, in accordance with the Remuneration Policy, were a fixed annual salary and fringe benefits. Providing adequate base compensation shall consider the responsibilities, competency, commitment, workload, time spent of each MB Member, reflect the degree of required qualifications and experience, the risks that they take personally, and honor the dedication and efforts that the MB Members put into tonies. In addition, such compensation shall ensure that tonies continues to attract and retain individuals who consistently perform at or above expected levels and contribute to the success of tonies.

a. Fixed annual salary

The MB Members receive a fixed annual salary in twelve monthly equal instalments, each to be paid at the end of a month with applicable deductions of taxes and social security. The amount of the fixed annual salary is based on the tasks and the strategic and operative responsibility of the individual MB member. The details of the fixed non-performance-related remuneration component for each MB Member can be found under 3.1.

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b. Fringe benefits

As fringe benefit, the MB Members receive contributions to accident insurance, D&O insurance and a company car respectively company car allowance or similar. Beyond that, tonies reimburses the CEO for the costs of a dual household management of up to EUR 2,000.00 gross per month and a BahnCard 100 for the duration of his services for tonies. The details of the cumulated fringe benefits can be found under 3.1. The CXO receives up to EUR 28,000 of relocation expenses within the US.

In addition, tonies reimburses the MB Members for all necessary and reasonable out-of-pocket expenses within the context of their activities to the extent these expenses were incurred in the interests of tonies. The reimbursements are not further included in this report.

2.2. Variable performance-related remuneration components

The variable remuneration components in 2024, and in accordance with the Remuneration Policy, consisted of an annual Performance Bonus and grants under the Equity Inventive Plan respectively continued participation in the closed Virtual Stock Option Plan. Providing such different variable performance-related remuneration components shall motivate MB Members to achieve ambitious and challenging financial, operational and strategic goals during one financial year, but also for several financial years. And besides providing further compensation considering the responsibilities, competency, commitment, workload and time spent of each MB Members, the share-value based remuneration components shall also motivate the MB Members towards the achievement of long-term goals in order to promote tonies' business strategy, long-term value and creation and sustainability.

a. Annual performance bonus

The annual Performance Bonus depends on the achievement of annual performance targets. Such performance targets consist for each MB Member of 80 per cent financial targets (including net revenue, adjusted EBITDA, free cash flow) and 20 per cent individual targets (qualitative and quantitative performance criteria, as strategic and operational criteria, as well as sustainability related criteria).

In the case of 100 % achievement of all annual performance targets, the total amount of the Performance Bonus shall be for the CEO: EUR 250,000 gross (at maximum EUR 375,000 gross per fiscal year), for the CFO 150,000 (at maximum EUR 225,000 gross per fiscal year) and for the CXO EUR 150,000 (at maximum EUR 225,000 gross per fiscal year). The target achievement for the completed fiscal year and the amount of the Performance Bonus resulting thereof shall be determined within one month following the availability of the audited and approved consolidated financial statements of tonies SE. The determination of the target achievement shall be conducted by the tonies SE' supervisory board.

In 2024, the targets for the annual performance bonus consisted in 80 % financial targets and 20 % individual targets.

b. 2022 Equity incentive plan

The Equity Incentive Plan, adopted on 27 August 2022 and approved by the general meeting of shareholders of tonies on 24 May 2023, generally provides incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of tonies, by offering them an opportunity to participate in tonies' future performance through the grant of awards and comprises Options, Restricted Stock Awards, Stock Bonus Awards, Stock Appreciation Rights, Restricted Stock Units and Performance Awards, as defined and described in the Equity Incentive Plan.

With the exception of a participation of the CFO in a closed virtual stock option program (see below 2.3), as of the date of this remuneration report, only Options have been granted to MB members under the Equity Incentive Plan. Options generally vest in accordance with the following schedule for the CEO and CXO: 4/16 of the total number of Options shall vest 12 months following the grant, and 1/16th on each quarterly anniversary of such first vesting date thereafter (i.e., every 3 months thereafter), so that the Options will become 100% vested after four years, subject to continued service and customary clawback and change of control clauses. For the CFO the vesting amounts 1/16th on each quarterly anniversary of the grant date and such vesting date thereafter (i.e., every 3 months thereafter), so that the Options will become 100 % vested after four years, subject to continued service and customary clawback and change of control clauses. The exercise of the Options is further linked to different exercise prices per share in tonies, determined when the Option is granted, in order to incentivize the individual performance for tonies' share price developments pursuant to the conditions of the Equity Incentive Plan.

In addition, to further align the interests of the Equity Incentive Plan participants with the interest of tonies' shareholders, the shares acquired upon the exercise of the Option may only be sold, transferred or otherwise disposed following an individually agreed holding period.

In 2024, according to the CEO's individual global stock option agreement, the CEO has been granted Options* as of 13 May 2024 as follows:

- 150,000 Options with an Exercise Price of EUR 6.00 per tonies' share.
- 250,000 Options with an Exercise Price of EUR 7.50 per tonies' share.
- 300,000 Options with an Exercise Price of EUR 12.00 per tonies' share.
- 300,000 Options with an Exercise Price of EUR 20.00 per tonies' share.

250,000 of these options vested in 2024.

In 2024, according to the CFO's individual global stock option agreement, the CFO has been granted Options as of 19 June 2024 as follows:

- 97,500 Options with an Exercise Price of EUR 6.00 per tonies' share.
- 162,500 Options with an Exercise Price of EUR 7.50 per tonies' share.
- 195,000 Options with an Exercise Price of EUR 12.00 per tonies' share.
- 195,000 Options with an Exercise Price of EUR 20.00 per tonies' share.

81,250 of these options vested in 2024.

In 2024, according to the CXO's individual global stock option agreement, the CXO has been granted Options as of 23 September 2024 as follows:

- 60,000 Options with an Exercise Price of EUR 6.00 per tonies' share.
- 100,000 Options with an Exercise Price of EUR 7.50 per tonies' share.
- 120,000 Options with an Exercise Price of EUR 12.00 per tonies' share.
- 120,000 Options with an Exercise Price of EUR 20.00 per tonies' share.

33,333 of these options vested in 2024.

c. Additional voluntary bonus

The MB Members did not receive any additional voluntary bonus

2.3. Closed 2020 Virtual Stock Option Program

Before the appointment of the CFO, the CFO participated in a virtual stock option program ("VSOP"), set up prior the business combination resulting in tonies. The VSOP has been closed and is not part of the new remuneration policy of tonies. At the discretion of tonies, the virtual shares granted to the CFO under the VSOP can be exercised upon vesting for cash payment or shares in tonies. The vesting period is 48 months with a cliff period of 12 months.

In 2024, 5,995 of virtual shares of the CFO have been vested and 114,668 of virtual shares have been exercised. The numbers of shares granted and vested are detailed in the table below.

* Contractual grants not reconcilable to IFRS2 grants due to different calculation methods.

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3. Commitments in connection with the termination of employment termination by regular expiry of the order or notice of termination

3.1. Terms and termination

The service contracts of the MB Members are concluded for a fixed term of three years. The service contracts of the MB Members expires as follows: for the CEO at the end of 31 December 2026, for the CFO at the end of 30 April 2026, and for the CXO at the end of 1 September 2027.

3.2. Severance payments

The service contracts of the MB Members contain provision concerning payment in the event of a premature termination of the service contract.

For the CEO and CFO, any amount of a severance payment in the event of a premature termination of the service contract shall not exceed the sum of (i) the pro-rated fixed remuneration payable for a period of two years, however, at most for the remaining term of the respective service contract, and the pro rated annual Performance Bonus for a period of two years, however, at most for the remaining term of the service contracts. Any severance payment shall count against any compensation payable in connection with the post-contractual non-competition.

For The CXO, in the event of termination of the service contract, the company will pay an amount equal to six months of the then current base salary and a pro-rata portion of the target bonus for the fiscal year.

3.3. Post-contractual non-competition clause

The service contracts of the MB Members include a twelve-months post-contractual non-competition clause. During the term of this post-contractual non-competition clause, the respective MB Member shall receive a monthly non-competition compensation of 50 % of the pro-rated fixed annual salary lastly received. In the event of an extraordinary termination for good cause, the party entitled to terminate the service contract has the right to revoke the non-competition clause by written declaration to the other party within one month of the extraordinary termination.

3.4. Share Ownership Guidelines (SOG)

The MB members are obliged to acquire shares of tonies SE equal to 100% of his annual fixed remuneration (SOG target) and to hold those shares at least until the end of appointment as a MB member. The annual fixed remuneration comprises the total gross fixed remuneration of one financial year, which the MB member is granted in his position as MB member of the Company or as member of the management board of tonies SE or an affiliated company (Sec. 15 ff. AktG).

The required shareholding must be build up to the effect that the CEO will invest after each year at least 50 % of the net amount of Performance Bonus paid to the CEO until a total of 100 % of the SOG target are fulfilled.

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4. Compliance with the remuneration system and determination of target achievement

4.1. Promoting the sustainable development of tonies

The remuneration system promotes tonies' business strategy and longterm interests and thus contributes to tonies' longterm development. Strengthening the profitable and sustainable growth of tonies' business is the focus and basis for the structure of the remuneration system for the members of the Management Board.

In this context, the remuneration system is linked to the development of tonies, providing a compensation to motivate the MB Members towards the achievement of long-term goals in order to promote tonies' business strategy, long-term value and creation and sustainability, providing adequate compensation in consideration of the responsibilities, competency, commitment, workload, time spent and performance of each MB Member, reflecting the degree of required qualifications and experience of the MB Members, the risks that they take personally, and honour the dedication and efforts that the MB Members put into tonies; and ensuring that tonies continues to attract and retain individuals who consistently perform at or above expected levels and contribute to the success of tonies.

5. Allocation in financial year 2024

5.1. Remuneration granted and owed

Tobias Wann, MB Member

		January – December 2024	in %	2023	in %
Fixed compensation	Base salary (fixed compensation)	500,004.00	94.8 %	0.00	–
	Fringe benefits (Insurance, car allowance, etc.)	18,000.00	3.4 %	0.00	–
	Total	**518,004.00**	**98.3 %**	**0.00**	**–**
Variable compensation	Variable compensation	0.00		0.00	–
	Total	**518,004.00**	**98.3 %**	**0.00**	**–**
Other		**9,199.10**	**1.7 %**	**0.00**	–
Total		**527,203.10**	**100.0 %**	**0.00**	**–**
Pension benefits		0.00		0.00	–
Total remuneration		**527,203.10**	**100.0 %**	**0.00**	**–**

Jan Middelhoff, MB Member

		January – December 2024	in %	2023	in %
Fixed compensation	Base salary (fixed compensation)	275,000.00	78,7 %	150,000.00	53,7 %
	Fringe benefits (Insurance, car allowance, etc.)	14,076.72	4,0 %	7,058.00	2,5 %
	Total	**289,076.72**	**82,8 %**	**157,058.00**	**56,2 %**
Variable compensation	Variable compensation	60,134.53	17,2 %	50,000.00	17,9 %
	Virtual Stock Option Bonus	0.00		72,252.87	
	Total	**349,211.25**	**100,0 %**	**279,310.87**	**100,0 %**
Other		**0.00**	**0,0 %**	**0.00**	0,0 %
Total		**349,211.25**	**100,0 %**	**279,310.87**	**100,0 %**
Pension benefits		0.00		0.00	
Total remuneration		**349,211.25**	**100,0 %**	**279,310.87**	**100,0 %**

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Virginia McCormick, MB Member

		September – December 2024	in %	2023	in %
Fixed compensation	Base salary (fixed compensation)	154,309.90	97.1 %	0.00	–
	Fringe benefits (Insurance, car allowance, etc.)	4,644.87	2.9 %	0.00	–
	Total	**158,954.78**	**100,0 %**	**0.00**	**–**
Variable compensation[1, 2]	Variable compensation	0.00		0.00	–
	Total	**158,954.78**	**100,0 %**	**0.00**	**–**
Other		**0.00**		**0.00**	–
Total		**158,954.78**	**100,0 %**	**0.00**	**–**
Pension benefits		0.00		0.00	–
Total remuneration		**158,954.78**	**100,0 %**	**0.00**	**–**

Comparative presentation of the annual change in compensation with earnings development and employee salary development

Annual change	Percentage change 2024 compared to 2023	Explanation
Management Board compensation		
Tobias Wann MB Member (since 1 January 2024)	0.00 %	New member of the Management Board
Jan Middelhoff MB Member (since 1 May 2023)	25.0 %	Minor reduction due to the different valuation of fringe benefits
Virginia McCormick MB Member (since 2 September 2023)	+0.00 %	New member of the Management Board
Business development of tonies		
Revenue development	+33 %	Mainly driven by international markets
Adj EBITDA development	+251 %	Majorly influenced by Contribution Margin improvement
Average salary development of employees with full time employment		
Salary development of all employees or a reference group	+4.2 %	

5.2. Review of the appropriateness of Management Board remuneration

The Supervisory Board conducted a review of the remuneration of the Management Board in financial year 2024 and came to the conclusion that the amount of the remuneration of the Management Board is appropriate and ensures conformity with the Luxembourg laws.

For the assessment of the appropriateness of Management Board compensation, the Supervisory Board also regularly takes external advice. This involves assessing from an external perspective the relationship between the level and structure of the Management Board compensation and the compensation of the workforce as a whole (vertical comparison). In addition to a status quo analysis, the vertical comparison also takes into account the development of compensation ratios over time. On the other hand, the level and structure of remuneration are assessed on the basis of tonies' positioning in a comparative market (horizontal comparison). In addition to fixed compensation, the horizontal comparison also includes the sharebased longterm bonus as well as the amount of fringe benefits. The peer group was chosen carefully by the Supervisory Board in order to avoid an automatic upward trend in compensation.

[1] Actual amount depends on the target achievement for the 2024 financial year, which will be determined by the Supervisory Board within one month of the audited and approved consolidated financial statements of tonies being available.
[2] Claim under the equity incentive agreement has arisen due to shares being vested, however so far no payment has been made as settlement was deferred to next settlement dates.

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6. Remuneration of the Supervisory Board in financial year 2024

6.1. Components of Supervisory Board remuneration

The members of the Supervisory Board only receive a fixed annual salary.

in EUR	Financial Year	Fixed compensation	Total
Chairperson of the Supervisory Board Anna Dimitrova (until 29 May 2024)	2024	50,000	50,000
	2023	120,000	120,000
Chairperson of the Supervisory Board Christian Bailly (from 29 May 2024)	2024	100,833	100,833
	2023	90,000	90,000
Member of the Supervisory Board Dr. Thilo Fleck (until 29 May 2024)	2024	25,000	25,000
	2023	60,000	60,000
Member of the Supervisory Board, Chairperson of the Audit Committee Helmut Jeggle (since 27 November 2021)	2024	90,000	90,000
	2023	90,000	90,000
Member of the Supervisory Board Alexander Kudlich (since 27 November 2021)	2024	60,000	60,000
	2023	60,000	60,000
Member of the Supervisory Board Alexander Schemann (since 27 November 2021)	2024	60,000	60,000
	2023	60,000	60,000
Member of the Supervisory Board Erika Wykes-Sneyd (since 1 October 2023)	2024	60,000	60,000
	2023	15,000	15,000
Total	**2024**	**445,833**	**445,833**
	2023	**540,000**	**540,000**

6.2. Presentation of the annual change in remuneration

The remuneration has not changed compared to the financial year 2023 except for Christian Bailly who received an adjusted remuneration of EUR 10,000,00 per month starting September 2024 reflecting his role as the Chairperson of the Supervisory Board.

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tonies SE shares in review

Market Environment and Challenges in 2024

In 2024, the global market remained volatile, influenced by persistent geopolitical tensions, including the prolonged war in Ukraine, ongoing instability in the Middle East, and escalating trade conflicts between major economies. Additionally, inflationary pressures, high interest rates, and sluggish global growth created further challenges for investors. Small and mid-cap stocks faced headwinds from reduced risk appetite and lower liquidity in capital markets. Despite these challenges, tonies SE demonstrated strong operational performance, which was reflected in the positive share price development.

Share Price Performance

tonies SE shares performed exceptionally well in 2024, rising by **44 %** over the year. After starting at EUR **5.25**, the share price peaked at **EUR 8.34** before closing at **EUR 7.58** on **31 December 2024.** The company's market capitalization stood at **EUR 962 million** (including treasury shares) at year-end, with an average daily trading volume on Xetra of approximately **30k shares.**

tonies SE share (as of 31 December 2024)

	2024
Number of shares Issued	126,847,586
Share price in EUR	
Last (31 December)	7.58
High	8.34
Low	4.59
Market capitalization in EUR million (31 December)	962
ISIN	LU2333563281
Ticker symbol	TNIE
WKN	A3CM2W

Performance Comparison with Key Indices

tonies SE shares significantly outperformed key market indices in 2024. While the **SDAX declined by 2 %** and the **MDAX fell by 6 %,** tonies shares surged **44 %,** underscoring strong investor confidence in the company's business model and growth trajectory.

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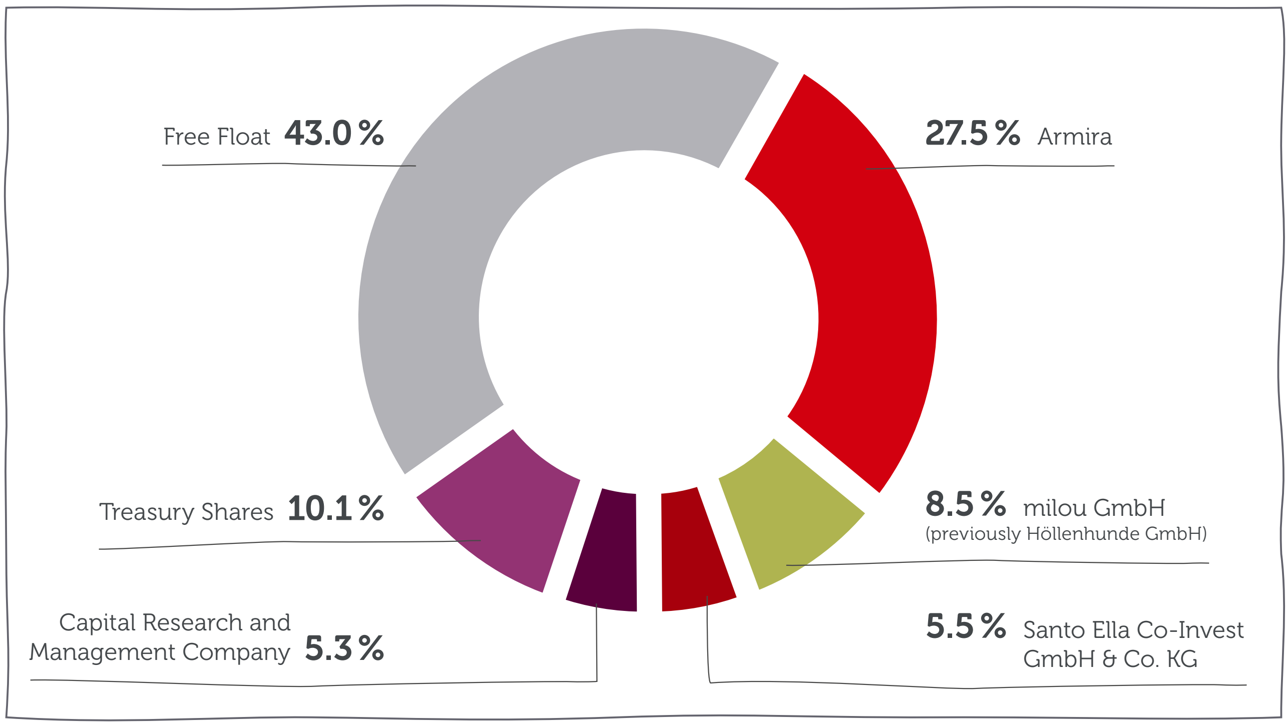
Investor Engagement and Transparency

Since **25 August 2022,** tonies SE shares have been traded in the Prime Standard segment of the Frankfurt Stock Exchange, representing the highest transparency standard. tonies remains committed to open and transparent communication with investors and analysts. In 2024, the company actively engaged with the financial community, participating in **18 capital market conferences and roadshows** across Europe and North America. These events provided institutional investors and financial analysts the opportunity to engage directly with tonies SE, including top management, through one-on-one and group meetings, site visits, and virtual formats.

Shareholder Structure (as of 31 December 2024)



Analyst Coverage and Recommendations (as of 31 March 2025)

As of **31 March 2025,** tonies SE shares were covered by five research analysts. The consensus outlook remained positive, with four analysts assigning a **Buy** rating and one issuing an **Outperform** rating. The average target price stood at **EUR 10.6.**

Broker	Analyst	Price target (EUR)	Rating
mwb Research	Oliver Wojahn	11.0	Buy
Berenberg	Gerhard Orgonas	11.0	Buy
Hauck & Aufhäuser	Christian Salis	12.0	Buy
Warburg	Thilo Kleibauer	10.3	Buy
Oddo BHF	Sinan Doganli Mariem Ben Nejma	8.6	Outperform

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Consolidated Financial Statements

- Consolidated Management Report
- Corporate governance and responsibility statement of tonies SE
- Report of the Reviseur d'Entreprises Agréé
- Consolidated Statement of Financial Position
- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Notes to the Consolidated Financial Statements

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Consolidated Management Report

for the year ended 31 December 2024

1. Basic information on the Group

1.1. Business model

tonies was founded in 2013 and established a new, multi-billion-euro category. tonies SE and its subsidiaries (hereinafter referred to as the "Group", the "Company" or "tonies") develop, produce and distribute a digital, cloud based and interactive audio platform and entertainment system for children aged three and up, providing a listening and storytelling experience that captures their imagination and allows them to play intuitively and through the sense of touch. tonies generates revenue from the initial sale of the "Toniebox" and from follow-on purchases of "Tonies" and "Accessories & Digital".

The **Toniebox** is a connected audio player, using tonies patented hardware. The sale of a Toniebox marks the start of the customer journey through the tonies ecosystem. Children can operate the Toniebox independently and autonomously, making the Toniebox essentially a kids "first device". The volume can be increased or decreased by pressing one of the two ears of the Toniebox and chapters or songs can be changed by tapping the sides of the Toniebox or fast-forwarded and rewound by tilting it. Even swapping stories is simple by placing a different Tonie on the box to begin a new adventure.

Tonies are figurines that can be placed at the top of the Toniebox. Each Tonie contains a download code that serves as a key to unlock content which is then downloaded from the cloud to the Toniebox. Historically, each sale of a Toniebox triggered on average repeat purchases of about 20 Tonies within 4.5 years from the sale of the respective Toniebox. Tonies cover a wide range of content including songs, stories, entertainment, and education. Content Tonies, which provide inhouse-produced or externally licensed content from partners such as Disney, Sony, and Universal account for the majority of Tonies revenue. With the Clever Pocket Tonies designed for kids 5+, which focus on learning series, and the Book (Pocket) Tonies, which offer full audio books, the company is increasingly expanding its offering for older children. The Group also sells Creative Tonies that can play the customer's own content such as favourite books recorded in own voice, singing favourite songs, preserving cherished family memories for the future, or sending messages to loved ones from afar.

The **Accessories & Digital** product category includes revenues from accessories, such as adjacent products and merchandising like headphones, transport solutions and decoration as well as revenue from tonies digital library, which offers a wide variety of digital content that can be assigned to a Tonie using the mytonies app.

tonies operates in the geographical regions DACH (Germany, Austria, and Switzerland), North America and Rest of World (including UK and France as largest markets and Australia and New Zealand that was launched in 2024) with local teams in place. The Group generated most of its revenue in fiscal year 2024 in the international markets. Due to the continued successful international expansion, revenue in international markets is growing rapidly and represents a larger share of total revenue than the DACH region – in 2024, around 62 % of revenue was generated in international markets compared to 54 % in 2023. The DACH region still provides a large portion of total sales, which accounted for EUR 184.3 million of the total revenue of EUR 480.5 million. The North America market for the first time in 2024 exceeded the DACH market in revenue with EUR 210.4 million.

With more than 8 million Tonieboxes and above 100 million Tonies sold since the first product launch at the end of 2016, tonies is, by its own admission, clear market leader for its product category.

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tonies products are sold through different online and offline **distribution channels:** in **wholesale** (brick-and-mortar retail partner stores and retail partner online channels) and through the Group's **direct-to-consumer** channels, consisting of its own online shops and the Amazon marketplace in the various countries. For wholesale revenue, tonies supplies major retailers ("key accounts") in the areas of consumer electronics, toys, and books, as well as specialist retailers operating in the areas of toys and books. Revenue via direct-to-consumer channels amounted to around 44 % of the Group's revenue in 2024 compared to about 45 % in 2023.

tonies marketing relies heavily on a brand and category building strategy. By presenting Tonieboxes and Tonies as category-defining products, tonies has created an own distinctive identity on the market, which provides high recognition value and creates differentiation from other products on the market. Maintenance of tonies' strong brand identity is crucial for customer loyalty and for sustaining and driving revenue and profit growth.

Alongside retail and sales expertise, the Group – together with its suppliers – also has the design, manufacturing, and product development expertise it needs and the patents. The use of specially coded chips enables a closed system.

1.2. Capital markets, governance and takeover law

General information

tonies SE is listed on Frankfurt Stock Exchange under the symbol "TNIE" and ISIN LU2333563281.

The Company is managed by a management board ("Management Board") which exercises its function under the control of a supervisory board ("Supervisory Board") in a dual management and supervisory structure. The members of the Management Board are appointed by the Supervisory Board for a term of up to five years and are eligible for reappointment for successive terms. A member of the Management Board may be removed at any time, with or without cause, by the Supervisory Board. Members of the Supervisory Board are appointed at the general meeting for a term of up to six years and are eligible for reappointment for successive terms. A member of the Supervisory Board may be removed at any time, with or without cause, by the general meeting at a two-thirds majority vote of the shares present or represented.

Subject to the provisions of the Luxembourg law, any amendment of the Company's articles of association (the "Articles of Association") requires a majority of at least two-thirds (2/3) of the votes validly cast at a general shareholders' meeting at which at least half of the share capital is present or represented. In case the second condition is not satisfied, a second meeting may be convened in accordance with the Luxembourg law, which may deliberate regardless of the proportion of the capital represented and at which resolutions are taken at a majority of at least two-thirds (2/3) of the votes validly cast. Abstention and nil votes will not be taken into account for the calculation of the majority. Furthermore, where there is more than one class of shares and the resolution of the General Meeting is such as to change the respective rights thereof, the applicable quorum and majority requirements must be met in each of the share classes.

The Management Board is authorised to issue public shares, to grant options or warrants and to issue any other instruments giving access to public shares within the limits of the authorised capital, set at EUR 10,033,894.64, consisting of 627,118,414 class A (public) shares, to such persons and on such terms as they shall see fit and specifically to proceed to such issue with removal or limitation of the preferential right to subscribe to the shares issued for the existing shareholders.

The Management Board is currently not authorised to instruct the Company, directly or indirectly, to repurchase its own shares.

The Company had 126,847,586 total shares in issue (including treasury shares) as of 31 December 2024.

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The shareholders of tonies as of 31 December 2024 are the following entities, none of which is a controlling party from its shareholding. The information below is based on official publications incl. voting rights notification:

Armira	27.5 %
milou GmbH (former Höllenhunde GmbH)	8.5 %
Santo Ella CoInvest GmbH & Co. KG	5.5 %
Capital Research and Management Company	5.3 %
Treasury Shares	10.1 %
Free Float	43.1 %

Own share transactions

On 6 February 2024, the Company disposed 244,116 class A shares of the Company held in treasury for an amount of EUR 4.65 per class A share as a private placement. On 28 August 2024 the Company disposed 337,980 class A shares of the Company held in treasury for an amount of EUR 6.00 per class A share as a private placement. Another 59,524 shares have been transferred to a plan recipient in fulfillment of share-based payment payments instead of a cash payment. The transactions were carried out to make payments in accordance with the equity incentive plan.

The Company held 12,766,132 (31. 12. 2023: 13,407,752) class A shares of the Company in treasury as of 31 December 2024.

Branches

The Company did not have any branches for corporate purposes at the end of the reporting period in addition to the subsidiaries.

1.3. Group structure

tonies SE heads the Group. The Company's headquarters are located at 9, Rue de Bitbourg, L1273 Luxembourg, Luxembourg.

As of 31 December 2024, tonies SE held 100 % in tonies Holding GmbH which held 100 % in tonies Beteiligungs GmbH. This corporate structure is the result of a business combination. tonies Beteiligungs GmbH holds all shares in tonies GmbH, which runs the Group's operating business in the DACH region, its European webshop as well as other international activities not covered by dedicated entities, and all Headquarters' functions. It is also the parent company of the international subsidiaries. Operating business in the US and Canada is run by tonies US Inc. and in France by tonies France SAS. tonies UK Ltd is the sales company for markets in the UK and Ireland and tonies ANZ Pty Ltd supports market activities in Australia and New Zealand.

1.4. External factors that affect business

Material factors that could impact on the Group's business in the short term include changes in general macroeconomic and political conditions and the sector specific economy. These are explained in more detail in section 2.1. Section 7. also includes further explanations of opportunities and risks in relation to the Company's business.

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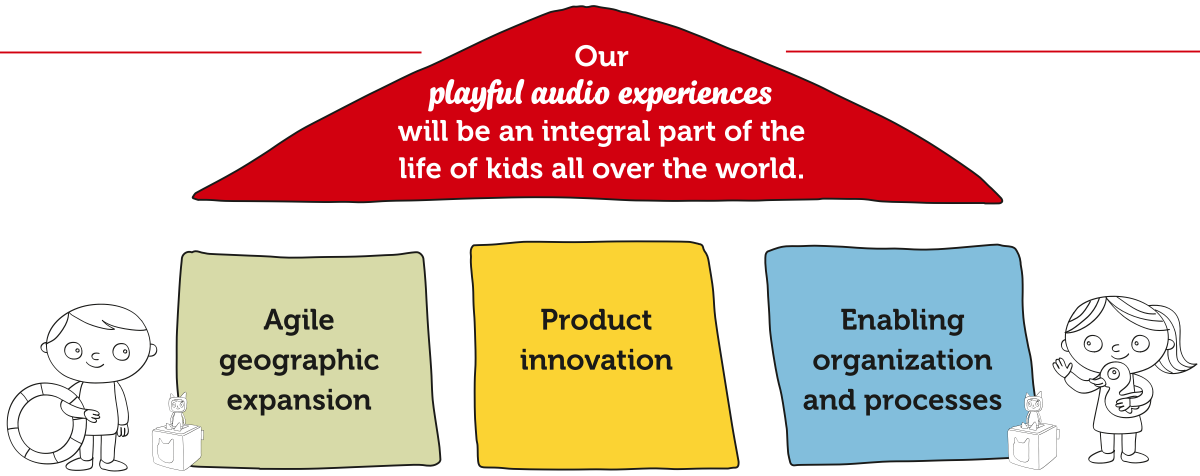

1.5. Group strategy

Vision and Mission

Our vision is that our playful audio experiences will be an integral part of the life of kids all over the world. tonies' strategy to deliver on our vision is based on three key pillars:

- Agile geographic expansion, which is currently focused on further penetration in existing markets
- Product innovation, which is crucial to continue delivering value to our customers going forward
- Enabling organization and processes, which is required as a basis to successfully scale our business through international expansion and product innovation

On our way to achieve our vision, tonies' mission is to enrich moments for little listeners around the world.

Agile geographic expansion

With regards to geography, tonies manages its business as three different regions: DACH, North America, and Rest of World, with DACH and Rest of World now being combined under one C-level executive and North America also representing a dedicated C-level area.

DACH: Our DACH market continues to be a huge success story: Almost every second child in our target group in Germany has a Toniebox. In this more established market, the focus remains on further increasing profitability. This involves distribution channel optimization, active portfolio management including both attractive new product launches and decisions on discontinuing less profitable products as well as the optimization of unit economics.

North America: In 2024, North America became the largest market for tonies after launching in 2020. Business performance in this large and strategically important market has exceeded expectations led by continued wholesale expansion, strengthening the brand presence at major retailers. We continue to grow our retail partnerships, especially through expanding our business with key partners such as Target and Walmart. Reaching this level in North America is one of tonies' key priorities and will be supported by products (e. g. Starter set bundles) tailored specifically to the North American market requirements.

Rest of World: This region currently consists of the United Kingdom & Ireland (both served from the UK) and France as core markets with local teams, as well as so-called "noncore markets". In line with our strategy, we are further rolling out our profitable business model in new global markets and successfully launched our products in Australia & New Zealand in 2024. In noncore markets, tonies pursues an agile approach and serves the markets either via direct-to-consumer channels only (e.g. Belgium, Luxembourg, Netherlands, Portugal and Spain) or as part of a distributor model (e.g. Australia and New Zealand).

Product innovation

Product innovation at tonies encompasses physical and digital products as well as audio content, including both licensed and proprietary content.

Physical: Innovations in our physical platforms will be a key driver for securing our leading position in the category. We continue to grow the attractiveness of our platform through special Starter set bundles and the launch of new Tonie figurines. At the same time, new Tonie formats, such as the Clever Pocket and Book Pocket Tonies, will help us to expand our tonieverse for families and broaden our target audience across age groups. Introducing new standardized Tonies formats also allows us to increase our time-to market and optimize our margin through simplified design. Through the further expansion of our accessories portfolio, ranging from headphones to Night Light Tonies, we further offer attractive addon products for our customers, which – due to their attractive margin profiles – support our overall profitability ambition. Merchandising will become increasingly important in the coming years, especially as brand awareness and new franchises grow.

Digital Experience: Our digital ecosystem is a key driver of engagement, retention, and long-term customer value, seamlessly complementing our physical products. Through continuous enhancements to our mobile app, we are elevating the customer experience with AI-driven personalization, ensuring that households receive tailored recommendations that enrich their Toniebox journey. Beyond engagement, we have streamlined the setup experience, making it easier than ever for families to get started with Tonies and improving app store ratings. Looking ahead, we are investing in generative research to unlock new product experiences and drive the next wave of interactive, screen-free storytelling for children.

Content: Together with the physical product, high-quality audio content forms the core of our tonies' experiences. We will continue to offer license-based global blockbusters and local hero stories to cater to the requirements of our little listeners. At the same time, we will increasingly build up own content franchises/brands (which we call "tonies Originals") to leverage our global installed base and our inhouse content expertise. The huge success of our award-winning "Sleepy friends" franchise, which focuses on bedtime routine, showcases the potential of such own franchises. Therefore, we introduced the "Lalalinos" with the first two-character figurines, Akio and Scout, in 2024. A third figurine will follow in 2025. The Lalalinos is a refreshing and friendly brand that helps to ignite all areas of child development through music, rhythm and dance. This launch fulfils our global franchise ambition to create love brands based on excellent, audio-first experiences for kids and parents. Apart from the revenue and margin potential from inhouse productions and self-developed licenses, we aim to increasingly generate licensing revenues from licensing out our successful franchise brands.

Enabling organization and processes

On our way to further strengthen the scalability of our company, we are constantly working to set up and enable our organization and processes to support our growth ambition. This includes, but is not limited to, the following aspects:

Scalable operations: Operations are – and will continue to be – a major focus area for tonies to achieve scalability. With our operational excellence program, which we launched in 2023, we have been able to generate major scalability improvements. This program has now progressed to a phase where its activities are integrated into daily operations, aiming to further stabilize, standardize, and mitigate risks in our operations and production. This phase also includes exploring further automation and tool-support opportunities in our processes.

Performance Management: Performance management played an important role in becoming a profitable company on group level and helped us especially in times with challenging macroeconomic environments. The continued active steering of our profitability supported the achievement of our positive high-single digit adjusted EBITDA margin level in 2024, e.g. through further optimization of unit economics, active management of our distribution channels and the generation of cross company marketing efficiencies. Performance management will remain a major focus area for tonies going forward. Moreover, we will remain cost-conscious and maintain a sound cost base throughout our international growth.

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Sustainability: In 2024, we focused on developing our dedicated Sustainability Report, which will voluntarily be published for 2024 and then annually from 2025. This report contains details of our specific sustainability projects, allowing us to share our ambitions and progress with external stakeholders. The report will be published separately after the annual report.

Data: As a data driven company, tonies aims to better leverage existing data and generate additional data to actively steer and support the company during our scaleup. In 2024, we have continued to build our data expertise, also through selected hires, and further trained our employees to improve data literacy throughout the company.

Teams and Culture: Besides our product, the success of tonies is built on the strength of engaged teams and our corporate culture. In 2024, we reinforced our commitment to employee engagement by encouraging a global annual engagement survey alongside quarterly pulse surveys. In times of high growth, actively listening to our teams' feedback is key, helping us understand sentiments, identify challenges, and take meaningful action.

1.6. Performance assessment system

Since 2023, revenue and profitability of the business were managed and monitored at segment level below Group level. These segments are based on the composition of the Company's management teams according to tonies' key sales markets: DACH, North America and Rest of World. In connection with the establishment of management by segment, the previous key performance indicators (KPIs) used to manage the business were partially revised. Since 2023, the Management Board uses several key performance indicators (KPI) presented in the table below to measure operating performance of the segments, as a basis for strategic planning. These KPI's also provide useful information to investors and others in understanding and evaluating the results of operations and is a useful measure for period-to-period comparisons of tonies business performance. For further information on the segments, please refer to Section 6, "Operating segments" in the notes to the consolidated financial statements.

KPI	2024 (audited)	2023 (audited)
Revenue	EUR 481 million	EUR 361 million
Contribution margin (a)	34.5 %	35.3 %
Adjusted EBITDA margin (b)	7.5 %	4.0 %
EBITDA margin (c)	7.0 %	2.4 %

We refer to the separate overview included in the annual report with detailed description of the calculation of alternative performance measures.

(a) For the definition, explanation and reconciliation of contribution margin refer to 2.3.2 Profitability
(b) For the definition, explanation and reconciliation of adjusted EBITDA margin refer to 2.3.2 Profitability
(c) For the explanation of EBITDA margin refer to 2.3.2 Profitability

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2. Economic report

2.1. Macroeconomic development

According to the winter forecast published by the Kiel Institute for the World Economy (IfW Kiel) in December 2024, the global economy performed moderately. Although inflation is now falling rapidly, there are currently no signs of an economic upturn while economic and political uncertainties are rising.

Global production (measured based on purchasing power parities) is expected to grow by 3.2 % in 2024. Global trade actually declined in 2024 compared to the previous year. There were considerable differences in productivity trends between the developed economies in 2024, with the US economy proving to be particularly robust, while overall economic production in Europe tended to stagnate. In China, overall economic production picked up, although it remains low by historical standards, meaning that the country has lost much of its role as a driver of global economic expansion.

The current political and economic changes being announced by the new US-administration together with political uncertainties in some major European countries will result in higher uncertainties in the markets.

2.2. Review of overall business performance

Overall, tonies recorded a very strong 2024 with exponential revenue growth led by North America now being the largest single market for tonies. tonies also achieved further substantial improvements in profitability resulting in a substantial increase in adjusted EBITDA and EBITDA and reaching break-even free cash flow (FCF).

Group revenue amounted to EUR 480.5 million in 2024, representing a year-over-year growth of 33.1 %, with an increase in revenue in all regions and all product categories. North America continued its rapid growth trajectory with revenue growth of 49.9 % to EUR 210.4 million, becoming tonies largest region for the first time.

Contribution margin decreased slightly from 35.3 % in 2023 to 34.5 % in 2024 due to a one-off effect in 2023. While gross margin was slightly higher as a result of favourable effects from channel and product mix and optimized sourcing, licensing costs increased as a percentage of revenue compared to the previous year, which included a positive non-recurring effect from the release of licensing provisions of around EUR 3.3 million.

The Group's adjusted EBITDA margin improved sharply from 4.0 % in 2023 to 7.5 % in 2024. This was mainly attributable to operating leverage resulting from lower personnel and other expenses as a percentage of revenue, supported by a slightly increased gross margin.

The Group's EBITDA margin also improved significantly from 2.4 % in 2023 to 7.0 % in 2024. In addition to operating leverage and the improved gross margin, the significantly lower share of share-based compensation also contributed to this increase. The difference between adjusted EBITDA and EBITDA narrowed from 1.6 % in 2023 to just 0.5 % in 2024.

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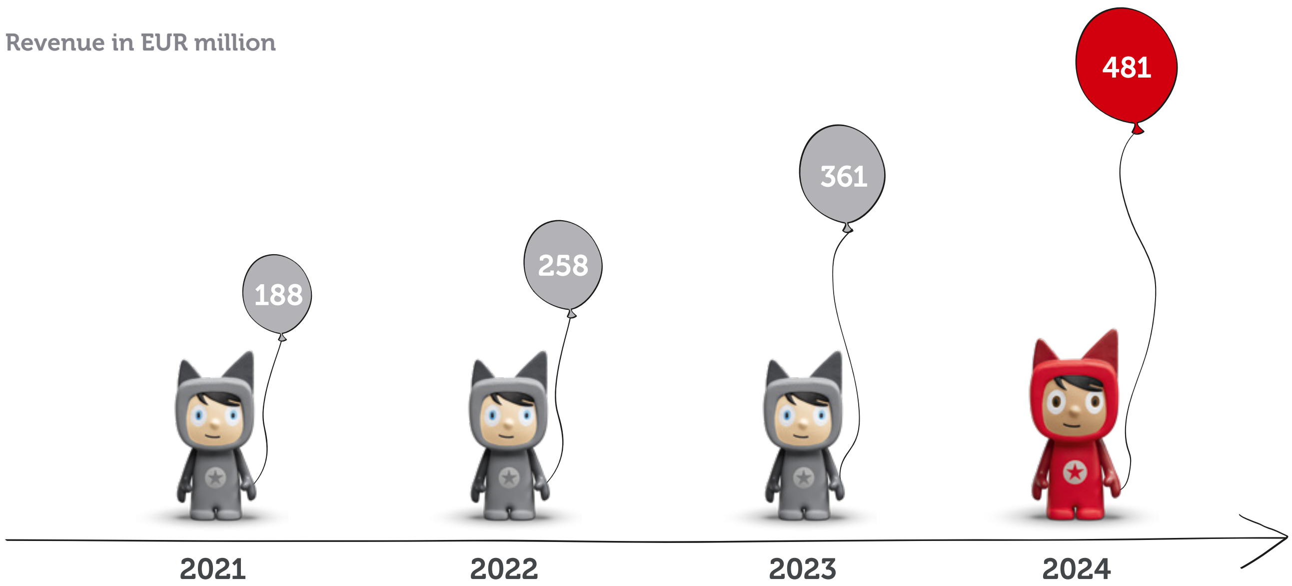
2.3. Results of operations of the Group

2.3.1. Revenue

Revenue increased substantially by 33.1 % from EUR 360.9 million in 2023 to EUR 480.5 million in 2024.

Revenue in EUR million



The more established **DACH** region witnessed a notable revenue growth of 11.1 % amounting to EUR 184.3 million. On the product side the increase in revenue was strongly driven, amongst others, by Clever Pocket Tonies, a newly launched Tonies format, which focuses on educational content for older kids. On the channel side, direct-to-consumer recorded the strongest growth rate. At the end of 2024, tonies had around 9,500 points of sale at wholesale partners in the DACH region (including seasonal listings), a clear sign of the major retail distribution in the region.

Revenue in **North America** soared to EUR 210.4 million, marking a remarkable growth of 49.9 %. This significant growth was driven by robust performance especially in the wholesale channel. The continuous adoption of tonies' products by prominent retailers such as Target and Walmart contributed to a substantial rise in the total number of points of sale, from approximately 6,700 at the close of 2023 to about 8,300 at the end of 2024 and a major increase in shelf space at major retail partners such as Target and Kohl's.

In the **Rest of World** region, encompassing the UK, Ireland, France, Australia and New Zealand, and the European web-shop, revenue surged by 57.0 % from EUR 54.7 million to EUR 85.9 million in 2024. This growth was predominantly fueled by a sharp revenue increase in the UK and France and tonies' most successful market launch to date in Australia and New Zealand in August 2024.

Due to the continued successful international expansion, revenue in international markets grew rapidly and accounted for a larger share of total revenue than the DACH region – in 2024, around 62 % of revenue was generated in international markets compared to 54 % in 2023. This confirms the execution success of tonies international expansion strategy.

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In terms of product categories, revenue from **Tonieboxes** increased by 16.1% year-over-year to EUR 137.2 million. Most Tonieboxes were sold in North America, significantly increasing tonies installed base in the most important growth market. This clearly underlines the international revenue and margin potential.

Revenue from **Tonies figurines** increased by 44.3% to EUR 325.5 million. The increase was driven by a combination of licensed third-party Tonies like Paw Patrol, and various Disney Tonies, along with inhouse-produced content and unique designs such as "Sleepy Friends" and "Playtime Songs". By successfully rolling out its educational series "Clever Pocket Tonies" and by introducing full audio books through "Book Pocket Tonies", tonies further strengthened its product portfolio for kids aged 5 and above. In addition, tonies launched its own franchise Lalalinos, which offers an engaging approach to fostering child development through music, rhythm, and dance, while supporting the company's global franchise ambition to establish beloved brands through exceptional, audio-first experiences for children and parents.

Revenue in the **Accessories & Digital** category rose by 3.6%, reaching EUR 17.9 million. This growth was driven by strong sales of the Night Light Tonies, which offer a blend of soothing melodies, the option to record personal goodnight messages, and a warm light, along with popular items like headphones, carriers and chargers.

Both wholesale and direct-to-consumer distribution channels continued to play a key strategic role for tonies. In 2024, the revenue share from the company's own online channels remained robust, accounting for 44% of the Group's total revenue, only slightly down from 45% in 2023.

in EUR million	FY 2024	FY 2023	Change
Net Revenue	**480.5**	**360.9**	**33.1%**
by geography			
DACH	184.3	165.9	11.1%
North America	210.4	140.4	49.9%
RoW	85.9	54.7	57.0%
by product category			
Tonieboxes	137.2	118.1	16.1%
Tonies	325.5	225.5	44.3%
Accessories & Digital	17.9	17.3	3.6%

2.3.2. Profitability

Adjusted EBITDA is a key performance indicator, which is calculated from EBITDA by adjusting for various effects to create a metric for the underlying profitability of the business. Adjustments relate to expenses incurred where management believes adjustments should be made due to extraordinary and non operational character. In 2024 and 2023, the adjustments comprised only costs for share-based compensation. The adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of revenue. Despite the continued investment in international growth, adjusted EBITDA improved substantially from 4.0% of revenue in 2023 (EUR 14.4 million) to 7.5% of revenue in 2024 (EUR 36.1 million). This was attributable particularly to substantial operating leverage resulting from lower personnel and other expenses as a percentage of revenue, supported by a slight increase in gross margin.

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Consolidated Group statement of profit or loss in accordance with IFRS (based on own grouping):

	2024		2023		Change	
	EUR m	% of Revenue	EUR m	% of Revenue	EUR m	% of Revenue
Revenue	**480.5**	**100.0 %**	**360.9**	**100.0 %**	**119.6**	**0.0 %**
COGS	– 182.2	– 37.9 %	– 138.5	– 38.4 %	– 43.7	0.5 %
Gross profit	**298.4**	**62.1 %**	**222.5**	**61.6 %**	**75.9**	**0.5 %**
Licensing costs	– 54.9	– 11.4 %	– 36.3	– 10.1 %	– 18.5	– 1.4 %
Gross profit after licensing costs	**243.5**	**50.7 %**	**186.1**	**51.6 %**	**57.4**	**– 0.9 %**
Own work capitalized	1.6	0.3 %	1.4	0.4 %	0.2	– 0.1 %
Other income	14.9	3.1 %	8.1	2.3 %	6.8	0.9 %
Personnel expenses	– 53.7	– 11.2 %	– 48.6	– 13.5 %	– 5.1	2.3 %
Other expenses	– 172.9	– 36.0 %	– 138.4	– 38.3 %	– 34.5	2.4 %
EBITDA	**33.5**	**7.0 %**	**8.7**	**2.4 %**	**24.8**	**4.6 %**
Depreciation and amortization	– 20.8	– 4.3 %	– 19.5	– 5.4 %	– 1.3	1.1 %
EBIT	**12.7**	**2.6 %**	**– 10.8**	**– 3.0 %**	**23.5**	**5.6 %**
Financial result	7.7	1.6 %	5.7	1.6 %	2.0	0.0 %
EBT	**5.0**	**1.1 %**	**– 5.1**	**– 1.4 %**	**10.1**	**2.5 %**
Tax result	8.0	1.7 %	– 6.7	– 1.9 %	14.8	3.5 %
Net income (loss)	**13.1**	**2.7 %**	**– 11.8**	**– 3.3 %**	**24.9**	**6.0 %**

Adjusted EBITDA is calculated from EBITDA as follows:

	2024		2023		Change	
	EUR m	% of Revenue	EUR m	% of Revenue	EUR m	% of Revenue
EBITDA	33.5	7.0 %	8.7	2.4 %	24.8	4.6 %
Share Based Compensation	2.7	0.6 %	5.7	1.6 %	– 3.0	– 1.0 %
Adj. EBITDA	**36.1**	**7.5 %**	**14.4**	**4.0 %**	**21.7**	**3.5 %**

The Group's **EBITDA** margin also improved significantly from 2.4 % in 2023 to 7.0 % in 2024 as EBITDA increased from EUR 8.7 million in 2023 to EUR 33.5 million in 2024. In addition to operating leverage and an improved gross margin, the significantly lower share of share-based compensation also contributed to this increase. The difference between adjusted EBITDA margin and EBITDA margin narrowed from 1.6 % in 2023 to just 0.5 % in 2024.

The **contribution margin** is defined as the contribution profit in percent of revenue with external customers. The contribution profit is calculated from the gross profit after licensing costs less various sales-related costs that are together aggregated as logistic and other sales dependent costs (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.

Contribution margin slightly decreased from 35.3 % of revenue in 2023 to 34.5 % of revenue in 2024. While gross margin was slightly higher as a result of favourable effects from channel and product mix and optimized sourcing, licensing costs increased as a percentage of revenue compared to the previous year, which included a positive non-recurring effect from the release of licensing provisions of around EUR 3.3 million. At EUR 165.8 million, contribution profit was well above the previous year's level of EUR 127.3 million.

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Reconciliation contribution margin

	2024		2023		Change	
	EUR m	% of Revenue	EUR m	% of Revenue	EUR m	% of Revenue
Gross profit after licensing costs	243.5	50.7 %	186.1	51.6 %	57.4	– 0.9 %
Logistics costs	– 46.0	– 9.6 %	– 34.8	– 9.7 %	– 11.2	0.1 %
Sales dependent costs	– 31.7	– 6.6 %	– 24.0	– 6.7 %	– 7.7	0.1 %
Contribution profit	**165.8**	**34.5 %**	**127.3**	**35.3 %**	**38.5**	**– 0.8 %**

Gross margin improved slightly compared to the previous year from 61.6 % to 62.1 %. This was primarily due favourable effects from channel and product mix including and optimized sourcing which resulted in lower purchasing prices.

Licensing costs increased from 10.1 % of revenue in 2023 to 11.4 % in 2024. The increase was related to a higher share of Tonies in the revenue mix of 68 % in 2024 compared to 63 % in 2023. Considering the one-time effect from the release of licensing provisions in the amount of EUR 3.3 million in 2023, licensing costs as a percentage of revenue in 2024 are at a similar level as in the previous year. As a result, gross margin after licensing costs decreased slightly from 51.6 % in 2023 to 50.7 % in 2024.

Internally developed assets were recognized as **own work capitalized** in the amount of EUR 1.6 million in 2024 (2023: EUR 1.4 million).

Personnel expenses rose from EUR 48.6 million in 2023 to EUR 53.7 million in 2024 mainly due to planned personnel increase. As a percentage of revenue, personnel expenses decreased substantially from 13.5 % in 2023 to 11.2 % in 2024, showing strong operating leverage.

Other expenses increased from EUR 138.4 million in 2023 to EUR 172.9 million in 2024. As a share of revenue, other expenses significantly declined from 38.3 % in 2023 to 36.0 % in 2024, demonstrating strong operating leverage. Other expenses include a range of different expenses such as logistics costs, other sales dependent costs, marketing, and other operating expenses, all of which have increased with the continued international growth. In particular, logistics and other sales-related costs increased with the continued international expansion, as international markets with higher online penetration account for a larger proportion of Group revenue. In addition, the other operating expenses also include expenses from realized and unrealized currency losses, which are overcompensated by currency gains within other income.

Depreciation and amortization of EUR 20.8 million in 2024 (2023: EUR 19.5 million) included depreciation and amortization of property, plant and equipment and intangible assets. A small part of this item resulted from a purchase price allocation in 2019, when tonies GmbH (formerly Boxine GmbH) was acquired by tonies Beteiligungs GmbH (formerly A. VI Beteiligungs GmbH) and became part of the group structure.

Financial result rose from EUR 5.7 million in 2023 to EUR 7.7 million in 2024. The major impact stemmed from the revaluation of warrants at fair value in 2024 compared to the previous year as a result of the strong share price performance of tonies SE shares.

Tax result turned from tax expense in prior year (EUR – 6.7 million) to a tax income of EUR 8.0 million as a result of current taxes calculated for the year 2024 and an additional deferred tax income from the first-time recording of deferred taxes on the tax losses carried forward in the US entity after reaching profitability in this market.

The **net income** for the year amounted to EUR 13.1 million in 2024 after a loss of EUR – 11.8 million in 2023.

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2.3.3. Financial position

Condensed consolidated statement of cash flows (based on own grouping):

	2024	2023	Change
	EUR m	EUR m	EUR m
EBITDA	33.5	8.7	24.8
Decrease (increase) in net working capital	– 4.3	– 6.5	2.2
Change in other positions	18.0	6.0	12.0
Cash flow from operating activities	**47.2**	**8.1**	**39.1**
Acquisition of property, plant and equipment	– 3.6	– 4.0	0.4
Acquisition of intangible assets	– 11.0	– 7.5	– 3.5
Development expenses capitalized	– 1.6	– 1.4	– 0.2
Change in other positions	2.1	0	2.1
Cash flow from investing activities	**– 14.1**	**– 12.9**	**– 1.2**
Proceeds from placement of treasury shares	2.0	0	2.0
Increase (decrease) in borrowing & leases	– 11.1	11.6	– 22.7
Cash flow from financing activities	**– 9.1**	**11.6**	**– 20.7**
Net increase (decrease) in cash	**24.0**	**6.8**	**17.2**
Change in cash resulting from exchange rate differences	4.2	– 2.5	6.7
Free cash flow	**33.1**	**– 4.8**	**37.9**

Cash flow from operating activities increased strongly in 2024 and amounted to EUR 47.2 million (2023: EUR 8.1 million). This was driven by a significantly higher EBITDA, which rose by EUR 24.8 million to EUR 33.5 million, and a nearly stable net working capital with a change of EUR + 2.2 million (2023: increase of EUR + 6.5 million). Inventories grew at a slower pace than revenue, reflecting effective inventory management and optimization. Meanwhile, trade receivables and trade payables increased, keeping net working capital nearly unchanged.

Cash flow from investing activities reflected investments in property, plant and equipment and intangible assets, and amounted to EUR – 14.1 million in 2024 (2023: EUR – 12.9 million). These included investments in tools to manufacture Tonies figurines, product-related expenses as well as own content production and software.

Free cash flow (the sum of cash flow from operating activities and cash flow from investing activities) turned positive and was at EUR 33.1 million in 2024 (2023: EUR – 4.8 million) driven by the substantial increase in cash flow from operating activities. Free cash flow represents the Group's cash efficiency and enables an assessment of profitability.

Cash flow from financing activities amounted to EUR – 9.1 million in 2024 (2023: EUR + 11.6 million), primarily driven by the partial repayment of credit lines, highlighting the Group's strong cash position at year-end 2024.

Overall, the Group's **cash** increased from EUR 59.3 million in 2023 by EUR 28.1 million (including EUR + 4.2 million effects from exchange rate differences) to EUR 87.4 million in 2024.

The Group was able to meet its obligations at all times in the financial years 2023, 2024 and afterwards.

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2.3.4. Assets and liabilities

Condensed consolidated statement of financial position in accordance with IFRS (based on own grouping):

	31.12.2024		31.12.2023		Change	
	EUR m	% of BS total	EUR m	% of BS total	EUR m	% of BS total
Assets	**558.5**	**100.0%**	**492.4**	**100.0%**	**66.1**	**0.0%**
Non-current assets	**287.4**	**51.5%**	**282.8**	**57.4%**	**4.6**	**−6.0%**
Property, plant and equipment	5.7	1.0%	6.6	1.3%	−0.9	−0.3%
Intangible assets (incl. Goodwill)	266.1	47.6%	270.8	55.0%	−4.7	−7.4%
Other	15.6	2.8%	5.4	1.1%	10.2	1.7%
Current assets	**271.1**	**48.5%**	**209.6**	**42.6%**	**61.5**	**6.0%**
Cash	87.4	15.7%	59.3	12.0%	28.1	3.6%
Inventories	89.1	16.0%	76.1	15.5%	13.0	0.5%
Trade receivables	76.9	13.8%	49.1	10.0%	27.9	3.8%
Other	17.7	3.2%	25.1	5.1%	−7.5	−1.9%
Equity and Liabilities	**558.5**	**100.0%**	**492.4**	**100.0%**	**66.4**	**0.0%**
Equity	**346.4**	**62.1%**	**325.3**	**66.1%**	**21.3**	**−4.0%**
Share capital & premium	609.1	109.1%	609.2	123.7%	−0.1	−14.7%
Other incl. accumulated profit and loss	−262.7	−47.0%	−283.9	−57.7%	21.5	10.7%
Liabilities	**212.1**	**38.0%**	**167.1**	**33.9%**	**45.0**	**4.0%**
Non-current liabilities	**45.9**	**8.2%**	**39.6**	**8.1%**	**6.3**	**0.2%**
Loans and borrowings	15.5	2.8%	7.4	1.5%	8.1	1.3%
Lease liabilities	3.7	0.7%	4.8	1%	−1.0	−0.3%
Share-based payment liabilities	1.3	0.2%	3.2	0.6%	−1.9	−0.4%
Deferred tax liabilities	25.3	4.5%	24.3	4.9%	1.1	−0.4%
Current liabilities	**166.2**	**29.8%**	**127.5**	**25.9%**	**38.7**	**3.9%**
Trade payables	75.5	13.5%	38.9	7.9%	36.6	5.6%
Loans and borrowings	0.2	0.0%	15.6	3.2%	−15.4	−3.1%
Other and provision	80.1	14.3%	67.2	13.6%	12.9	0.7%
Warrant liabilities	10.3	1.8%	5.8	1.2%	4.5	0.7%

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At EUR 558.5 million, total assets showed an increase compared to year-end 2023 (EUR 492.4 million).

Assets consisted in particular of **non-current assets**, which accounted for 51.5 % of total assets in 2023 (EUR 287.4 million) and were in absolute terms on a slightly higher level compared to 2023 (EUR 282.8 million) while their share of total assets decreased from 57.4 % due to the growing business and related short term assets. The major item is intangible assets. These were highly affected by the purchase price allocation for the acquisition of tonies GmbH in 2019. Goodwill, the brand, and the capitalised technology as well as customer relationship assets represented the vast majority of intangible assets and total assets. The decrease from EUR 270.8 million in 2023 to EUR 266.1 million in 2024 stemmed primarily from regular write-downs on the brand and the technology. Intangible Assets include goodwill of EUR 162.2 million. Investment in the Group's intangible and tangible assets continued in 2024. In addition to machine capacities and updates to production management, investments were made primarily in IT infrastructure (hardware and software) including self-developed assets to ensure the Group's systems remain viable for the future and prepared for the planned international growth.

Current assets increased from EUR 209.6 million per 31 December 2023 to EUR 271.1 million per 31 December 2024. Cash increased from EUR 59.3 million per 31 December 2023 to EUR 87.4 million. Inventories increased by 17.1 % to EUR 89.1 million as of 31 December 2024, reflecting overall growth. However, the rise in inventory was notably lower than the revenue growth, highlighting the effectiveness of our ongoing improvements in inventory management. Strategically, tonies aims for keeping sufficient goods in stock to further support the rapid growth trajectory in all markets, especially those with strong growth prospects. Trade receivables increased from EUR 49.1 million to EUR 76.9 million per 31 December 2024 mainly due to a strong 4th quarter 2024. Other assets (current) declined from EUR 25.1 million to EUR 17.7 million per 31 December 2024. This item includes VAT receivables and prepaid expenses.

Compared to year-end 2023, **equity** increased by EUR 21.1 million to EUR 346.4 million due to the improved profitability with a positive net income for the first time. Equity ratio decreased from 66.1 % to 62.0 % and remained at a very high level.

Non-current liabilities rose from EUR 39.6 million to EUR 45.9 million. Loans and borrowings (long term) increased to EUR 15.5 million (31 December 2023: EUR 7.4 million) but were partially repaid in January 2025. As further major items, long-term share-based payment liabilities decreased from EUR 3.2 million to EUR 1.3 million per year-end 2024 due to exercises and programs issued around the IPO in 2021 phasing out. Net deferred tax liabilities remained stable at EUR 25.3 million compared to EUR 24.3 million per 31 December 2023.

Current liabilities increased from EUR 127.5 million per 31 December 2023 to EUR 166.2 million per year-end 2024. The major increase was due to the rising trade payables growing from EUR 38.9 million to EUR 75.5 million per 31 December 2024. In addition to the overall increase in trade liabilities, this change is also attributable to adjustments in the presentation of certain license liabilities, which were classified as provisions in 2023 due to significantly higher uncertainties. Other (current) liabilities and provisions increased to EUR 80.1 million per 31 December 2024 compared to EUR 67.2 million per year-end 2023. Warrant liabilities increased from EUR 5.8 million to EUR 10.3 million due to the revaluation of warrants on tonies SE for former SPAC sponsors and shareholders as a result of the increased share price.

2.3.5. Comparison between actual business performance and outlook

For 2024, tonies expected group revenue of more than EUR 480 million and North America revenue of more than EUR 200 million. Adjusted EBITDA margin was expected to come in in the range of 6 – 8 % and free cash flow above EUR 10 million.

Group revenue reached EUR 480.5 million, aligning with the guidance, while North American revenue also met projections at EUR 210.4 million. Overall, revenue increase was driven by double-digit growth across all regions. For the first time, North America became the largest market for tonies, mainly driven by a continued successful wholesale expansion in the US market.

Adjusted EBITDA margin was in the upper half of the expected range of 6 – 8 % and came in at 7.5 %. The margin increase resulted from strong operating leverage and an improved gross margin versus previous year.

Free cash flow came in strongly at EUR 33.1 million due to higher profitability and more effective working capital management.

Overall, tonies achieved a strong business performance in 2024, successfully meeting its guidance once again.

Outlook versus performance 2024

	Guidance 2024	Results 2024
Group revenue (EUR million)	> 480	481
North America revenue (EUR million)	> 200	210
Group adjusted EBITDA (% of revenue)	6 – 8 %	7.5 %
Free cash flow (EUR million)	> 10	35.1

2.3.6. Overall assessment of the economic situation

Overall, the management considers the Group's economic situation to be sound based on the business performance described and the financial position. A refinancing agreement for the syndicated loan was signed on 28 March 2025 to extend the loan from kEUR 30,000 to kEUR 60,000 plus seasonal increase options which will ensure our ability for further growth.

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3. People

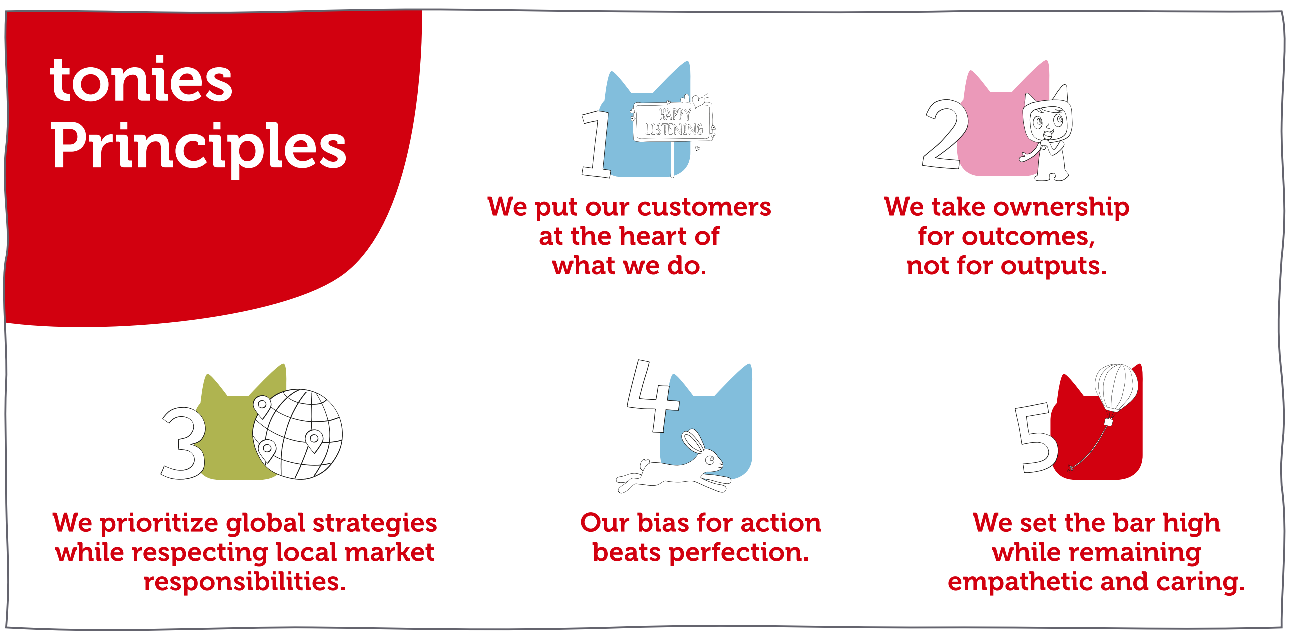
Besides our product, the success of tonies is built on the strength of engaged teams and our corporate culture. We believe that our people are the key to the Company's success. Our aim is to have a unique culture that attracts, excites, inspires, values, and retains our diverse teams around the globe.

At the end of December 2024, the Group employed 561 people. This represents an increase of 10 % compared to 508 employees at the end of 2023.

	2024 (year-end)	2023 (year-end)
Total number of employees (Number of employees on a headcount basis)	**561**	**508**
Total employees		
Male	44 %	43 %
Female	56 %	57 %
Total employees by region		
in Europe	462	434
outside Europe	99	74
Leadership positions	**128**	**106**
Male	56 %	58 %
Female	44 %	42 %

Cultivating a culture of Ownership & global Collaboration

Reflecting on our future ambitions, we have updated our tonies principles to align with our core beliefs, crucial for our continued success and mission to reach children globally. After the rollout in the second half of 2024, we are continuously integrating these principles throughout our organization. They are not only evident in our daily communications and interactions but are also actively incorporated into our feedback mechanisms and engagement surveys. This ongoing integration ensures that our actions are consistently guided by these foundational values.



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Fostering a culture of feedback & continuous learning

At tonies, our people are at the heart of everything we do – just like our product sparks imagination, we aim to create an environment that inspires and empowers our teams. To strengthen engagement and foster a thriving workplace culture, in 2024 we have introduced a new global annual engagement survey alongside quarterly pulse surveys. These initiatives allow us to continuously measure our engagement score and gain valuable insights into the key drivers of engagement. By listening to our employees and leveraging their feedback, we are committed to continuously providing a supportive environment that enables our teams to do their best work.

Furthermore, we continued our performance feedback journey with two feedback cycles per calendar year, complemented by targeted training and workshops to foster a culture of continuous feedback. These initiatives ensure that employees receive well-rounded, meaningful feedback that supports their growth while strengthening alignment with our company's goals.

Equity, Diversity & Inclusion

In 2024, tonies continued to build upon its strong foundation of Equity, Diversity, and Inclusion (EDI), making significant strides towards creating a more inclusive and equitable workplace. With the ongoing commitment of our leadership and the dedication of an employee resources group, our global Inclusion & Diversity (I&D) Champion Group, we have expanded our initiatives, strengthened our processes, and fostered a culture of belonging for all employees.

Our Key Achievements in 2024 included:

- Global celebration of Pride Awareness Month
- Recognised Disability Awareness Month
- Developed accessibility and inclusion resources
- External keynote speakers on EDI topics
- Workshops and training on key topics such as Unconscious Bias and Pride history
- Charity partnership with The Trevor Project including a fundraising campaign, resulting in a company-matched donation

All of the above was not possible without our I&D Champion Group, as we continued to hold quarterly sessions, co-creating impactful initiatives and fostering collaboration across our global teams. They developed and introduced our official I&D Mission Statement, encapsulating our commitment to allyship, fostering belonging, and promoting equal opportunities through leadership, education, and cultural engagement.

At tonies, we recognize that EDI is a continuous journey, not a one-time initiative. In 2024, we have strengthened our commitment to ensuring that every employee feels valued, heard, and empowered to contribute their best. We look forward to building upon these successes and continuing to drive meaningful changes in the years to come.

Employee wellbeing

At tonies, we are committed to fostering a supportive and healthy work environment by providing comprehensive global and local health and well-being initiatives. In 2024, we continued to implement programs that promote both physical and mental well-being across our workforce.

At our Headquarter in Düsseldorf, we hosted our third annual Health Day in spring. This event offered employees a range of health checks and wellness activities, including back assessments, vital screenings, and workshops focused on nutrition and mobility training.

Our UK team took a proactive approach to workplace well-being by training their local Wellbeing Squad as certified Mental Health First Aiders. Throughout the year, they led key awareness initiatives, including Stress Awareness Month and the observance of World Sleep Day, while also providing continuous support through an external Employee Assistance Program.

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In the US, we also introduced an Employee Assistance Program, offering employees confidential expert support, including counseling for emotional well-being, assistance with caregiving and financial planning, and guidance on work-life balance and wellness. Employees receive up to three face-to-face or virtual sessions per issue, per year.

Additionally, we globally recognized Mental Health Day in October by dedicating the day to mindfulness and self-care. Employees worldwide participated in a variety of on-site and remote well-being activities. Through our ongoing partnership with Calm, the leading meditation and sleep app, we continued to provide all employees, along with up to five of their dependents, complimentary access to this mindfulness resource.

Through these initiatives, we remain committed to building a culture that prioritizes employee well-being, ensuring our teams feel supported, engaged, and empowered to take charge of their health.

4. Non-financial disclosures

Beyond the non-financial disclosures included in this report, tonies will publish its first comprehensive sustainability report for the 2024 financial year by the end of April 2025. While not yet legally required, the report will voluntarily follow the Corporate Sustainability Reporting Directive (CSRD) and the corresponding European Sustainability Reporting Standards (ESRS), underscoring our commitment to early readiness and continuous, meaningful progress in sustainability.

4.1. Environment

At tonies, our mission has always been centered around making a positive impact on people. As a fast-growing company, we have prioritized social responsibility from the start. Now, with our first materiality assessment completed, we recognize an opportunity to expand our focus and take a more structured approach to environmental sustainability.

We are already taking steps in the right direction – incorporating recycled and renewable materials, minimizing waste, and advancing circular economy principles for our Tonieboxes. However, we see even greater potential to enhance our environmental strategy. This includes tackling key topics such as GHG emissions, resource efficiency, and material safety, while also building resilience to climate-related risks that could affect our operations and supply chain. As environmental expectations continue to evolve – both from regulators and consumers – we are committed to staying ahead of the curve.

This moment marks the beginning of an exciting journey. We are laying the foundation by deepening our understanding of our environmental footprint, which will serve as the basis for setting ambitious goals and implementing high-impact policies in the near future.

CO_2 reduction

At tonies, we acknowledge that transition risks play a growing role in shaping our business model and operations. Europe’s evolving regulatory landscape – including stricter sustainability reporting requirements, extended producer responsibility laws, and potential carbon pricing mechanisms – will impact the way we manufacture and distribute our products. In this context, tonies has been since 2023 performing a detailed evaluation of its Corporate Carbon Footprint (CCF) following the GHG Protocol and focusing on Scope 1 and Scope 2 emissions. In addition, we have begun analyzing our Scope 3 emissions, with a particular focus on emissions from purchased goods and services as well as transportation. Understanding these indirect emissions is crucial to developing a more comprehensive and effective sustainability strategy.

As we gain deeper insights into our impact, we have taken concrete steps to optimize logistics, particularly in managing large returns, and have actively worked to reduce reliance on air freight in our shipping processes. At the same time, we are continuously researching and implementing lower-emission material alternatives to replace our current components – ensuring that sustainability is embedded throughout our product lifecycle.

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At the end of December 2024, the Group's GHG emissions in tCO_2e were as follows:

	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions	**443.58**
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	**0 %**
Stationary combustion	48.95
Mobile combustion	70.86
Fugitive emissions	323.77
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions	**134.97**
Gross market-based Scope 2 GHG emissions	**123.31**
Purchased electricity (location-based)	51.58
Purchased electricity (market-based)	39.92
Purchased heat (location-based)	83.39
Purchased heat (market-based)	83.39
Significant Scope 3 GHG emissions	
Gross Scope 3 GHG emissions	**111,567.82**
Percentage of Gross Scope 3 GHG emissions	**99.49 %**
Purchased goods and services	105,675.53
Fuel and energy-related activities	46.79
Upstream transportation and distribution	5,199.09
Waste generated in operations	2.73
Employee commuting	223.74
Downstream transportation	419.95
Total GHG emissions	
Total GHG emissions (location-based)	**112,146.37**
Total GHG emissions (market-based)	**112,134.70**

Circular concepts

With over 8 million Tonieboxes and 100 million Tonies sold to date, tonies recognizes its significant responsibility and is committed to promoting responsible resource use. Our business model provides us with a real opportunity to integrate circular economy principles into our operations.

While tonies' products were originally designed to ensure quality, safety, and durability using industry-standard materials, we are eager to do more. Currently, Tonieboxes and Tonies are primarily made from plastic-based materials and require electronic components, paper-based resources, and other materials. As policies worldwide favor low-emission and circular economy models, the costs of traditional fossil-based plastics and non-renewable materials are expected to rise globally, pushing companies toward more sustainable alternatives. We are ready to challenge the status quo and taking significant steps toward more sustainable resource use, as we also recognize this impact that this transition risk has on our business model.

tonies has already begun transitioning from solvent-based to water-based paints for our Classic Tonies. This shift not only offers environmental benefits but also supports healthier working conditions at our suppliers. In addition, we are aiming to go further by working on finding a more sustainable alternative to PVC for our Classic Tonies.

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At tonies, we are also integrating circular economy principles into our service offering, particularly:

- "Usability" – through the long lifespan and continued use of tonies products,
- "Repairability" – by offering our Toniebox Repair Service,
- "Refurbishment" – through the launch of our Preloved Toniebox, and
- "Recycling" – by handling returns responsibly.

Waste management

While we still must resolve the challenge of creating no waste at all, Toniebox and Tonie figurines are built to outlast their first use period, allowing the product to be passed on to family or friends to make sure that the joy can be shared. Thanks to the repair-friendly design of the Toniebox, its lifetime can be extended even further as we launched in 2024 the Toniebox Repair Service in the DACH region. Our goal is to extend the lifespan of Tonieboxes, minimize waste, and provide customers and our little listeners with a sustainable option for preserving their listening experience, by repairing key components of the Toniebox.

In cases where it seems that our products have finally come to their end, they can always be returned. Even our most complex product, the Toniebox, can undergo the refurbishment process, with our Preloved Toniebox program – some are restored and reintroduced as refurbed sales, while others are carefully disassembled for parts. We are very happy with the development of this program and plan to expand this concept to additional markets. For other electronic and non-electronic returns, we partner with trusted disposal companies to ensure responsible recycling, incineration, or landfill management.

Resource outflows (in tons)	**2024**
Total waste generated	**412.181**
Total amount of hazardous waste	0.056
Hazardous waste diverted from disposal	**0.022**
Hazardous waste diverted from disposal due to recycling	0.022
Non-hazardous waste diverted from disposal	**263.704**
Non-hazardous waste diverted from disposal due to preparation for reuse	64.482
Non-hazardous waste diverted from disposal due to recycling	199.222
Hazardous waste directed to disposal	**0.034**
Hazardous waste directed to disposal by landfilling	0.034
Non-hazardous waste directed to disposal	**148.443**
Non-hazardous waste directed to disposal by incineration	27.125
Non-hazardous waste directed to disposal by landfilling	121.318
Non-recycled waste	**148.477**
Percentage of non-recycled waste	37.7 %

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4.2. Social

tonies recognizes that its people are the heartbeat of its success, shaping a unique culture that drives quality, consistency, and empowered decision-making across the business. That's why fostering a motivated and fulfilled workforce remains a top priority. We're proud to see mostly positive impacts on both our teams and supply chain.

Our Code of Conduct (CoC) outlines tonies' core values, which include taking social responsibility, embracing diversity, and focusing on the long-term effects of our doing.

Beyond environmental considerations, our workforce remains one of our most valuable assets. As a company built on creativity and innovation, we understand that engaged employees are key to our continued success. Through regular employee engagement surveys, we provide a platform for our teams to share their insights, helping us foster a positive and responsive workplace culture. By listening to our employees and continuously improving, we strengthen job satisfaction, enhance productivity, and reduce turnover—ensuring we remain a dynamic and resilient company for years to come.

Our engagements and expectations also apply to subcontractors and suppliers. They are considered part of the family and need to share our values and comply with the applicable laws. Our Code of Conduct for Business Partners (CoCBP) reflects the necessary requirements and obliges all business partners to be compliant and follow our standards.

Furthermore, tonies commitment to human rights is reflected in its adherence to international standards such as the UN Universal Declaration of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Issues such as respect for human rights, prohibition of child labour and compliance with other standards relating to labour rights and the provision of a safe workplace are set out in the Group Human Rights Policy and CoCBP.

The Group Human Rights Policy forms the binding basis for the implementation of human rights standards for tonies' workforce and was adopted by the Management Board of tonies. These guidelines recognize the core labor standards of the ILO and the OECD Guidelines for Multinational Enterprises, committing to prevent, mitigate, and, as far as possible, end adverse impacts on human rights within tonies' operations. This commitment in the Human Rights Policy is aligned with the guidelines set out in the Modern Slavery & Transparency Statement and the Code of Conduct. This includes the prohibition of child labor (ILO 138), the elimination of the worst forms of child labor (ILO 182), and the abolition of forced labor (ILO 105). The Group strictly opposes forced or compulsory labor, including all forms of slavery, and human trafficking as part of its Human Rights Policy.

To better understand and verify actual and potential risks of human rights violations of our business partners, we conduct an annual risk assessment which enables us to identify increased risk for violations of human rights within our supply chains and prioritise mitigation and remedial measures, if necessary. To monitor the effectiveness of our measures, tonies regularly reviews social audit reports which we request yearly from our core first-tier suppliers. The standards contained therein are based in many respects on those of the ILO and are intended to contribute to implementation and compliance along our supply chain. The group is proud to report that no significant risks have been identified in its operations concerning work-related right such as forced or child labour.

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While many factors need to be taken into account, our growth can be taken as a sign that our efforts to foster a positive work environment bear fruit. At the end of December 2024, the Group employed 596 people (headcount).

Headcount of employees by gender	2024 (year-end)
Total employees	**596**
Male	246
Female	319
Not reported or Other	31

Gender distribution is reported only for entities with more than 50 employees (headcount).

	2024 (year-end)
Headcount of employees by country	596
Germany	421
USA	102
United Kingdom	45
France	26
Other	2

	Headcount
Gender distribution at top management level	**11**
Male	8
Female	3
Other	0

	Headcount	in %
Distribution of employees by age group	**596**	**100**
Under 30 years old	107	18
30 – 50 years old	432	72
Over 50 years old	57	10

Number of headcounts is reported at the end of the reporting period.

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4.3. Governance

At tonies, strong governance is essential to our success. As part of our commitment to ethical business practices, we have identified anti-corruption as a key area where we can reinforce our standards and enhance transparency. By continuously strengthening our policies, internal controls, and compliance measures, we ensure that we operate with integrity and accountability. Upholding these high standards not only builds trust with our stakeholders but also supports long-term, sustainable growth. Like any other company, tonies faces different compliance risks. Based on an initial risk assessment, anti-corruption has been identified as a topic with significant compliance risks (e.g. fines and reputational damages) and as a result, avoidance of regulatory violations must be proactively managed.

Anti-corruption policy

tonies' group anti-corruption policy was designed to protect its management bodies, employees, customers, and business partners from risks and damages that may arise in connection with corruption and bribery. The policy covers business interactions with external parties and public officials and describes key procedures and principles to prevent incidents relating to bribery and corruption. In addition, there are specific guidelines for gifts, event invitations, donations, sponsorships and contributions. Employees can access the Group Anti-Corruption Policy through a tool.

During the reporting period, no incidents on corruption and bribery were reported.

Whistleblowing policy

tonies' whistleblowing policy is designed to protect both our employees and the company from potential risks, reinforcing our commitment to integrity and accountability. Our whistleblowing system empowers employees and third parties to speak up, fostering a strong corporate and compliance culture. Not only does this system meet European legal requirements, but it also aligns with our core values – promoting transparency, trust, and open communication across the organization.

Employees and management bodies at tonies who become aware of circumstances indicating violations of human rights or other misconduct are required to report these to the Legal & Compliance Department immediately. Reports can also be made to a direct supervisor. The information received via the online whistleblowing platform is checked by the Legal & Compliance Department, and all notices and reports are documented and processed by the IT-System "LegalTegrity". The Legal & Compliance Department tracks and monitors all issues raised through the whistleblowing system. The system ensures the protection of the whistleblower's identity, confidentiality of the information, no reprisals for whistleblowers who raise concerns in good faith as well as that information can be evaluated, further clarification can be initiated, and potential process improvements can be identified and implemented to avoid recurrence in the future.

tonies assesses that its workforce is aware of and trusts the whistleblowing system through regular communication and training.

Group compliance policy

tonies' group compliance policy contributes to the effective implementation of its values, principles and rules. Employees are encouraged to be alert, observant and to express their concerns if they suspect a violation of a corporate governance rule. Concerns can be addressed through internal communication channels to office superiors and/or the Chief Compliance Officer, or, if preferred, on an anonymous basis via our whistleblowing system. The information received via the online whistleblowing platform is checked by the Legal & Compliance Department, and all notices and reports are documented and processed by the IT-System "LegalTegrity". The Legal & Compliance Department tracks and monitors all issues raised through the whistleblowing system.

This policy helps us to preemptively identify, assess, and manage potential compliance breaches, which could have negative financial and reputational implications. Through the avoidances of such negative ramifications, we can allocate more resources where they matter most – driving our business forward and investing in what truly makes a difference.

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4.4. EU Taxonomy

The EU Taxonomy Regulation was introduced as part of the European Union's broader efforts to promote sustainable finance and guide capital flows toward environmentally sustainable activities. It establishes a classification system to identify economic activities that contribute to environmental sustainability, ensuring transparency and comparability across industries.

The EU Taxonomy defines six overarching environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

For an activity to be classified as environmentally sustainable under the EU Taxonomy, it must meet the following criteria:

- Contribute substantially to at least one of the six environmental objectives;
- Do no significant harm (DNSH) to any of the other objectives;
- Comply with minimum social and governance safeguards;
- Meet the technical screening criteria established in the Taxonomy framework.

As part of its commitment to regulatory compliance and sustainability, tonies has undertaken a comprehensive review of its economic activities to assess their eligibility and potential alignment with the EU Taxonomy framework. This process involved:

- Identifying Taxonomy-eligible activities by analyzing the list of activities covered under the regulation;
- Mapping relevant activities to tonies' business operations, evaluating revenue streams, capital expenditures (CapEx), and operating expenditures (OpEx);
- Assessing whether these activities meet the technical screening criteria for substantial contribution, DNSH, and minimum safeguards;
- Disclosing the proportion of turnover, CapEx, and OpEx associated with Taxonomy-eligible and aligned activities.

In implementing the EU Taxonomy requirements, tonies assessed its activities. As part of this process, all activities listed in the Taxonomy were reviewed. Few activities were identified as potentially relevant to tonies, relating to the sale of Preloved Tonieboxes, data services, investments in buildings, and the company fleet. Starting with the Turnover KPI, only one activity (sale of second-hand goods) is reported on. However, for the calculation of the OpEx KPI, tonies determined that these activities are not material, as they account for only a very small proportion of the key performance indicator and are not directly related to the company's core business. For the calculation of the CapEx KPI, no activity was found to be Taxonomy-eligible. In light of these results, there is no risk of double counting in the allocation of the numerator between the three KPI categories. The following disclosures reflect these conclusions.

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Turnover

For the financial year 2024, tonies' total turnover, as reported in the company's 2024 Annual Report, amounted to EUR 480.5 million. The company's primary revenue streams – including sales of Tonieboxes, Tonies figurines, Accessories, and Digital products – do not fall under Taxonomy-eligible activities.

The only Taxonomy-eligible activity within tonies' operations is the sale of Preloved Tonieboxes. This involves refurbishing and reselling used Tonieboxes, which aligns with the environmental objective of transitioning to a circular economy. Specifically, this activity falls under category 5.4 (sale of second-hand goods) as outlined in Commission Delegated Regulation (EU) 2023/2486.

However, due to data limitations, the company is not yet able to confirm full compliance with DNSH requirements. Future assessments will aim to refine this analysis, ensuring a more comprehensive evaluation of sustainability criteria.

Proportion of turnover from products or services associated with Taxonomy-eligible and aligned economic activities.

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("do no significant harm")									
Economic activity	Code	Turnover	Proportion of Turnover 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy – aligned (A.1) or – eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		EUR m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	%	E[6]	T[6]
A. Taxonomy-eligible activities																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]	E	
Of which transitional		0	0 %	0 %													N/A[3]		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]										
Sale of second-hand goods	CE 5.4[5]	1.0	0.2 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A[3]		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.0	0.2 %	0 %	0 %	0 %	0 %	0.2 %	0 %								N/A[3]		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1.0	0.2 %	0 %	0 %	0 %	0 %	0.2 %	0 %								N/A[3]		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		479.6	99.8 %																
Total (A. + B.)		480.5	100 %																

[1] Abbreviations used: Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
[2] Abbreviations used: Y: Yes; N: No
[3] Abbreviations used: N/A: Not applicable
[4] Abbreviations used: EL: Taxonomy-eligible activity for the relevant objective; N/EL: Taxonomy-non-eligible activity for the relevant objective
[5] Abbreviations used: CE: Circular Economy
[6] Abbreviations used: E: Enabling activity; T: Transitional activity

Note: The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

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CapEx

The total CapEx defined by the EU Taxonomy cover additions to tangible and intangible assets during the financial year before depreciation, amortization, and any re-measurements. This also encompasses additions to right-of-use assets, in accordance with applicable accounting standards.

For the financial year 2024, tonies' total CapEx KPI does not comprise any expenditures that qualify as Taxonomy-eligible under the EU Taxonomy framework.

Proportion of CapEx from products or services associated with Taxonomy-eligible and aligned economic activities.

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("do no significant harm")									
Economic activity	Code	CapEx	Proportion of CapEx 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy – aligned (A.1) or – eligible (A.2) CapEx, 2023	Category enabling activity	Category transitional activity
		EUR m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	%	E[6]	T[6]
A. Taxonomy-eligible activities																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]	E	
Of which transitional		0	0 %	0 %													N/A[3]		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		16.2	100 %																
Total (A. + B.)		16.2	100 %																

[1] Abbreviations used: Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
[2] Abbreviations used: Y: Yes; N: No
[3] Abbreviations used: N/A: Not applicable
[4] Abbreviations used: EL: Taxonomy-eligible activity for the relevant objective; N/EL: Taxonomy-non-eligible activity for the relevant objective
[6] Abbreviations used: E: Enabling activity; T: Transitional activity

Note: The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

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OpEx

The total OpEx defined by the EU Taxonomy include direct non-capitalized costs related to research and development, building renovation measures, short-term leases, maintenance and repair, and other direct expenditures necessary to ensure the continued and effective functioning of property, plant, and equipment.

For the financial year 2024, only two activities were eligible, notably the company vehicles as part of the environmental objectives climate mitigation and climate adaptation under the activity 6.5 transport by motorbikes, passenger cars and light commercial vehicles (as defined by Commission Delegated Regulation (EU) 2021/2139 and amended by Commission Delegated Regulation (EU) 2022/1214 & (EU) 2023/2485), as well as data operations as part of the environmental objectives climate mitigation and climate adaptation under the activity 8.1 data processing, hosting and related activities (as defined by Commission Delegated Regulation (EU) 2021/2139 and amended by Commission Delegated Regulation (EU) 2022/1214 & (EU) 2023/2485). As these activities do not comprise any material expenditures no further assessment was conducted on whether they adhere to the DNSH and minimum safeguards criteria.

Proportion of OpEx from products or services associated with Taxonomy-eligible and aligned economic activities.

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("do no significant harm")									
Economic activity	Code	OpEx	Proportion of OpEx 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy -aligned (A.1) or – eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
		EUR m	%	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	Y/N[2]	%	E[6]	T[6]
A. Taxonomy-eligible activities																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
Of which enabling		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]	E	
Of which transitional		0	0 %	0 %													N/A[3]		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]	EL; N/EL[4]										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5[5]	0	0 %	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A[3]		
Data processing, hosting and related activities	CCM 8.1 CCA 8.1[5]	0	0 %	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A[3]		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								N/A[3]		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		0.6	100 %																
Total (A. + B.)		0.6	100 %																

[1] Abbreviations used: Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective; N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective; N/EL: Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
[2] Abbreviations used: Y: Yes; N: No
[3] Abbreviations used: N/A: Not applicable
[4] Abbreviations used: EL: Taxonomy-eligible activity for the relevant objective; N/EL: Taxonomy-non-eligible activity for the relevant objective
[5] Abbreviations used: CCM: Climate Change Mitigation; CCA: Climate Change Adaptation
[6] Abbreviations used: E: Enabling activity; T: Transitional activity

Note: The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

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Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	**Fossil gas related activities**	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Looking Ahead

As we continue our sustainability journey, guided by strong values and commitment, we recognize the opportunities for further improvement. In the coming year, our focus on ESG initiatives will remain comprehensive, ensuring the effective allocation of time and resources. We are committed to enhancing our reporting processes, strengthening transparency, and refining our approach to non-financial performance metrics.

To achieve these objectives, tonies will continue developing and implementing environmental, social, and governance policies, reinforcing our accountability and commitment to sustainability, always aiming at identifying the most relevant topics to our business and stakeholders.

Moving forward, tonies will strive to elevate its ESG commitments, contributing actively to circular economy principles, environmental responsibility, and social concerns.

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5. Procurement and production

tonies worked with various contract manufacturers to have its products manufactured according to its own requirements and specifications. The Tonies figurines were produced using the Group's tools and in accordance with its specifications at several suppliers in Tunisia, China and Bosnia. The Tonieboxes were produced by third parties in China and Hungary in line with the Group's technical and design requirements. In addition to the production of finished goods, tonies also procured semi-finished goods and raw materials including fabric covers for the Toniebox, which were then supplied to other contract manufacturers for subsequent steps.

After operating in a highly challenging environment for our global production and supply chain due to various external factors, the overall picture with regards to transport and functioning supply chains has improved but cannot be taken for granted in the current political and macroeconomic conditions. However, thanks to a robust production and supply chain strategy, supported by a global multiple-source strategy, tonies managed to have secure and steady supply to our markets despite any temporary supply disruptions.

Since 2023, tonies has noticed rising costs for labour, energy, and raw materials – the main raw material categories for tonies were synthetic materials and electronic components. By taking a total cost approach in analysing potential savings and combining this with optimizations along the entire supply chain, tonies has succeeded in keeping our direct material expenditure in line with our planning.

tonies continued to enhance its production processes, focusing on greater efficiency, flexibility, and responsiveness. The Company further diversified its supplier base by onboarding an additional manufacturer for Toniebox production in Vietnam, reducing its reliance on sourcing from China and emphasizing its multiple-source strategy. tonies also pursued greater IT integration across the entire value chain, with a continued focus on optimizing its cost base in the coming years, particularly in light of uncertainties surrounding inflation rates, volatile raw material prices, and the implementation of duties. In addition to established practices to secure prices over specific periods, tonies will increase its procurement efforts in areas outside of Asia to have a more robust, diversified supplier base. tonies also aimed to further consolidate its supplier base in order to benefit from greater economies of scale. At the same time, the Company strives to source only finished goods in the future to reduce complexity and optimize working capital.

Finally, tonies made an important improvement through consolidating its logistics network by onboarding a new international logistics partner, which resulted in both increased product handling and improved profitability.

6. Research and development

tonies does not conduct basic research but continuously develops its product family in order to meet the requirements of the market and ensure the marketability of the product family for the future. Close contact with the markets and the innovative strength of our employees, associated business partners and contract manufacturers help us to achieve this. An established inhouse development department supports the targeted development of new products based on Tonie box technology as well as the further development of possible applications and potential new target groups.

In 2024, tonies capitalized development costs totaling EUR 1.6 million (2023: EUR 1.4 million) significant projects, primarily stemming from internal development efforts. With our professionalized development teams, we also reduce the dependency on external partners for the future.

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7. Marketing

By presenting our Tonieboxes and Tonies as category-defining products, we have created our own distinctive brand identity on the market, which provides us with a high recognition value and creates differentiation from competitor products on the market. We regard the maintenance of our strong brand identity as crucial for customer acquisition as well as retention to drive revenue and profit growth. Focusing on data driven marketing activations we can provide the best product and brand experience for our customers, including relevant recommendations and memorable Tonie moments.

To keep new and existing little listeners engaged with high quality audio experiences, we deliver joy with strong licensing partners as well as own license series such as "Sleepy Friends" and "Lalalinos". Launched in 2022 our Sleepy Friends brand became a community favorite and was one of the bestselling licenses. In the US, tonies again is nominated for the toy of the year award 2025 for its educational Audiobooks. We also participated in large toy fairs in Nuremberg, New York and London as well as the Consumer Electronics Show (CES) in the US with overwhelming feedback from wholesalers and other customers.

High reach campaigns and a strong and growing community accumulated to an aided brand awareness of around 81% within our target group of parents in the DACH region by the end of Q4 2024. This shows a strong positioning in comparison to the next comparable products, which have a much lower aided brand awareness. This is not only because of an already existing strong brand identity but also through target group relevant product launches in 2024. In the US, we launched a powerful cross-franchise marketing campaign "Discover Imagination" in 2023 awarded by the AVA Digital Awards 2024. In addition, several other prices were awarded to tonies, e.g. the Amazon bestselling German brand Award. Brand awareness in North America is still significantly lower than in DACH, which supports the potential in this market.

Throughout all channels, paid and owned, we put a strong focus on retention initiatives to increase the customer lifetime value in a mature market – especially by measurable communication initiatives providing existing customers with relevant recommendations. Intelligent CRM flows and our App play an important role here.

Within our multi-channel communication strategy, we expand our reach within the social community. Therefore, we not only use our own Social Media channels such as Instagram or TikTok but also interact with an engaged and dedicated network of Influencers with a great brand fit.

Throughout the year, we also rely on attentive point-of-sale activations at key retailers. Instore promotions, seasonal as well as product related in store decorations create strong brand experience at relevant customer touchpoints. POS special placements and innovative shopper activations let customers experience the brand and call to action at point of purchase.

8. Risks and opportunities report

8.1. Risks and opportunities management system

As an international Group, tonies is presented with several risks and opportunities. Risks and opportunities are events and developments that have a certain probability of occurring and that could have a material negative or positive financial or non-financial impact on our target attainment.

The Risk Management System (RMS) helps tonies to achieve key objectives while ensuring and continuously enhancing our performance. It emphasizes the identification, evaluation, and control of a tonies' most critical risks.

Risks have a direct impact on tonies' capacity to achieve strategic and business objectives. tonies' Management is responsible for determining the level of risk the organisation is willing and able to accept. This defines the framework for striving for balanced value creation by implementing strategies that strike an appropriate balance between market opportunities and the associated risks. Effective RMS supports tonies' board and management in optimizing decision-making processes, with the objective of enhancing tonies' ability to create, preserve, and realize value. The value of tonies is influenced by decisions made by tonies management, ranging from strategic planning to day-to-day operations.

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With the strong growth of tonies, the business and structures have become more complex. As a result, the requirements for tonies' Risk Management System have changed. To continue to provide great added value in the future, improvements to the Risk Management System were implemented at the end of 2024.

tonies designs its RMS in reference to the standard with the Enterprise Risk Management – Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework defines the scope, elements, and evaluation criteria for assessing the effectiveness of tonies RMS. In addition, the design of the RMS is guided by the requirements set forth in IDW audit standard 981, issued by the Institute of Public Auditors in Germany (IDW). This standard establishes the principles of a proper RMS, referring to the COSO framework as a recognized basis.

8.2. Internal control system

The Internal Control System (ICS) helps tonies achieve important objectives and sustain and improve performance. The Internal Control System is defined as a process, effected by the supervisory board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of tonies' objectives relating to operations, compliance and reporting with a strong focus on financial reporting.

Key elements of the Internal Control System are the identification of risks at process level that could endanger the business objectives and implementing different types of controls to mitigate those risks. Risks can occur with varying frequency and to varying degrees. By carrying out controls, we can work together to correct errors before they are harmful to tonies or soon after they occur to correct them. This allows us to work more effectively, enhance our performance, and safeguard the company.

The internal control system was implemented as part of the public listing at the end of 2021, which is focused on internal controls over financial reporting and covers other key areas and processes of the business as well. The changing requirements of the fast-growing organization made it necessary to adapt the system at the end of 2024, with a full implementation in 2025.

The strong growth also causes changing processes, some of which lack standards and up-to-date (process) documentation. This situation is also reflected in the risk "inefficient processes and standards for scalability", which is further elaborated in chapter 7.3. In addition, the planned improvement in Business Process Management and process documentation correlate with the ICS needs of proper process understanding and documentation.

For the design of an effective ICS, tonies refers to the generally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which defines the scope and elements of an ICS and sets the benchmark for assessing the effectiveness of a company's ICS. In addition, the design of the ICS is guided by IDW Audit Standard 982 of the Institute of Public Auditors in Germany (IDW), which sets out the principles of a proper ICS. Whereby the IDW audit standard 982 refers to the COSO as a recognized framework concept.

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8.3. Major risk categories

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

Internally, the risks described below are currently considered primarily on a qualitative basis and assessed as net risk, taking current risk measures into account but not considering planned measures. All relevant mitigation measures are explained. Accordingly, the risks are presented by Risk Category and in decreasing relevance and impact for the Group.

Strategic external risk

Geopolitical risks

As an internationally operating company, we are exposed to global macroeconomic and geopolitical developments and the associated risks. The current situation remains challenging.

Policy uncertainty in the US may lead to abrupt protectionist trade policies and other decisions that are difficult to predict. In the short term, reactive measures on taxes, tariffs, and regulations present both challenges and opportunities.

Geopolitical tensions, such as the ongoing competition between the US and China over Taiwan, have the potential to lead to sanctions, which could disrupt global trade and supply chains, particularly in the APAC region.

Armed conflicts and political tensions are present. The war in Ukraine and the ongoing Israel-Palestinian conflict are destabilizing regions, driving up global energy prices, and creating risks for critical trade routes, which could further fuel potential conflicts.

Geopolitical changes may have a substantial impact on tonies' supply chain, potentially resulting in delays in the delivery of raw materials or the shipment of finished goods due to disruptions in supply routes. Such delays could, in turn, affect customer loyalty. Furthermore, the tightening of tariffs and regulations may lead to an overall increase in costs, e.g. through higher expenses for specific products or components. Elevated customs duties, additional taxes, or the imposition of sanctions may necessitate the identification of alternative suppliers or business partners. Moreover, in price-sensitive markets, these factors could lead to a decline in demand.

Current measures include, among other strategies, closely monitoring the situation with scenario planning, particularly for the US market, which is a key focus for tonies. This enables us to respond quickly and effectively when necessary. One key approach is building inventory buffers for high-demand periods to mitigate disruptions. Additionally, the planned geographic diversification is expected to further strengthen and stabilize our supply chain.

Dependency on suppliers

In recent years we have reduced our dependency on suppliers. However, the risk remains that a specific supplier or production facility could be temporarily or permanently out of operation. Additionally, suppliers may face disruptions that lead to delivery delays or inconsistent quality, complicating product availability. This is particularly relevant in areas where tonies still relies on a limited number of suppliers.

This risk may be caused by various factors. Among the causes are: Natural disaster, political issues, industrial accident/ fire, labour shortages and disregard of regulatory guidelines leading to closure. Insufficient supplier screening or lack of performance monitoring can lead to a supplier going out of business, no longer doing business with tonies or small supplier networks cannot keep pace with our company growth.

One of the main measures implemented is that we continuously improve and diversify our supplier network. We also perform regular supplier audits to ensure alignment of standards and alignment with required capacities. On the road map for additional risk reduction is our approach to improve tonies' business continuity management, with a particular focus on preventive strategies and effective crisis management, especially when dealing with supplier risks.

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New and existing competition

The level of competition varies across the markets where tonies operates. Competitors could gain significant market share in our key regions by offering better pricing or more innovative products. Therefore, it is crucial to maintain our leadership in the category we pioneered. Future competition may intensify, with well-funded rivals potentially securing substantial capital or benefiting from favorable market conditions that provide easier access to customers.

Competitor actions are closely monitored and reported both centrally and within individual markets by our strategy teams. The competitive landscape is regularly assessed, and business decisions are made accordingly. Our countermeasures primarily focus on the customer – whether the end customer or retailers. This includes fostering strong customer relationships and maintaining loyalty. The effectiveness of these efforts is reflected in our customer retention in existing markets and the robust growth we've seen in the USA, where we're confident that momentum will continue. To remain appealing to customers, we consistently enhance our product portfolio, ensuring it's both interesting and high-quality, and integrates seamlessly with the Toniebox ecosystem. This includes licensed figurines, tonies Originals, third-party products that function like tonies audio libraries, and accessories. Strategic partnerships further boost our attractiveness, support brand awareness, and create additional revenue streams. Moving forward, we plan to strengthen our position at the point of sale, further reducing competitive risks.

Financial internal risk

Liquidity

tonies has had an average growth rate of more than 30 % in recent years, which is well above the industry average. We plan to continue our success story and grow further. In addition to growth, the strong seasonal business (50 % of revenue was achieved in Q4) with the pre-financing requirements for working capital and anticipated cost increases could poses a challenge for liquidity.

Unforeseen developments could further strain our capital requirements, particularly unstable geopolitical events that may impact our revenue or cost structure by reducing consumer demand, increasing business bankruptcies, and creating uncertainties around purchasing costs. Additionally, fundamental planning errors or performance issues with key business drivers – such as product portfolio decisions and sell-through assumptions – could lead to liquidity shortfalls.

To mitigate these risks, appropriate growth financing is essential to maintain a more resilient financial structure. This includes ongoing discussions to optimize working capital financing, such extending the existing syndicated loan agreements..

Operational internal risk

Scalability of tools and system infrastructure

The used tools do not always meet the current or changing requirements to the full extent due to company growth and increasing complexity. This bears the risk of data inconsistencies and complex, time-consuming and expensive processes. To foster data-driven decision making, a sometimes complex integration of tools with the ERP is needed. However, migration of tools to meet the needs of tonies' business can result in challenges (e. g. temporary slow-down of business operations, involvement of many internal or external stakeholders) or even revenue loss.

To cover tonies' existing and future business needs in the best possible way, we follow a 'best of breed' strategy, choosing the best solution for each application area and integrate it into our IT infrastructure instead of relying on one manufacturer. We involve experts and all relevant stakeholders for successful migration projects. Implementation of a clear global operating model (processes, governance, etc.) for tools and systems infrastructure with a strong mandate for our central IT team across all markets is expected to further reduce our risk exposure.

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Inefficient processes and standards for scalability

tonies rapid growth in the past and the expected growth in the future have made it necessary to regularly adapt processes and develop them based on the individual needs of each unit. This was at the expense of a group-wide overall concept, where documentation and automation opportunities are not explored in a structured way. Therefore, currently efficient and aligned processes as well as standards are not fully implemented. This makes tonies susceptible to frictions and inefficiencies (e. g. double work, inconsistencies, slower realization of planned projects).

Among the effective measures is that tonies has structured global leadership governance that oversees company priorities and addresses inefficiencies quickly. In addition, functioning working methods are already continuously reviewed and optimized to a certain extent. To further reduce the risk, the definition and implementation of a revised target operating model is a central measure. This includes the delimitation of roles and responsibilities, especially between market and central functions and redesign of core processes. We drive dedicated standardization efforts to optimize existing market operations and prepare for scalability. This is complemented by clear ownership for Business Process Management and a significant improvement in process documentation.

8.4. Major opportunity categories

As well as risks, there are also numerous opportunities for tonies. These could have a very positive impact on business performance moving forward and include growth opportunities and the potential to improve profitability further. The following overview summarizes the key opportunities.

International expansion

Every international market launch of the Toniebox so far has been followed by strong growth. In the US, for example, tonies achieved around EUR 210 million in revenue in 2024, just four years after the market launch. The other international markets outside the DACH region, especially UK and France, also exhibit a strong growth profile and present a significant growth potential going forward. Even Australia/New Zealand has started with a remarkably revenue even though starting their market entry just mid 2024. While these existing markets will remain a clear focus also in 2025, tonies sees a wide range of further opportunities for substantial growth in many other countries in the future and is constantly monitoring opportunities.

Increasing revenue share in direct-to-consumer channels

Historically, tonies achieved its first success through wholesale sales in the DACH region. The US launch at the end of 2020, in the midst of the COVID-19 pandemic, showed that direct-to-consumer channels, especially our own website, are very attractive and profitable for us. We are also increasingly relying on direct-to-consumer channels in the DACH market.

In 2024, 44 % of our revenue was generated via direct-to-consumer channels, compared to 45 % in 2023. We expect direct-to-consumer channels to account for an even higher share in the future. This makes us more flexible, diversifies our sales channels and, in the case of our own online shop, also increases our profitability.

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Multiple-source strategy

Historically, we have worked with one partner in Tunisia for the production of Tonies and one partner in China for the production of Tonieboxes. This created a high degree of dependency and risks.

As a result, another partner for the production of Tonieboxes and three new partners for the production of Tonies were added, as well as other partners for alternative supply sources for raw materials and auxiliary parts. This broader supplier basis reduced dependency and improved purchasing conditions with a positive impact on gross margin. We expect the new structure to have an even more positive effect on our gross margin in the future as increasing volumes are shifted to new suppliers.

Our multiple-source strategy is also extremely valuable from a strategic perspective. We now have additional capacity to continue our global growth trajectory. On the one hand, we reduce our risk in the event of production downtime; on the other hand, individual partners also have production capacity in North America/Mexico, which shows attractive and cost-effective opportunities for further growth, particularly in light of our strong growth in the US.

We are confident that these steps to expand our supplier base have laid the foundations for strong and profitable future growth and that this will allow us to offer added value for our customers, for example thanks to better availability.

tonies brand

We consider the valuable tonies brand and its high brand recognition a key factor in our long-term success. Through a focus on PR, social media, targeted marketing initiatives and exciting content, tonies presents itself as a brand that is loved by children and parents alike. Our distinctive Content Tonies and their design enjoy very high brand recognition and high collector’s value. Our combination of figurines and audio content also creates a close emotional bond between us and our customers, as demonstrated by their great commitment and repurchase rates. Our strong brand recognition and reputation has also resulted in cooperations with renown brands such as Steiff and Playmobil.

We believe that the tonies brand will also open up many additional opportunities for the future. In addition to strong customer loyalty, it can support the sale of tonies products and accessories and help our customers experience more of the tonies world.

Expansion of product portfolio and product innovation

We are constantly working to expand our product portfolio. Every year, we create a wide range of new Tonies figures. The ever-growing selection with a large number of license partners means that an increasing number of children can find their heroes in our portfolio. In our international markets in particular, we now have a larger portfolio compared to Germany at the same time.

With the new Tonies figures, we also reach additional target groups such as older children, to whom we can offer special content. The corresponding content is increasingly coming from our own productions, which are generally also more profitable for us.

To help families with their evening and bedtime routines, tonies also launched its first own licensed brand: the “Schlummerbande” (“Sleepy Friends”), a range of Tonies and products with a special look and different content on the topic of sleep. With the new brand, tonies is consistently following its strategy of focusing more on inhouse productions (“tonies® Originals”) and self-developed licenses.

In addition to new Tonies figures, we are continuously expanding our digital audio library. This enables customers to purchase additional content and stories and assign it to their Tonies figurines.

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We are also increasingly shifting our focus to alternative materials to produce Tonies. This will enable us to offer our customers an even broader and more diverse product range in the future. In addition, we are constantly working to improve the Toniebox itself to meet changes in the market and customer demands.

Our brand is the foundation upon which we can offer our customers products in related and complementary categories. In addition to the headphones, transport boxes, backpacks, Night Light Tonies, decorations, and replacement charging cables that we already sell, there are a variety of opportunities that we can leverage ourselves or with licensing partners.

Trend towards screen-free children's entertainment

A special feature of tonies is that our concept is completely screen-free and can be operated independently by young children. Screen-free entertainment encourages children's imagination and reflects the desire of many parents to provide their children with developmental activities while reducing unwanted influences such as passive screen time.

tonies has responded to this trend by successfully offering children the combination of attractive characters and audio content, making it unique in the market.

We expect this trend away from screens and towards audio formats that stimulate children's imaginations to continue in the future, further driving our growth in all our markets.

8.5. Risks and opportunities in summary

At the time of preparing this report, there are no identifiable risks regarding future developments that – individually or in combination – could endanger the continued existence of tonies. In the short term, uncertainties remain about the further course of geopolitical tensions and the macroeconomic environment, particularly consumer sentiment, and its possible impact on the tonies financial resilience.

While internal risks are being increasingly well addressed, external risks, particularly geopolitical and macroeconomic risks, remain a challenge.

The Management Board remains confident that the Group has a solid foundation for future business development and the necessary resources to leverage tonies opportunities.

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9. Forecast

9.1. Macroeconomic development

In its winter forecast for the global economy[1], the Kiel Institute for the World Economy (IfW Kiel) assumes that the upturn in the global economy is still a long time coming.

Economic policy uncertainty and structural problems stand in the way of a significant increase in global economic expansion. The economy is being buoyed up by economic forces. Monetary policy is slowing down less and less and is likely to turn to a neutral course in the course of the coming year. The prospects for private consumption have improved, as real wages have not fallen for some time thanks to easing inflation and higher wage increases and have once again exceeded the level seen before the inflationary surge in most countries, often significantly so. However, this is partly at the expense of companies' profit margins, curbs investment and can lead to lower employment. The high level of uncertainty surrounding economic policy in the United States is also currently having a negative impact. In particular, the introduction of high protective tariffs is threatening global economic momentum. The European economy is also suffering from structural problems, which are reflected in extremely low productivity growth.

The Kiel Institute expects global production to increase by +3.1% in 2025 (2024: 3.2%), which is slightly less than last year (Table 1). Expectations for global trade in goods have also fallen in light of the assumed trade policy measures.

The expansion of the US economy is slowing. Until recently, gross domestic product grew strongly, primarily due to a significant increase in private consumption. The outlook for consumption has improved for the remainder of the forecast period due to the fact that income development in recent years is now significantly better than before and household savings are much higher following the revision. The effects of the considerable changes in the new US administration's economic policy with regard to trade restrictions, reorganization in ministries and administration and curbing migration are still unclear. The Kiel Institute therefore expects lower growth rates in the forecast period.

The economy in the eurozone remains subdued. Following the fairly strong increase in gross domestic product of 0.4% in the third quarter, economic expansion in the Eurozone is likely to have slowed again towards the end of the year. This is not only due to the absence of the temporary factors that increased overall economic production in the third quarter. Current indicators such as industrial production and business and consumer sentiment are also pointing to a slower pace for the economy. The IfW also expects economic momentum to be weak in the forecast period. Private consumption is likely to remain on an upward trend thanks to rising real wages, and the expected easing of monetary policy will improve financing conditions. However, the ongoing weakness in the manufacturing sector, which is also due to structural factors, the lack of fiscal stimulus and a number of economic policy uncertainties are having a dampening effect. In addition, the difficulties in forming governments in some eurozone countries, including Germany, are an obstacle. Foreign trade will remain a risk in the future in view of announced tariffs and foreign policy risks.

The growth rate of gross domestic product is likely to increase only slightly in the forecast period from 0.8% in 2024 to 0.9% in 2025, with Germany in particular tending to lead the lower end of the range in Europe.

[1] IfW Kiel - Konjunktur Weltwirtschaft im Winter 2024

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9.2. Outlook for 2025

In light of the ongoing and highly dynamic global tariff situation, that has resulted in multiple pivots and new situations in a short period of time (including extreme responses on capital markets and global politics), tonies decided not to provide specific guidance for the immediate future. While the company understands the desire for clarity, the rapidly changing environment at the publication date of this report requires flexibility.

Given the volatility currently faced, the company believes that staying adaptable is the right approach while continuing to focus on long-term value creation.

tonies is confident that its strong product and business model, resilient category, strong and lasting partnerships, and strategic planning position it well to navigate these turbulent times effectively. With a diverse toolbox at hand, including multiple sourcing options, strong pricing power, and solid cash generation capabilities, the company believes that it is well-equipped to manage the current macroeconomic uncertainties. Furthermore, its financial position remains robust, with free cash flow breakeven achieved in 2024 and a new syndicated loan enhancing financial flexibility.

tonies DACH business continues to be a key pillar of financial strength, providing stable and reliable cash flow that supports its broader strategy. Additionally, its global product market fit remains strong, positioning tonies well for continued success across markets including North America and Rest of World.

tonies remains optimistic about the future. The company will provide more specific guidance as soon as there is greater visibility into the evolving market dynamics.

Luxembourg, 9 April 2025

tonies SE

Tobias Wann
CEO

Jan Middelhoff
CFO

Virginia McCormick
CXO

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Corporate governance and responsibility statement of tonies SE

1. Structure and general remarks

tonies SE is a Luxembourg governed company under the form of a Societas Europaea, which shares are traded on the regulated market of the Frankfurt Stock Exchange, (the "Company", the "Group" or "tonies"). The Company's corporate governance is determined by the applicable Luxembourg Law, the Company's articles of association (the "Articles of Association"), as well as the rules of procedure of the Company's management board (the "Management Board", and its rules of procedure, the "Management Board Rules of Procedure"), the rules of procedure of the supervisory board (the "Supervisory Board", and its rules of procedure, the "Supervisory Board Rules of Procedure") and the terms of reference of the audit committee (the "Audit Committee", and its terms of reference, the "Charter of the Audit Committee").

Structure of the Corporate Governance Regimes applicable to the Company

tonies is subject to the corporate governance regime as set forth in particular in the Luxembourg law of 10 August 1915 on commercial companies, as amended. As a company whose shares are listed on a regulated market, the Company is further subject to the law of 24 May 2011 on the exercise of certain shareholder rights in listed companies, as amended. However, the Company is not required to adhere to the Luxembourg corporate governance regime applicable to companies whose shares are traded in Luxembourg or to the German corporate governance regime applicable to listed companies in Germany. The Company has opted not to apply the Luxembourg or German corporate governance regime in its entirety on a voluntary basis either. Nonetheless, the Company remains committed to applying and implementing a high standard of corporate governance throughout its organization and has therefore decided to set up its own corporate governance rules as described in the following paragraphs in order to build up a corporate governance structure, which meets the specific needs and interests of the Company.

The Company is, for example, in compliance with certain rules of the German corporate governance codex that it believes are of particular importance such as that the Audit Committee of the Company's Supervisory Board is being chaired by an independent member of the Supervisory Board, Mr. Helmut Jeggle, who has specific knowledge and experience in applying accounting principles and who is not the chairperson of the Supervisory Board.

Remuneration Policy

tonies drew up a Remuneration Policy for the Management Board as well as for the Supervisory Board (the "Remuneration Policy") which was approved by the annual general meeting of shareholders of the Company held on 29 May 2024 and has been effective as of 1 January 2024. The principles and measurement of the Remuneration Policy for the Management Board and Supervisory Board have been prepared in accordance with the aforementioned Luxembourg law of 24 May 2011.

2. Code of Conduct and Compliance

The Company has also issued a corporate code of conduct (the "Code of Conduct"). Under the Code of Conduct, all employees of the Company are required to abide by applicable laws and practice a culture of integrity. The Code of Conduct outlines the core values of the Company, which also include taking corporate and social responsibility, embracing diversity and focusing on longterm effects of our doing.

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In all business dealings, employees and teams work together with each other and our business partners on the basis of openness, respect and constructive cooperation, thereby fostering a culture and work environment that empowers every employee to do their best work and provide a safe work environment. Relationships with our business partners play an important role in this context. Therefore, issues such as respect for human rights, prohibition of child labor, and compliance with other standards relating to labor rights and the provision of a safe workplace are set out in a separate Code of Conduct for Business Partners. The standards contained therein are based in many respects on those of the International Labor Organization (ILO) and are intended to contribute to implementation and compliance along our supply chain.

Our success is based on our innovations and our unique products and services. In this regard, Intellectual Property (IP) is one of our biggest assets, which must be protected accordingly. In addition, several of our products are also based on cooperation with license partners. In order to respect their Intellectual Property rights, the highest possible attention is paid to the preparation of the contractual basis and subsequent implementation.

This approach ensures the Company's success, which is based on great products and services, happy and loyal customers as well as the Company's reputation.

Given that tonies operates online platforms, it is aware of the special responsibility with regard to data protection and IT security. In order to protect all personal data of its employees, customers, suppliers and business partners, the Company complies with the applicable provisions and requirements under the relevant data protection laws and is particularly committed to basic principles such as purpose limitation, storage limitations and the accountability of the person responsible for processing the data. tonies has implemented appropriate technical and organizational measures to prevent its data from unauthorized access. Employees are required to use Company property only for business purposes in general and to protect it from loss or damage by treating it properly. Furthermore, the Company attaches importance not to disclose confidential information, which may include, inter alia, technical and financial data or business strategies.

As a global Company, we are aware that regulations intended to ensure that no relationships are entered into with sanctioned persons/companies or that financial resources are linked to money laundering practices or serve the financing of terrorism are of particular relevance to us and must be taken into account accordingly.

The Company's compliance system contributes to the effective implementation of the aforementioned values, principles and rules. Employees are encouraged to be alert, observant and to express concerns if they suspect a violation of a corporate governance rule. Concerns can be addressed to office superiors and/or the Chief Compliance Officer. Furthermore, suspected wrongdoing can be reported through the Company's internal communication channels, on an anonymous basis via our whistleblowing system if preferred.

3. Procedures of the Management Board and the Supervisory Board

Management Board Procedures

The Company is managed by the Management Board which exercises its functions under the supervision of the Supervisory Board. The Management Board is vested with the broadest powers to act in the name of the Company and to take any action necessary or useful to fulfil the Company's corporate purpose, with the exception of the powers reserved to the Supervisory Board or to the general meeting of shareholders by any laws or regulations or by the Articles of Association.

The Management Board bears responsibility for managing the Company's business. It is bound to act in the interest of the Company and to increase the long-term value of the Company. The members of the Management Board are responsible for the Company's strategy and its day-to-day implementation. They work collaboratively and inform each other constantly about any significant measures and events within their area of responsibility.

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The Management Board develops the Company's strategy under the supervision of the Supervisory Board and ensures its implementation. It also conducts the Company's business with the due care and diligence of a prudent and conscientious manager in accordance with the applicable law, the Articles of Association and the Management Board Rules of Procedure. The Management Board cooperates in the best interest of the Company in an atmosphere of collegiality and trust with the other bodies of the Company.

The collaboration and responsibilities of the members of the Management Board are set out in the Management Board Rules of Procedure. The members of the Management Board represent the Company in dealing with third parties. With regard to the daily management of the Company's affairs, the Management Board may delegate such actions to one or several members of the Management Board, officers or agents. Pursuant to the Articles of Association and the Management Board Rules of Procedure, the Company is bound towards third parties by the joint signature of any two members of the Management Board, or by the individual or joint signature of any persons to whom such signatory power may have been delegated by the Management Board within the limits of such delegation.

The Management Board endeavors to hold at least one meeting in each calendar quarter to discuss the progress and development of the business of the Company. Additional meetings are held if necessary. At least every calendar quarter the Management Board provides a written report to the Supervisory Board on the business of the Company and its foreseeable future development. In addition, the Management Board is obliged to promptly inform the Supervisory Board about any events likely to have a material effect on the Company.

Any member of the Management Board who has a financial interest conflicting with the interest of the Company in connection with a transaction falling within the responsibility of the Management Board is required to disclose such conflict of interest immediately to the Supervisory Board and inform the other members of the Management Board thereof. The relevant member of the Management Board may not take part in the discussions relating to such transaction nor vote on such transaction. Any such conflict of interest must be reported to the next general meeting of shareholders prior to such meeting taking any resolution on any other item. In addition, the authorization of the Supervisory Board is required for transactions relating to such conflict matters.

Supervisory Board Procedures

The Supervisory Board shall be in charge of the permanent supervision and control of the Company's management by the Management Board. It may in no case interfere with such management. The Supervisory Board has an unlimited right of information regarding all operations of the Company and may inspect any of the Company's documents. It may request the Management Board to provide any information necessary for exercising its functions and may directly or indirectly proceed to all verifications which it may deem useful in order to carry out its duties. A member of the Management Board cannot be a member of the Supervisory Board at the same time.

The Supervisory Board regularly advises and supervises the Management Board in its management of the Company. It is involved in all decisions of fundamental importance for the Company. The Supervisory Board conducts its business in accordance with the applicable law, the Articles of Association and the Supervisory Board Rules of Procedure. It cooperates closely in an atmosphere of trust with the other corporate bodies of the Company, in particular with the Management Board, in the best interest of the Company. Pursuant to the Articles of Association and the Supervisory Board Rules of Procedure, the Supervisory Board must be composed of at least three members. The Supervisory Board must comprise what it considers an adequate number of independent members. However, at least one member of the Supervisory Board must be independent. Currently, the Supervisory Board has five members, of which three are independent.

The Supervisory Board has adopted the Supervisory Board Rules of Procedure. The Supervisory Board Rules of Procedure govern the procedures and responsibilities of the Supervisory Board. The Supervisory Board holds at least one meeting in each calendar quarter. Additional meetings are convened if necessary. The Supervisory Board reviews the efficiency of its activities at least annually.

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The Supervisory Board is subject to the same rules regarding conflict of interests as the Management Board as described above.

The Supervisory Board Rules of Procedure also lay out procedures and responsibilities for the Company's committees. Currently, the Supervisory Board has one committee, the Audit Committee, whose procedures and responsibilities are governed by the Charter of the Audit Committee.

4. Composition of the Management Board and the Supervisory Board

Composition of the Management Board and respective changes

Pursuant to the Supervisory Board Rules of Procedure, when appointing members of the Management Board, the Supervisory Board also takes diversity into account. The age limit for members of the Management Board is 69. With regard to succession, the Management Board and the Supervisory Board must ensure that there is a long-term succession planning of the Management Board.

The following table lists the members of the Management Board for the calendar year 2024:

Name	Nationality	Age	Position	Start of Term	End of Term
Tobias Wann	German	52	CEO	01/01/2024	31/12/2026
Dr. Jan Middelhoff	German	41	CFO	01/05/2023	30/04/2026
Virginia Saino McCormick	United States of America	50	CXO	02/09/2024	01/09/2027

Tobias Wann was appointed as a member of the Management Board and CEO and took up his position on 1 January 2024. He has over 20 years of experience in running fast growing international technology companies.

Jan Middelhoff was appointed as a member of the Management Board and CFO on 1 May 2023. He already joined the Company in May 2020. In his tenure at the Company, he held several positions, most recently as MD International and Chief of Staff. In his role as CFO, he transferred the lead of the Strategy Team and Corporate Communications to the CEO, along with all Finance teams, Investor Relations and Legal & Compliance.

Virginia Saino McCormick was appointed as a member of the Management Board and Chief Experience Officer (CXO) on 2 September 2024. With two decades of industry experience, McCormick has held leadership roles at Zappos.com, Amazon Hub, Hasbro, Mattel Interactive, and Reebok. At tonies, she oversees the brand, product and content functions. The newly created CXO role unifies these areas under one visionary leadership.

Composition of the Supervisory Board and respective changes

Pursuant to the Supervisory Board Rules of Procedure, each member of the Supervisory Board must have the required knowledge, abilities and expert experience to fulfill his or her duties properly. At least one member of the Supervisory Board must have knowledge in the field of accounting and auditing. Each member of the Supervisory Board must ensure that he or she has sufficient time to perform his or her mandate. The members of the Supervisory Board must take responsibility for undertaking any training of professional development measures necessary to fulfill their duties. The Company must adequately support them in this regard.

In the Supervisory Board Rules of Procedure, the Supervisory Board has specified the following goals for its composition and the following profile of skills and expertise for its members:

- The Supervisory Board members in their entirety shall have the required knowledge, abilities and expert experience required to successfully complete their tasks.
- The Supervisory Board members in their entirety must be familiar with the sector in which the Company operates.
- At least one member of the Supervisory Board shall not have any board position, consulting or representation duties with main suppliers, lenders or other business partners of the Company.
- The Supervisory Board members must not exercise directorships or similar positions or advisory tasks for material competitors of the Company.
- The age limit for members of the Supervisory Board is 75.

Pursuant to the Supervisory Board Rules of Procedure, proposals by the Supervisory Board to the Company's general meeting for its composition must aim at fulfilling the aforementioned overall profile of the required skills and expertise.

The following changes were made to the composition of the Supervisory Board in 2024:

- The mandates of Anna Dimitrova and Dr. Thilo Fleck as members of the Supervisory Board expired with effect as of the date of the AGM on 29 May 2024.

The following table shows the members of the Supervisory Board for the calendar year 2024:

Name	Nationality	Age	Profession	Start of Term	Expected End of Term	Other functions in the Company
Anna Dimitrova	German	48	CFO of Deutsche Glasfaser Unternehmensgruppe	2021	2024 (the mandate expired with effect as of the date of the AGM on 29 May 2024)	– Chairperson of the Supervisory Board – Member of the Audit Committee
Alexander Kudlich	German	45	General Partner at 468 Capital	2024	2027	–
Alexander Schemann	German	48	Founder and Managing Partner at Armira	2024	2027	– Deputy Chairperson of the Supervisory Board – Member of the Audit Committee
Christian Bailly	German	43	Managing Partner at Armira	2024	2027	– Chairperson of the Supervisory Board (from 29 May 2024) – Deputy Chairperson of the Audit Commitee – Member of the Audit Committee
Helmut Jeggle	German	54	Founder and Managing Partner at Salvia GmbH	2024	2027	– Chairperson of the Audit Committee
Dr. Thilo Fleck	German	50	Lawyer, Partner at Berner Fleck Wettich	2021	2024 (the mandate expired with effect as of the date of the AGM on 29 May 2024)	–
Erika Wykes-Sneyd	US	41	Global Vice President & General Manager at adidas	2024	2027	–

Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Company, the audits of the financial statements of the Company, internal control and choice of the Company's independent auditor (the "Independent Auditor"). The mode of operation as well as the duties and responsibilities are set out in the Charter of the Audit Committee.

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The powers and responsibilities of the Audit Committee include (i) the discussion of the Company's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies with the Management Board and the Independent Auditor, (ii) the review and approval of all party-related transactions, (iii) the discussion of certain correspondences and legal matters, (iv) requesting certain assurances from the Management Board, the Independent Auditor and the Company's internal auditor with regard to foreign subsidiaries and foreign affiliated entities, (v) the discussion of risk assessment and risk management with the Management Board, (vi) setting clear hiring policies for employees of the Company's Independent Auditor, (vii) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and (viii) providing the Company with any report required to be included into the Company's periodic reports and any legally required reports.

The Audit Committee consists exclusively of members of the Supervisory Board and consists of three members. In the Charter of the Audit Committee, the Supervisory Board has specified the following rules for the composition of the Audit Committee:

- The chairperson of the Audit Committee must have specific knowledge and experience in applying accounting principles and internal control procedures.
- The majority of the Audit Committee must be independent of the Company. The chairperson of the Audit Committee must be designated by the Supervisory Board and must be independent of the Company. Members of the Audit Committee as a whole shall be competent in the business sector of the Company.
- The chairperson of the Supervisory Board may not be appointed as chairperson of the Audit Committee.

The current members of the Audit Committee are Helmut Jeggle (as chairperson), Christian Bailly and Alexander Schemann. The mandate of Anna Dimitrova as member of the Supervisory Board and thus as member of the Audit Committee has expired with effect of the Annual General Meeting 2024 on the 29 May 2024. This composition follows the abovementioned rules for the composition of the Audit Committee. In particular, all members of the Audit Committee have specific knowledge and experience in applying accounting principles and internal control procedures and three of them are independent of the Company.

5. Corporate Governance Statement by the Management Board for the period ended 31 December 2024

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

In accordance with Article 3 of the Luxembourg 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 Management Board declares that, to the best of its knowledge, the audited consolidated financial statements for the period ended 31 December 2024, prepared in accordance with International Financial Reporting Standards as adopted by European Union, give a true and fair view of the assets, liabilities, financial position and results as of that date and results for the period then ended.

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

Luxembourg, 9 April 2025

Tobias Wann	**Jan Middelhoff**	**Virginia McCormick**
CEO	CFO	CXO

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Report of the Reviseur d'Entreprises Agréé

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **tonies SE** (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 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 Consolidated Financial Statements» section of our report. We are also independent of the Group 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 consolidated 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated 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:	**Recognition of revenue**
Description of key audit matter:	The amount of revenue amounting to EUR 481 m (note 6 and 20) on the sales of tonies and tonieboxes is dependent on the appropriate assessment of incoterms and return rates. Therefore, we considered the risk that the revenue is not accurate as a significant risk, specifically due to the fact that: ■ Most of the delivery arrangements are handled by an external service provider, hence the timing of recognition is dependent on the availability and accuracy of information received. ■ The sales contracts include certain rights of return which impact the amounts to be recognized as revenue. The determination of the return rates requires management to make use of estimates and assumptions that may affect the reported amounts of revenue. The Group has procedures and processes in place to manage the commercial, technical, and financial aspects of sales contracts. The risk of material misstatement is that accounting for the Group's sale contracts does not accurately reflect the timing of recognition and the right of return assets at the reporting date.
Our response:	Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, included: ■ Evaluation and testing of the design and implementation of the relevant controls over process activities, specifically on controls over cut-off; ■ Reconciliation of sales ledger to the general ledger of the Group; ■ For a sample of invoices, the analysis of the relevant clauses within related contracts as well as incoterms to obtain a full understanding of the specific terms and risks, to conclude on whether revenue for these contracts was appropriately recognized in the correct period; ■ Third party confirmation for large retailers; ■ Post balance-sheet credit notes inspection; ■ Recomputation and analysis of the return rates including inspection of actual returns post balance-sheet date. We assessed the completeness and appropriateness of the disclosures in Note 3 "Significant accounting policies", Note 6 "Operating Segment" and Note 20 "Revenue" to the Consolidated Financial Statements.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the consolidated management report from page 32 to 69 and the corporate governance statement from page 70 to 75 but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

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Responsibilities of the Management Board and Those Charged with Governance for the Consolidated Financial Statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group'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 Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Management Board is also responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated 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 N° 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.

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- Conclude on the appropriateness of Management Board 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated 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" by the General Meeting of the Management Board on 29 May 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

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

We have checked the compliance of the consolidated financial statements of the Group as of 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the Consolidated Financial Statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as of 31 December 2024, 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 the EU Regulation No 537/2014 were not provided and that we remained independent of the Company Group in conducting the audit.

Luxembourg, 9 April 2025

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

Signed by:
Houssem DOM
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Houssem DOM
Réviseur d'entreprises agréé

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Consolidated Financial Statements

- Consolidated Statement of Financial Position
- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity

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Consolidated Statement of Financial Position

IFRS Consolidated Statement of Financial Position in kEUR	Notes	31.12.2024	31.12.2023
Assets			
Property, plant and equipment	7	5,726	6,620
Right of use assets	7	4,326	5,356
Intangible assets (excl. Goodwill)	8	103,870	108,569
Goodwill	8	162,236	162,236
Deferred tax assets	27	11,240	0
Non-current assets		**287,398**	**282,780**
Inventories	10	89,083	76,069
Return asset		1,078	1,155
Trade receivables	11	76,942	49,070
Other assets	11	16,585	23,988
Cash	12	87,410	59,288
Current assets		**271,098**	**209,571**
Total assets		**558,496**	**492,352**
Equity			
Share capital	13	2,030	2,030
Share Premium	13	607,032	607,166
Other Reserves	13	31,838	23,724
Treasury Shares	13	– 250	0
Retained earnings		– 307,341	– 295,796
Profit (Loss)		13,083	– 11,807
Equity attributable to owners of the company		**346,392**	**325,317**
Non-controlling interests		0	0
Total equity		**346,392**	**325,317**
Liabilities			
Loans and borrowings	15	15,546	7,433
Lease liabilities	15	3,744	4,758
Share-based payment liabilities	22	1,309	3,166
Deferred tax liabilities	27	25,336	24,257
Non-current liabilities		**45,935**	**39,614**
Income Tax liabilities		4,243	2,739
Loans and borrowings	15	173	15,555
Lease liabilities	15	899	856
Share-based payment liabilities	22	2,637	3,650
Trade payables	16	75,520	38,906
Other liabilities	16	59,137	41,057
Warrant liabilities	17	10,332	5,832
Provisions	18	13,228	18,825
Current liabilities		**166,169**	**127,420**
Total liabilities		**212,104**	**167,034**
Total equity and liabilities		**558,496**	**492,352**

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

IFRS Consolidated Statement of Profit or Loss and Other Comprehensive Income (by nature of expense) in kEUR	Notes	2024	2023
Continuing Operations			
Revenue	20	**480,547**	**360,948**
Changes in inventories	10	21,721	– 8,829
Cost of materials	21	– 203,886	– 129,659
Gross profit		**298,382**	**222,460**
Licensing costs	21	– 54,869	– 36,332
Gross profit after licensing costs		**243,513**	**186,128**
Own work capitalized		1,594	1,416
Other income	24	14,943	8,140
Personnel expenses	23	– 53,734	– 48,623
Other expenses	25	– 172,855	– 138,357
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**33,461**	**8,704**
Depreciation and amortisation	7/8	– 20,758	– 19,480
Earnings before interest and taxes (EBIT)		**12,703**	**– 10,776**
Finance income	26	642	8,812
Finance costs	26	– 8,295	– 3,125
Earnings before tax (EBT)		**5,050**	**– 5,089**
Tax income	27	8,033	– 6,718
Profit (loss) for the period		**13,083**	**– 11,807**
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation to presentation currency		4,171	– 2,459
Total comprehensive income for the period		**17,254**	**– 14,266**
Profit attributable to:			
Owners of the Company		13,083	– 11,807
Non-controlling interests		0	0
Total comprehensive income attributable to:			
Owners of the Company		17,254	– 14,266
Non-controlling interests		0	0
Earnings (loss) per share (in EUR)			
Avg. no. of shares (basic)		113,791,778	112,537,124
Avg. no. of shares (diluted)		130,191,778	112,537,124
Basic earnings per share in EUR	28	0.11	– 0.10
Diluted earnings per share in EUR	28	0.10	– 0.10

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statement of Cash Flows

IIFRS Consolidated Statement of Cash Flows in kEUR	Notes	2024	2023
Profit (loss) for the period		**13,083**	**– 11,807**
Depreciation and amortization		20,758	19,480
Finance (income) expenses		7,653	– 5,686
Tax expense (income)		– 8,033	6,718
EBITDA		**33,461**	**8,704**
Decrease (increase) in trade receivables	11	– 27,872	– 14.279
Decrease (increase) in inventories	10	– 13,014	8,253
Increase (decrease) in trade payables	16	36,614	– 505
Decrease (increase) in net working capital		**– 4,272**	**– 6,531**
Decrease (increase) in other assets	11	7,480	– 6,608
Increase (decrease) in other provisions	18	– 5,597	– 2,411
Increase (decrease) in other liabilities	16	16,765	9,313
Increase (decrease) in share-based payment liabilities	23	– 2,870	767
Increase (decrease) in share-based remuneration reserves	23	1,788	4,945
Loss from asset disposal	7/8	498	0
Cash flow from operating activities before income taxes		**47,253**	**8,179**
Income tax paid		– 89	– 36
Cash flow from operating activities		**47,164**	**8,143**
Acquisition of property, plant and equipment	7	– 3,568	– 4,030
Acquisition of intangible assets	8	– 11,011	– 7,548
Own Development expenses capitalized	8	– 1,594	– 1,416
Proceeds from government grants	7/8	1,540	0
Interest received		527	86
Cash flow from investing activities		**– 14,106**	**– 12,907**
Proceeds from placement of treasury shares		2,033	0
Proceeds from borrowings		0	15,000
Repayments of borrowings	15	– 7,500	0
Interest paid		– 2,595	– 2,308
Payment of lease liabilities	15	– 1,045	– 1,099
Cash flow from financing activities		**– 9,107**	**11,594**
Net increase (decrease) in cash		**23,951**	**6,829**
Change in cash resulting from exchange rate differences		4,171	– 2,459
Net cash at the beginning of the period		59,288	54,918
Net cash at the end of the period		87,410	59,288

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statement of Changes in Equity

IFRS Statement of Changes in Equity in kEUR	Notes	Share capital	Share premium	Translation reserve	Transaction costs reserve	Share-based remuneration reserve	Retained earnings	Treasury Shares	Profit (Loss)	Non–controlling interest	Total equity
Balance as of 1.1.2024		2,030	607,166	−3,889	−1,871	29,484	−295,796		−11,807	0	325,317
Allocation results prior year		0	0	0	0	0	−11,807	0	11,807	0	0
Total comprehensive Income											
Profit (loss) for the period		0	0	0	0	0	0	0	13,083	0	13,083
Other comprehensive income		0	0	4,171	0	0	0	0	0	0	4,171
Reallocation Treasury Shares	13	0	0	0	0	0	262	−262	0	0	0
Total comprehensive income		**0**	**0**	**4,171**	**0**	**0**	**262**	**−262**	**13,083**	**0**	**17,254**
Contributions and distributions											
Equity-settled share-based payment	13/22	0	−2,155	0	0	3,943	0	0	0	0	1,788
Total contributions and distributions		**0**	**−2,155**	**0**	**0**	**3,943**	**0**		**0**	**0**	**1,788**
Total transactions with owners of the Company		**0**	**−2,155**	**0**	**0**	**3,943**	**0**		**0**	**0**	**1,788**
Placement of Treasury Shares	13		2,021	0	0	0	0	12	0	0	2,033
Balance as of 31.12.2024		**2,030**	**607,032**	**282**	**−1,871**	**33,427**	**−307,341**	**−250**	**13,083**	**0**	**346,392**

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statement of Changes in Equity

IFRS Statement of Changes in Equity in kEUR	Notes	Share capital	Share premium	Translation reserve	Transaction costs reserve	Share-based remuneration reserve	Retained earnings	Treasury Shares	Profit (Loss)	Non–controlling interest	Total equity
Balance as of 1.1.2023		2,030	607,166	– 1,430	– 1,871	24,539	– 264,133	0	– 31,663	0	334,638
Allocation results prior year		0	0	0	0	0	– 31,663	0	31,663	0	0
Total comprehensive Income											
Profit (loss) for the period		0	0	0	0	0	0	0	– 11,807	0	– 11,807
Other comprehensive income		0	0	– 2,459	0	0	0	0	0	0	– 2,459
Total comprehensive income		**0**	**0**	**– 2,459**	**0**	**0**	**0**		**– 11,807**	**0**	**– 14,266**
Contributions and distributions											
Capital increase	13	0	0	0	0	0	0	0	0		0
Equity-settled share-based payment	22	0	0	0	0	4,945	0	0	0	0	4,945
Total contributions and distributions		**0**	**0**	**0**	**0**	**4,945**	**0**		**0**	**0**	**4,945**
Total transactions with owners of the Company		**0**	**0**	**0**	**0**	**4,945**	**0**		**0**	**0**	**4,945**
Other Changes		0	0	0	0	0	0	0	0	0	0
Balance as of 31.12.2023		2,030	607,166	– 3,889	– 1,871	29,484	– 295,796	0	– 11,807	0	325,317

The accompanying notes form an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements

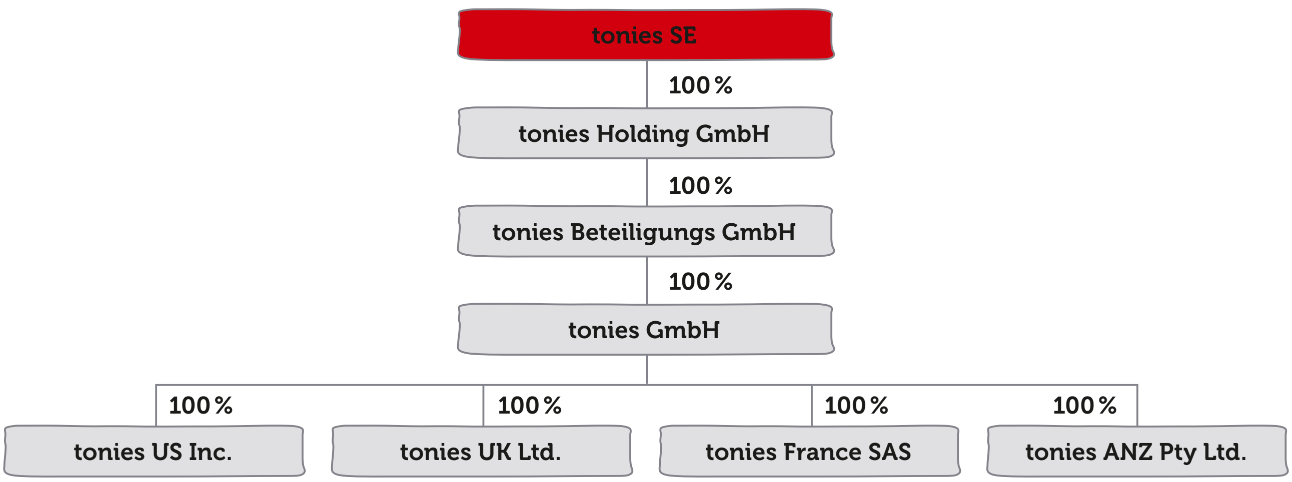
1. General information

tonies SE (the "Company" or "tonies") was incorporated in Luxembourg on 18 March 2021 and was registered with the Luxembourg Trade and Companies Register under number B252939 on 29 March 2021. The registered office of the Company is in rue de Bitbourg 9, L1273, Luxembourg. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" or "tonies").

tonies is a Societas Europaea, formed on 18 March 2021 under the laws of Luxembourg. The Company was formed as a special purpose acquisition company to engage in a merger or acquisition with an unidentified company or companies or other entity or person. The Company was formed for the purpose of acquiring one operating business with principal business operations in a member state of the European Economic Area or in the United Kingdom or Switzerland in the technology or technology-enabled sector with a focus on the sub-sectors marketplaces, direct-to-consumer, and software & artificial intelligence through a merger, capital stock exchange, share purchase, asset acquisition, reorganization or similar transaction.

tonies SE started trading on the regulated market of the Frankfurt Stock Exchange on 29 November 2021 under the International Securities Identification Number ("ISIN") LU2333563281.

Per 31 December 2024, the Group structure of tonies SE is as follows:



tonies, through its subsidiaries, is the producer of the innovative audio system "Tonies", consisting of a speaker box called Toniebox and of various figures marketed under the name Tonies, enabling children to listen to stories and music of their choice by placing a Tonie atop of the Toniebox.

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2. Basis of preparation

2.1. Statement of compliance

The consolidated financial statements of tonies have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as endorsed by the European Union as of 31 December 2024. The term IFRS also includes all valid International Accounting Standards (IAS) as well as the interpretations of the IFRS Interpretations Committee (IFRIC).

The financial statements were authorised by the management board on 9 April 2025.

The assets and liabilities in the consolidated statement of financial position were classified in accordance with IAS 1 as current/non-current with the criteria defined by IAS 1.54 et seqq.

tonies has decided to prepare a consolidated statement of profit or loss and other comprehensive income using the nature of expense method.

tonies has elected to present consolidated comprehensive income using a "one-statement" approach. The consolidated statement of financial position complies with the classification requirements of IAS 1 "Presentation of Financial Statements". When presenting items of other comprehensive income, items reclassified to profit or loss are presented separately from items that are never reclassified. Assets and liabilities are classified by maturity. tonies presents consolidated cash flows from operating activities using the indirect method. Individual items of the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position are combined in order to improve the clarity of presentation. These items are explained in the notes to the consolidated financial statements.

All amounts have been rounded to the nearest thousand, unless otherwise indicated. As amounts are disclosed in thousands of euros, standard commercial rounding may result in rounding differences. In some cases, such rounded amounts and percentages may not correspond 100 % to the stated sums when added together and subtotals in tables may differ slightly from nonrounded figures.

2.2. Going concern

The consolidated financial statements were prepared on a going concern basis according to IAS 1.25.

2.3. Measurement basis

The consolidated financial statements have been prepared on a historical cost basis. This does generally not apply to derivative financial instruments and liabilities for cash- and equity settled share based payments , as they are recognised at fair value as of the balance sheet date. A corresponding explanation is provided in the context of the respective accounting policies.

2.4. Functional currency and presentation currency

These consolidated financial statements are presented in euro, which is tonies' presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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2.5. Current/non-current classification

An asset is classified as current if it is expected to be realised or consumed within tonies' normal operating cycle of one year. All other assets are classified as non current.

A liability is classified as current if it is expected to be settled within tonies' normal operating cycle of one year. All other liabilities are classified as non current.

3. Significant accounting policies

tonies has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1. Consolidation

3.1.1. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3.1.2. Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated.

3.2. Foreign currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group companies at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at prevailing the date of the transaction. Foreign currency differences are recognised in profit or loss and presented within other income or other expenses.

3.2.2. Foreign currency operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rate prevailing at the date of the transaction. For consolidation purposes foreign entities denominated in USD, AUD and GBP are converted with monthly average (income statement) or monthly closing rate (balance sheet).

Foreign currency differences are recognised in Other Comprehensive Income (OCI) and accumulated in the translation reserve.

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3.3. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to tonies. All other expenditure for property, plant and equipment is recognised immediately as an expense. Government or other grants received are deducted from the acquisition cost if not related to income.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Right-of-Use Assets	2 – 10 years
Land and building	Up to 10 years
Technical equipment and Machinery	3 – 10 years
Tooling	3 – 5 years
Other operating and office equipment	3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. This specifically applied to tooling assets.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. The gain or loss arising from the sale or retirement of a property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss under other income or other expenses.

3.4. Intangible assets

3.4.1. Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

When the amount of aggregate consideration transferred is in excess of the fair value of the net assets acquired a goodwill is recognised. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.4.2. Research and development costs

Self-developed assets are capitalized in accordance with the requirements of IAS 38. Capitalization includes hours spent on dedicated projects considering relevant remuneration and applicable surpluses.

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Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Government or other grants received are deducted from the acquisition cost if not related to income.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.4.3 Other intangible assets

Other intangible assets, including patents and trademark, customer relationships, software and order backlog that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Government or other grants received are deducted from the acquisition cost if not related to income.

An intangible asset shall be derecognised on disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the income statement when the asset is derecognised. This is recognised under other income or other expenses.

3.4.4. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Brand	15 years
Technology	15 years
Customer relationship	10 – 15 years
Patents, licenses and similar rights and values	3 – 7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill is not systematically amortised over a period. It is subject to impairment testing at least annually. The annual impairment tests are performed as of 31 December every year. Refer to note 3.7.2 for more details.

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3.5. Leases

At inception of a contract, tonies assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. tonies solely acts as a lessee.

At commencement or on modification of a contract that contains a lease component, tonies allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

tonies recognises a right-of-use asset and a lease liability at the lease commencement date. The right-o-fuse asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straightline method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to tonies by the end of the lease term or the cost of the right-of-use asset reflects that tonies will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, tonies' incremental borrowing rate. Generally, tonies uses its incremental borrowing rate as the discount rate.

tonies determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including insubstance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that tonies is reasonably certain to exercise, lease payments in an optional renewal period if tonies is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless tonies is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in tonies' estimate of the amount expected to be payable under a residual value guarantee, if tonies changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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To assess whether a contract conveys the right to control the use of an identified asset for a period of time, tonies assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- tonies has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- tonies has the right to direct the use of the asset. tonies has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the period of use. When all the decisions about how and for what purpose the asset is used are predetermined, tonies has the right to direct the use of the asset if either:
  - tonies has the right to operate the asset; or
  - tonies designed the asset in a way that predetermines how and for what purpose it will be used. tonies presents its leases under "right-of-use assets" in the statement of financial position.

tonies has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. tonies recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the simple weighted average price. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity. Impairment due to limited marketability of items is taken into account by means of write-downs.

The change in unfinished and finished goods is presented in the line change in inventory within the income statement. Raw material and trading goods are not included in the change in inventory line.

3.7. Impairment

3.7.1. Non-derivative financial assets Financial instruments

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses (ECLs), the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forwardlooking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i. e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that tonies expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for cash at bank and trade receivables are deducted from the gross carrying amount of the corresponding assets.

Write-off

The gross carrying amount of a financial asset is written off when tonies has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.7.2. Non-financial assets

At each reporting date, tonies reviews the carrying amounts of its nonfinancial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment and on adhoc basis in case of triggering events.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU). Goodwill is allocated to CGUs which are equal to the segments reported in tonies group.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8. Cash

Cash is determined as petty cash and cash at banks. Cash at bank includes payment providers with banking licenses in the respective geographical regions.

Funds held at service providers and retail platforms without banking licenses are not included in cash but in other assets as these funds cannot be transferred in any case without limitations on a short notice. Short term bank liabilities are not included in cash for presentation or cash and cash equivalents for the cash flow statement.

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3.9. Share capital

3.9.1. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

3.9.2. Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in deduction of share capital. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

3.10. Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised if tonies has a present obligation to a third party based on a past event, an outflow of resources to settle the obligation is probable and the amount of the obligation can be reliably estimated. Provisions are discounted if the effect is material.

Provisions where the outflow of resources is likely to occur within the next year are classified as current, and all other provisions as non-current.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

3.11. Financial instruments

3.11.1. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. Financial assets and financial liabilities are initially recognised when tonies becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.11.2. Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition to eliminate or significantly reduce an accounting mismatch that would otherwise arise. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, except for the "own credit risk" portion of the fair value adjustment that is recorded in OCI except if doing so would create or enlarge an accounting mismatch. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.11.3. Derecognition financial assets

tonies derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which tonies neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

tonies derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. tonies also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.11.4. Derivative financial instruments

The Group holds derivative financial instruments to economically hedge part of its foreign currency risk exposure as well as its interest rate risk arising from the variable interest part of a syndicated loan. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Compound financial instruments issued by the Group comprises convertible bonds denominated in EUR that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

3.12. Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties at one point of time. tonies recognises revenue when it transfers control over a good to a customer. Potential returns are deducted from revenue resulting in a refund liability and a related refund asset.

Further information on the nature and timing of the settlement of performance obligations arising from contracts with customers, including significant terms and conditions of payment, and the related revenue recognition principles are described in note 20.

3.13. Share-based payments

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of the awards that meet the related service and non market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, 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. Any changes in the liability are recognised in profit or loss.

3.14. Finance income and finance costs

Finance cost of tonies includes interest expense from loans and borrowings as well as interest expenses from leasing and from factoring. For details in relation to the factoring program we refer to note 11. Interest expense is recognised in the statement of profit or loss in the period in which it is incurred using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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3.15. Income taxes

Income tax expense comprises current and deferred taxes. It is recognised in profit or loss except to the extent that it relates to a business combination, or items are recognised directly in equity or in OCI.

3.15.1. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

3.15.2. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right of use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which tonies expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria of IAS 12.74 are met.

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3.16. New and amended IFRS

A number of new and revised standards and amendments to existing standards have been issued by the reporting date and come into force in annual periods beginning on or after 1 January 2024. They are also available for early adoption. However, tonies has not applied early adoption of any of the new or amended standards in preparing these consolidated financial statements. On the basis of a detailed analysis of the following standards we concluded that these standards do not have any material impact on tonies consolidated financial statements:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

The following table lists the recent changes to IFRS that are required to be applied for an annual period beginning after the effective dates. The amended standards and interpretations are not expected to have a significant impact on tonies' consolidated financial statements. Potential impacts of the future IFRS18 implementation are currently being evaluated carefully.

The Group has adopted "Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants", as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current.

Standard	Title of standard or amendments	Effective date
IAS 8.30, EU Endorsement until date of authorization		
Amendments to IAS 21	Lack of Exchangeability	1.1.2025
IAS 8.30, EU Endorsement in progress		
IFRS 18	Presentation and Disclosure in Financial Statements	1.1.2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1.1.2027
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1.1.2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1.1.2026
Annual Improvements to IFRS – Volume 11	Annual Improvements to IFRS – Volume 11	1.1.2026

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4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

When measuring the fair value of an asset or a liability, tonies uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

These consolidated financial statements include the following significant items whose carrying amounts depend substantially on judgements and the underlying assumptions and estimates:

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – Lease term: whether the Group is reasonably certain to exercise extension options.
- Note 27 – Deferred Taxes: Recoverability of deferred tax assets from tax losses carried forward.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31 December 2024 that have a significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 7 and 8 – Intangible and tangible assets: key assumptions about underlying useful lives and future utilization of the assets value.
- Note 8.2 – Goodwill: key assumption about the recoverable amounts of the CGU and the underlying budget.
- Note 8.2 – Impairment test of intangible assets: key assumption about useful lives and underlying recoverable amounts.
- Note 18 – Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources, in particular for licence provisions.
- Note 19.1.1 – Classification and measurement warrants: key assumptions about the classification of warrants as either equity or derivatives as well as the continuous remeasurement of the fair value based on a Black-Scholes Option Pricing model.
- Note 27.4 - Assumption of utilization of tax losses carried forward by tonies US, Inc. and the resulting set up of a deferred tax asset

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5. List of subsidiaries

The Company's shareholdings – unchanged to prior year – comprise:

Name	Registered seat	Share
tonies Holding GmbH	Düsseldorf, Germany	100 %
tonies Beteiligungs GmbH	Düsseldorf, Germany	100 %
tonies GmbH	Düsseldorf, Germany	100 %
tonies UK Ltd.	Bishops Stortford, UK	100 %
tonies US, Inc.	Palo Alto/California, US	100 %
tonies France SAS	Paris, France	100 %
tonies ANZ Pty Ltd.	Sydney, Australia	100 %

6. Operating segments

Since 31 December 2023, the Group has organized its business into the three operating segments DACH, North America ("NA") and Rest of the World ("RoW") in order to assess performance and make operational decisions. These three segments are based on the geographical structure of the main sales markets with tonies' external customers, and equal the reportable segments:

The DACH region comprises the sales countries of Germany, Austria and Switzerland, with business being conducted under the umbrella of tonies GmbH, Germany. NA is made up of the sales countries USA and Canada, with sales in the latter starting in September 2023. Business in North America is conducted via tonies US, Inc. based in Palo Alto, California, US.

The RoW sales region currently comprises the UK, Ireland, France, Australia and New Zealand as core markets with local teams as well as non-core markets including Hong Kong and several countries served by the European web store (e.g. Belgium, Luxembourg, the Netherlands, Portugal and Spain). In August 2024, the business was successfully launched in the new sales region Australia and New Zealand. In France, the UK and Australia, there are independent distribution companies that are used to develop the corresponding markets, while the British company also serves the Irish market and the Australian company also serves the New Zealand market. All other regions mentioned are covered by the German company tonies GmbH.

The Group's complete product and service portfolio are offered in all three segments, i.e. the segments generate their revenue from the sale of the innovative "tonies" audio system, which comprises the toniebox and various figurines marketed under the tonies brand, as well as various accessories & digital content.

There are no material transactions between the operating segments. In connection with the globalization of labor markets, employees for central functions have been hired internationally since 2024. The employees are employed by the respective local Group company, but provide their services to other operating segments or the Corporate Headquarters. The services are offset against each other at arm's length conditions, the according internal revenue is presented in the line Revenue (int) in the table below.

Revenue and expenses are allocated to the individual operating segments, where available, on the basis of the local financial reporting of the companies based in the respective region. For the DACH and RoW regions, revenues and expenses are allocated as if a separate company had existed in the region. This allocation is determined in accordance with the valuation principles of the German Commercial Code (HGB) and the internationally recognized transfer pricing guidelines of the OECD. Information on the assets and liabilities of the operating segments is not regularly reported to the responsible corporate entity and is therefore not disclosed.

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A managing director is responsible for each segment. The executive board, which has consisted of three members since 2 September, 2024[1], is the chief operating decision-maker that regularly reviews the results of the operating segments and makes decisions about the allocation of the Group's resources.

From a management perspective, the primary performance indicators of the operating segments are net revenue with external third parties, EBITDA and the contribution margin (for definition, we refer to the separate section of the annual report "Alternative Performance Measures"), which are reported regularly in internal management reporting. Other key figures are not reported regularly.

Functional areas of the Group, such as the traditional headquarters functions of accounting, tax, legal, treasury, strategic planning and IT, are combined as the non-operating business segment "Corporate Headquarters" and reported separately. Other product-related services such as the operation of the web store or the technical product infrastructure, cross-market marketing services, logistics services and customer service are also provided at the corporate headquarters. The services provided are invoiced or allocated to the operating segments on the same terms as those negotiated with third parties. These "Corporate Headquarters" information are presented for reconciliation purposes, the "Corporate Headquarters" are not presenting an operating segment according to IFRS 8.5.

Details of the sales and results of the operating segments and Corporate Headquarters as well as the reconciliation to the consolidated result are shown in the following table:

in kEUR	DACH	NA	RoW	Total operating segments	Corporate Headquarters	Reconciliation	tonies Group according to IFRS
1.1.2024–31.12.2024							
Revenue (ext)	184,274	210,351	85,922	480,547	0	0	480,547
Revenue (int)		2,174	1,371	3,545	–3,545	0	0
Revenue total	**184,274**	**212,525**	**87,293**	**484,092**	**–3,545**	**0**	**480,547**
Licensing Costs	–27,643	–23,389	–9,042	–60,074	5,206	0	–54,869
EBITDA	**42,558**	**5,343**	**2,226**	**50,127**	**–10,094**	**–6,573**	**33,461**
Contribution margin	**38.3%**	**30.0%**	**29.6%**	**33.1%**			**34.5%**
1.1.2023–31.12.2023							
Revenue (ext)	165,863	140,364	54,721	360,948	0	0	360,948
Revenue (int)	0	0	0	0	0	0	0
Revenue total	**165,863**	**140,364**	**54,721**	**360,948**	**0**	**0**	**360,948**
Licensing Costs	–27,968	–13,076	–5,725	–46,769	5,974	4,463	–36,332
EBITDA	**26,983**	**–4,486**	**–4,782**	**17,714**	**–11,874**	**2,864**	**8,704**
Contribution margin	**33.5%**	**26.3%**	**31.3%**	**30.3%**			**35.3%**

The "Reconciliation" column includes IFRS adjustments because the segment results are based on the respective local GAAP. In addition, special items are recognized here where management believes adjustments should be made due to their extraordinary and non-operational nature and which are therefore not allocated to any operating segment.

In the 2023 financial year, the "Reconciliation" column includes, in addition to the IFRS adjustments, income related to prior periods in the amount of kEUR 7,287. Of this amount, kEUR 4,463 is attributable to licensing expenses mainly resulting from the favorable renegotiation of contracts with licensors. In 2024, the "reconciliation" column for "other items" contains a total of kEUR 11,535. Of this, kEUR 9,514 is attributable to a credit note issued by the Corporate Headquarters of tonies GmbH to tonies US, Inc. (NA segment) and tonies UK Ltd. (Segment RoW) on the basis of excessive fees charged in previous periods. Since this is a special item of a one-time nature, management has decided to disclose it in the "Reconciliation" column. An additional amount of kEUR 2,021 results from the different treatment of the placement of treasury shares under IFRS.

[1] Please refer to Note 29

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The following table provides a further breakdown of the "Reconciliation" column:

in kEUR	2024	2023
IFRS 2 (share based payments)	6,847	– 5,278
IFRS 16 (Leasing)	– 1,885	1,100
Income/expenses related to prior periods	0	7,287
Other items	– 11,535	– 245
Total	**– 6,573**	**2,864**

Goodwill was reallocated in 2023 as a result of the reorganization into the three segments mentioned above; details are explained in Note 8.2.

6.1. Geographic information

The geographic information analyses the Group's revenue with external customers and non-current assets by the Company's country of domicile and other countries. In presenting and geographic information, segment revenue has been based on the geographic location of customers.

in kEUR	2024	2023
External revenue breakdown by country		
Germany	172,279	159,997
All foreign countries		
United States (US)	209,291	139,871
United Kingdom (UK)	53,706	39,202
All other foreign countries	45,272	21,878
Total	**480,547**	**360,948**

The following table shows the Group's non-current assets without reallocated goodwill broken down. In presenting the geographic information, segment assets were based on the location of the assets. The allocated goodwill is not included in this overview.

in kEUR	31.12.2024	31.12.2023
Non-current asset breakdown by country		
Germany	275,788	281,158
United States (US)	11,147	1,157
United Kingdom (UK)	132	204
All other foreign countries	331	261
Total	**287,398**	**282,780**

For the Group's revenue by product type and primary geographical markets please refer to note 20.

6.2. Major customer

Gross revenue from one customer of the Group represented approximately kEUR 72,139 (15 %) (2023: Gross revenue from one customer kEUR 30,477; 8 %) of the Group's total Gross revenue. The customer belongs to the operating segment NA.

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7. Property, plant and equipment and right-of-use

Property, plant and equipment (including rightofuse) can be broken down to the following items:

in kEUR	Right-of-use-asset	Land and building	Technical equipment and machinery	Tools	Other operating and office equipment	Assets under construction	Total
Cost							
Balance as of 1.1.2024	**7,370**	**1,092**	**3,777**	**6,458**	**4,508**	**70**	**23,275**
Additions	384	91	173	1,018	1,529	373	3,568
Reclassifications	0	154	– 154	28	0	– 28	0
Disposals	– 543	0	0	– 63	– 81	0	– 687
FX translation		7	0	0	82	0	89
Other		76	– 469		– 390	– 28	– 811
Balance as of 31.12.2024	**7,211**	**1,420**	**3,327**	**7,441**	**5,648**	**387**	**25,434**
Depreciation							
Balance as of 1.1.2024	**2,014**	**349**	**2,213**	**3,945**	**2,750**	**28**	**11,299**
Additions	871	248	982	1,599	1,189	0	4,889
Reclassifications	0	133	– 66	0	– 67	0	0
Disposals	0	0	0	– 63	– 73	0	– 136
FX translation	0	9	0	0	25	0	34
Other		– 6	– 243	0	– 427	– 28	– 704
Balance as of 31.12.2024	**2,885**	**732**	**2,886**	**5,481**	**3,397**	**0**	**15,382**
Carrying amount as of 31.12.2024	**4,326**	**684**	**441**	**1,960**	**2,254**	**387**	**10,052**

in kEUR	Right-of-use-asset	Land and building	Technical equipment and machinery	Tools	Other operating and office equipment	Assets under construction	Total
Cost							
Balance as of 1.1.2023	**6,501**	**972**	**2,964**	**5,427**	**3,266**	**323**	**19,458**
Additions	**869**	**115**	**699**	**1,031**	**1,273**	**42**	**4,030**
Reclassifications	0	0	114	0	– 31	– 295	– 212
Disposals	0	0	0	0	0	0	0
FX translation	0	0	0	0	0	0	0
Correction cost/Depreciation	0	0	0	0	0	0	0
Balance as of 31.12.2023	**7,370**	**1,092**	**3,777**	**6,458**	**4,508**	**70**	**23,275**
Depreciation							
Balance as of 1.1.2023	**1,094**	**187**	**1,597**	**2,389**	**1,758**	**0**	**7,025**
Additions	920	163	654	1,556	987		4,280
Reclassifications	0	– 1	– 38	0	5	28	– 6
Disposals	0	0	0	0	0	0	0
FX translation	0	0	0	0	0	0	0
Correction cost/Depreciation	0	0	0	0	0	0	0
Balance as of 31.12.2023	**2,014**	**349**	**2,213**	**3,946**	**2,750**	**28**	**11,299**
Carrying amount as of 31.12.2023	**5,356**	**743**	**1,564**	**2,513**	**1,758**	**42**	**11,976**

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8. Intangible assets and goodwill

8.1. Reconciliation of carrying amount and amortization

Intangible assets can be broken down to the following items as follows:

in kEUR	Brand	Tech-nology	Customer relation-ship	Order backlog	Acquired patents, licenses and similar rights values	Self-created assets	Self-created assets in development	Intangible assets in development	Total
Cost									
Balance as of 1.1.2024	**34,738**	**90,688**	**4,819**	**669**	**30,753**	**0**	**1,416**	**3,260**	**166,343**
Additions	0	0	0	0	6,695	0	1,594	4,316	12,605
Reclassifications	0	0	0	0	711	155	– 155	– 711	0
Disposals	0	0	0	0	– 20	0	0	0	– 20
FX	0	0	0	0	24	0	0	0	24
Other	0	0	0	0	– 672	0	– 994	238	– 1,428
Balance as of 31.12.2024	**34,738**	**90,688**	**4,819**	**669**	**37,491**	**155**	**1,861**	**7,103**	**177,524**
Amortization									
Balance as of 1.1.2024	**9,843**	**25,695**	**1,865**	**669**	**19,703**	**0**	**0**	**0**	**57,775**
Amortization	2,316	6,046	438	0	7,030	39	0	0	15,869
Reclassification	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	– 2	0	0	0	– 2
FX	0	0	0	0	12	0	0	0	12
Balance as of 31.12.2024	**12,159**	**31,741**	**2,303**	**669**	**26,743**	**39**	**0**	**0**	**73,654**
Carrying amount as of 31.12.2024	**22,579**	**58,947**	**2,516**	**0**	**10,748**	**116**	**1,861**	**7,103**	**103,870**

in kEUR	Brand	Tech-nology	Customer relation-ship	Order backlog	Acquired patents, licenses and similar rights values	Self-created assets in development	Prepayments on intangible assets	Total
Cost								
Balance as of 1.1.2023	**34,738**	**90,688**	**4,819**	**669**	**26,253**	**0**	**0**	**157,167**
Additions	0	0	0	0	4,288	1,416	3,260	8,964
Reclassifications	0	0	0	0	212	0	0	212
Disposals	0	0	0	0	0	0	0	0
FX	0	0	0	0	0	0	0	0
Balance as of 31.12.2023	**34,738**	**90,688**	**4,819**	**669**	**30,754**	**1,416**	**3,260**	**166,343**
Amortization								
Balance as of 1.1.2023	**7,527**	**19,649**	**1,427**	**669**	**13,303**	**0**	**0**	**42,575**
Amortization	2,316	6,046	438	0	6,400	0	0	15,200
Reclassification	0	0	0	0	0	0	0	0
FX	0	0	0	0	0	0	0	0
Balance as of 31.12.2023	**9,843**	**25,695**	**1,865**	**669**	**19,702**	**0**	**0**	**57,774**
Carrying amount as of 31.12.2023	**24,895**	**64,993**	**2,954**	**0**	**11,051**	**1,416**	**3,260**	**108,569**

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The brand and the capitalised purchased technology bundle (different core technologies) represent the majority of the intangible assets as well as the total assets. Both assets have an expected useful life of 15 years and are amortised on a straight-line basis.

In 2023 tonies has fulfilled the requirements of IAS 38 for the capitalization of self-developed assets for the first time. Capitalization includes hours spent on dedicated projects considering relevant remuneration and applicable surpluses.

The additions in 2024 mainly relate to product developments.

In 2024, tonies received government grants amounting to kEUR 1,645 related to two development projects. The subsidies are unconditional and deducted from the capitalized cost of kEUR 1,540. The grants are amortized over the useful life of the related assets and recognized in the income statement as reduced amortization. An additional amount of kEUR 102 has been directly recognized as income as this amount was not directly allocated to the relevant assets.

As the government grants are awarded for additions accounted for in prior years, the reduction is included in "Other".

Customer relationship assets generating future revenues are divided between the B2B and the B2C business with a useful life of 15 years and 10,25 years respectively.

8.2. Goodwill and impairment test

Since 2023, tonies SE changed its operational management and reporting structure and identified three separate CGUs that correspond to the reported segments. As a result, the carrying amount of goodwill was allocated to the operating segments on the basis of relative fair values. These CGU's have not changed in 2024.

The following table shows the allocation and development of goodwill, which arose exclusively in the euro zone, to the CGUs:

in kEUR	DACH	NA	RoW	Total
Carrying Amounts				
Carrying amount as of 1.1.2023	**23,594**	**132,536**	**6,106**	**162,236**
Additions/disposals recognised from business combinations	0	0	0	0
Carrying amount as of 31.12.2023	**23,594**	**132,536**	**6,106**	**162,236**
Reallocation	0	0	0	0
Additions/disposals recognised from business combinations	0	0	0	0
Carrying amount as of 31.12.2024	**23,594**	**132,536**	**6,106**	**162,236**

All CGUs were tested for impairment. The test did not reveal any need for impairment. There were no other triggering events in the reporting period.

No impairment was recognized in the reporting periods. Goodwill is tested for impairment annually and on an ad hoc basis if there are triggering events.

For the impairment test, the recoverable amounts of the CGUs are compared with their carrying amounts (including goodwill). The recoverable amounts of the CGUs are determined by calculating the value in use using the discounted cash flow method. This was based on the management's consolidated mid term planning for the years 2025 to 2027, from which the after-tax cash flows were used. For the years thereafter, assumptions were made to arrive at a terminal growth rate of between 0.5% and 2.0%. The latter growth rate is used for the RoW segment, as this reflects the future international expansion of tonies. Compared to the 2023 impairment test these growth rates are lowered for DACH and NA resulting in lower value in use.

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The planning assumptions are based on stable development after a period of 5 years in the markets already developed. EBITDA is therefore also planned to remain stable in these markets, while slightly rising EBITDA margins are assumed for the growth segment RoW for year 6 and 7 before also turning to the terminal growth rate.

Impairment-test input variables in 2024

in % for the detail planning period	DACH	NA	RoW
Discount rate	9.75 %	9.90 %	10.00 %
Terminal value growth rate	0.50 %	1.00 %	2.00 %
Revenue growth rate	2.78 %	31.34 %	22.67 %
EBIT growth rate	8.59 %	138.31 %	319.68 %

Impairment-test input variables in 2023

in %	DACH			NA			RoW		
	Year 1 – 4	Year 5 – 11	12 cont.	Year 1 – 4	Year 5 – 11	12 cont.	Year 1 – 4	Year 5 – 11	12 cont.
Discount rate	9.99 %	9.99 %	9.99 %	9.90 %	9.90 %	9.90 %	10.12 %	10.12 %	10.12 %
Revenue growth rate	2.84 %	0.50 %	0.50 %	46.41 %	15.43 %	0.50 %	36.20 %	18.57 %	2.00 %
EBIT growth rate	5.15 %	1.00 %	0.50 %	16.90 %	17.20 %	0.50 %	– 5.38 %	137,57 %	27.50 %

The discount rates are post-tax figure estimated on the basis of the historical average weighted cost of capital for the industry.

The sensitivity analysis performed on the key assumptions including revenue, EBITDA and discount allowed us to conclude that no reasonable change in the model would lead to an impairment of the goodwill.

9. Leases

tonies leases several office properties, the major ones are in Düsseldorf, in Schwäbisch Gmünd, in London/UK and in Paris/France as well as several vehicles. The lease maturity runs up to ten years depending on the individual lease terms.

tonies does not have the option to purchase the assets at the end of the contract term. For the movements in right-of-use assets refer to the table below.

One property lease contains an extension option exercisable by the Group up to one year before the end of the non-cancellable contract period. The extension option is not considered in the lease liabilities. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or there are significant changes in circumstances within its control.

The Group has not entered into new contracts for office spaces in 2024, but has entered into new lease contracts for vehicles.

Moreover, the Group leases further office properties and vehicles with contract terms of up to one year or unlimited contracts with option to terminate in due time. As these leases are of short-term nature, the Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

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Information about leases for which the Group is a lessee is presented below:

Leases in kEUR	Land and buildings	Vehicles	Total
Right-of-use assets			
2024			
Balance as of 1.1.2024	5,279	77	5,356
Depreciation charge for the year	–756	–115	–871
Additions to right-of-use assets	106	278	384
Disposals of right-of-use assets	–543		–543
Balance as of 31.12.2024	**4,086**	**240**	**4,326**
2023			
Balance as of 1.1.2023	5,233	174	5,407
Depreciation charge for the year	–797	–123	–920
Additions to right-of-use assets	844	26	869
Balance as of 31.12.2023	**5,279**	**77**	**5,356**

When measuring lease liabilities, tonies discounted lease payments using a risk-free rate plus a credit spread individual for each contract. For the calculation of the risk-free rates, the spot rate for a European AAA bond is selected for each lease. The selected term of the spot rate is corresponding to the half of the term of the lease contract. This is due to the fact that the AAA rated bonds are bullet payments with full amortisation and the rental payments are monthly payments. The use of half the term instead of the entire term of the lease thus serves as a maturity adjustment.

To determine the credit risk premium, the credit spreads of each loan of tonies were first determined. As at 31 December 2024 the total lease liability amounts to kEUR 4,643 (2023: kEUR 5,614).

To calculate the credit spreads, the spot rates (risk-free rates) as at 31 December 2024 are used. The selected term of the spot rate is corresponding to the half of the term of the loan contract. Next the spot rate was subtracted from the borrowing rate of the loan agreement to obtain the respective credit spreads. Subsequently, the spreads were weighted on the basis of the loan volumes. Finally, the discount rate for each lease liability was the risk-free rate plus the credit spread as at 31 December 2024 based on the new syndicated loan signed during 2023.

Leases in kEUR	2024	2023
Amounts recognised in profit or loss		
1. Interest on lease liabilities	248	269
2. Expenses relating to short-term leases	1,046	1,099
Amounts recognised in the statement of cash flows		
1. Total cash outflow of leases	1,046	1,099

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10. Inventories

Inventories can be broken down to the following items as follows:

Inventories in kEUR	31.12.2024	31.12.2023
1. Finished goods	83,126	62,107
2. Raw materials	4,171	12,878
3. Work in progress	1,786	1,084
Total	**89,083**	**76,069**

The obsolescence valuation of inventory to net realizable value recognised in expenses amounted to kEUR – 4,663 in 2024 and to kEUR – 2,898 in 2023. The carrying amount of inventory carried at fair value less cost to sell amounts to kEUR 9,430 (2023: kEUR 6,117)

As of 31 December 2024, inventories of tonies GmbH in amount of kEUR 14,841 are assigned as collateral for liabilities to banks. The security comprises the assignment of ownership of the warehouse with changing stock of finished goods. The changes in inventories are calculated based on the changes in finished goods and work in progress and amount to kEUR 21,721 in 2024 (2023: kEUR – 8,829).

11. Trade receivables and other assets

Trade receivables and other assets can be broken down as follows:

Trade receivables in kEUR	2024	2023
Financial assets		
Trade receivables	76,942	49,070
Total	**76,942**	**49,070**

Other assets in kEUR	2024	2023
Other financial assets		
Receivables from employees	19	23
Receivables from marketplaces	8,022	4,111
Deposits	187	3,936
Other receivables financial	2,878	281
Sum of other financial assets	**11,106**	**8,351**
Other non-financial assets		
Receivables resulting from input taxes and VAT	2	10,553
Deferred expenses and accrued income	5,477	5,084
Sum of other non-financial assets	**5,479**	**15,638**
Total	**16,585**	**23,988**

For details on the expected credit losses, we refer to note 19.2.1.

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The Group participates for the major subsidiaries tonies GmbH and tonies US Inc. in a factoring programs under which it receives early payment of its invoices from a bank by factoring its receivables from B2B customers. Under the arrangement, a bank agrees to pay amounts outstanding from a qualifying customer in respect of invoices owed to the Group and receives settlement from the customer at a later date. The principal purpose of this program is to facilitate efficient payment processing and improve the Group's liquidity by enabling payments from customers before their due date.

The Group derecognizes the original outstanding receivables from its customers in accordance with IFRS 9.

The payments from the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the sale of goods.

As of 31 December 2024, non-factored trade receivables of tonies GmbH amounting to kEUR 9,057 (2023: kEUR 643) are assigned as collateral for liabilities to banks.

12. Cash

Cash comprises cash and cash at the bank. As of 31 December 2024, tonies had cash with a carrying amount of kEUR 87,410 (2023: kEUR 59,288). As the amount of cash is below EUR 500 no amount is presented.

Cash in kEUR	**31.12.2024**	**31.12.2023**
1. Cash	0	0
2. Cash at bank	87,410	59,288
thereof restricted	741	842
Total	**87,410**	**59,288**

For details on the expected credit losses, we refer to note 19.2.1.

Restricted cash is related to the deposits of payment providers with banking licences.

13. Equity

The changes in the various components of equity from 1 January 2023 through 31 December 2024 are shown in tonies' consolidated statement of changes in equity.

13.1. Share capital

The accounting acquirer of tonies SE, tonies Holding GmbH has 100,000 subscribed shares in 2021 with a par value of each share of EUR 1.

As described in Note 3.1.2, the share capital of the accounting acquirer is carried forward and then adjusted to reflect the par value of the outstanding share capital of the legal acquirer tonies SE. These adjustments are described below.

tonies' initial share capital of kEUR 120 remained the same from its formation until 31 March 2021, consisting of 12,000,000 sponsor shares, issued for EUR 0.01 each. Subsequently, on 15 April 2021, the Company's extraordinary general shareholders' meeting resolved on the conversion of the existing 12,000,000 sponsor shares into 7,500,000 sponsor shares at a par value of EUR 0.016.

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The Company's share capital was raised from the initial share capital of kEUR 120 to kEUR 600 in connection with a private placement and listing of 30,000,000 shares by a resolution of the Management Board dated 29 April 2021. The respective shares were issued at a share price of EUR 10.00 each.

Prior to the acquisition of tonies Holding GmbH, the Company had issued 30,000,000 public shares and 7,500,000 sponsor shares at a par value of EUR 0.016 per share. Thus, tonies' share capital amounted to kEUR 600 and was divided into:

1) 30,000,000 redeemable class A shares, each with a par value of EUR 0.016 per share, and
2) 7,500,000 class B shares, each with a par value of EUR 0.016 per share.

In connection with the acquisition of tonies Holding GmbH, the Company redeemed/issued with a par value of EUR 0.016:

1) 5,885 public shares were redeemed by tonies' shareholders and directly issued as part of the new public shares to tonies Holding GmbH's and tonies Beteiligungs GmbH's legacy shareholders. The redemption resulted in a decrease of tonies' share capital of EUR 94.

2) 50,431,586 new public shares as consideration for the acquisition of all shares held by Höllenhunde GmbH in tonies Beteiligungs GmbH and the acquisition of all shares in tonies Holding GmbH from the shareholders of tonies Holding GmbH. This acquisition was made from a capital increase in the amount of kEUR 807 against a contribution in kind, resolved on by the Company's Management Board on 24 November 2021 and approved by the Company's Supervisory Board on the same day. The respective shares were issued at a share price of EUR 10.00 each. For the consideration shares, more than 10 % of the respective share capital has been paid for with assets other than cash.

3) 10,500,000 new public shares under the subscription agreements in connection with the business combination entered into by the Company with investors in a private investment in public equity (PIPE) transaction against payment of EUR 10.00 per share, resolved on by the Management Board on 24 November 2021, and approved by the Supervisory Board on the same day. The Company's share capital was increased by kEUR 168 in conjunction with the issuance of the PIPE shares.

4) 16,400,000 new public shares to the Company's subsidiary, tonies I Issuance GmbH & Co. KG, to be used to grant public shares in case of the exercise of any of the 10,000,000 public warrants and 6,400,000 sponsor warrants. The Company's share capital was raised by kEUR 262 in conjunction with the issuance of the warrant shares by a resolution of the Management Board dated 24 November 2021, with the consent of the Supervisory Board of the same day.
   a) The 10,000,000 issued class A warrants ("public warrants") are traded on the open market of the Frankfurt Stock Exchange. The public warrants were originally issued together with the public shares, with one third public warrant and one public share as one unit to institutional investors in a private placement with EUR 10.00 per unit and total proceeds of kEUR 300,000. The public warrants and public shares are separately traded on the Frankfurt Stock Exchange since 30 April 2021.
   b) tonies has issued 6,400,000 class B warrants ("sponsor warrants") to its sponsors and other private shareholders before the IPO with EUR 1.50 per warrant. Each tonies warrant entitles the holder to exercise one tonies warrant for one public share with an exercise price of EUR 11.50.

5) 16,000 new public shares to the Chairperson of the Supervisory Board Anna Dimitrova at EUR 11.74 each. The Company's share capital was raised by EUR 256 in conjunction with the issuance of these shares.

In the course of the capital reorganization, the historical share capital of tonies Holding GmbH, amounting to kEUR 100, is consolidated with the equity interests in tonies Holding GmbH.

Hence, the share capital of the Company under its Articles of Association amounted to kEUR 1,837 and 114,841,701 shares are outstanding including:

- 107,341,701 public shares; and
- 7,500,000 sponsor shares.

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In December 2021, tonies reacquired the 16,400,000 warrant shares (10,000,000 public warrants and 6,400,000 sponsor warrants) from its subsidiary at par value of EUR 0.016, reducing its share capital to kEUR 1,575 and presenting these shares as treasury shares within share capital.

For any matter submitted to a vote of the shareholders, except as required by Luxembourg law, holders of public shares and holders of sponsor shares will vote together as a single class, with each share entitling the holder to one vote. All public shares carry full dividend rights from the date of their issuance.

Through the issuance of 77,347,586 new public shares in connection with the closing of the business combination, the dividend rights and voting rights of each existing holder of public shares were diluted by approximately 72 %.

During a capital increase in November 2022 tonies has successfully placed 12,000,000 new class A shares of the Company with institutional investors, including certain existing shareholders of the Company who had committed to participate in the placement, at a placement price of EUR 5.00 per class A share.

As a result, the Company's share capital increased by 10.4 %, from EUR 1,837,561.38 to EUR 2,029,561.38, through the partial utilization of its authorized capital (the "Capital Increase"). Shareholders' preferential subscription rights were excluded in accordance with the articles of association of the Company. The new class A shares will have full dividend rights for the financial year 2022. The Company has received gross proceeds from the capital increase of EUR 60 million.

No changes in share capital occurred in 2023 and 2024.

13.2. Share premium

On 31 December 2021 the share premium amounted to kEUR 548,791. Included within the share premium is an effect of kEUR 348,685 resulting from the capital reorganization as well as kEUR 2,155 resulting from equity-settled share-based payment arrangements. The detailed individual effects are presented in the following.

The accounting acquirer tonies Holding GmbH has a share premium of kEUR 368,610 in 2021, including a capital contribution of kEUR 170,658 from tonies SE and the repayment of a shareholder loan by dissolution of capital reserves in the amount of kEUR 5,249.

The share premium of the accounting acquirer is carried forward and adjusted for the share premium of the legal acquirer. These adjustments are described in the following.

On 15 April 2021, the sponsors contributed an amount of kEUR 1,080 to the equity of tonies without issuance of shares. The initial private placement of tonies of 30,000,000 shares, completed on 29 April 2021, resulted in an increase in share premium in the amount of kEUR 299,420.

In connection with the acquisition of tonies Holding GmbH, the issue of new public shares resulted in the following contributions to the share premium:

1) 5,885 public shares were redeemed by tonies' shareholders and directly issued as part of the new public shares to tonies Holding GmbH's and tonies Beteiligungs GmbH's legacy shareholders. The redemption resulted in a decrease of tonies' share premium of kEUR 59.

2) an increase in share premium of kEUR 503,509 for the acquisition of all shares held by Höllenhunde GmbH in tonies Beteiligungs GmbH and the acquisition of all shares in tonies Holding GmbH.

3) an increase in share premium of kEUR 104,832 for new public shares under the subscription agreements in connection with the business combination entered into by the Company with investors in a private investment in public equity (PIPE) transaction.

4) kEUR 188 for the issue of new public shares to Anna Dimitrova.

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The acquisition of tonies Holding GmbH in November 2021 is accounted for as a capital reorganization in accordance with IFRS 2. Therefore, an expense was recognized, as a listing fee, for the difference of the fair value of the shares deemed to have been issued by the tonies Holding GmbH, the accounting acquirer, and the fair value of the identifiable net assets of tonies', the accounting acquiree. The fair value of the shares deemed to have been issued was calculated based on tonies' share price on 26 November 2021 of EUR 11.70. The recognition of a listing fee expense resulted in an increase of tonies' share premium amounting to kEUR 209,248. The Pro Forma financials in tonies' prospectus included an estimation of kEUR 122,634 as listing fee. The difference results mainly from the fair value of the shares deemed to have been issued being calculated based on tonies' share price on 11 November 2021 of EUR 10.57 as well as the effect of the adjustment of warrants to fair value.

tonies' accumulated loss for the period 29 March 2021 until 26 November 2021, which is the period before the acquisition of tonies Holding GmbH, was reclassified to share premium, resulting in a decrease of share premium in the amount of kEUR 71,667. The Pro Forma financials in tonies' prospectus included an estimation of kEUR 22,917 as accumulated loss for the period before the acquisition, including incurred losses of kEUR 11,421 and estimated transaction costs of kEUR 11,496. The difference results mainly from additional expenses from the valuation of the warrant shares.

Due to the nature of the capital reorganization, the equity interests in tonies Holding GmbH and tonies Beteiligungs GmbH, amounting to kEUR 889,817, were consolidated with share premium.

As tonies SE purchased the NCI in tonies Beteiligungs GmbH, amounting to kEUR 21,293, in the course of the acquisition in November 2021, these NCI were consolidated with share premium.

From the capital increase 2022 mentioned above the share premium increased by kEUR 58,374 to kEUR 607,166. During 2024 an amount of 2,155 has been reallocated from share premium to share-based remuneration reserve from an equity settled program in 2021 for a more transparent presentation within equity. Furthermore, through the placement of treasury shares, tonies SE increased Share premium by kEUR 2,021. The share premium amounts to kEUR 607,032 by 31 December 2024.

13.3. Other reserves

Other reserves include the following:

1) Translation reserves for exchange differences in translation to presentation currency amounting to kEUR 4,171 in 2024 (2023: kEUR – 2,459). For more information on currency exchange refer to note 3.2.

2) Transaction cost reserve amounting to kEUR – 1,871 from the capitalization of transaction costs at tonies Holding GmbH (kEUR – 203) and tonies SE (kEUR – 1,668) during the 2021 capital reorganization. As a result of the issuance of new public shares (10,500,000 to PIPE investors and 16,000 to the Chairperson of the Supervisory Board), tonies incurred costs in the amount of kEUR 22,457. According to IAS 32, these costs were evaluated with regard to their deductibility from equity (so called incremental costs). As a result, kEUR 2,518 of these costs were recognised as a reduction in equity within the transaction cost reserve (tonies Holding GmbH: kEUR 295, tonies SE: kEUR 2,223). The corresponding deferred tax effect of kEUR 647 was also recognized in the transaction cost reserve (tonies Holding GmbH: kEUR 92, tonies SE: kEUR 554).

3) A stock option program granted in November 2021 has been classified as an equity-settled share-based payment plan in accordance with IFRS 2 and expired in 2023. Another stock option program was granted in January 2024. In 2024 kEUR 1,788 (2023: kEUR 4,945) have been vested. For further information, please refer to note 22.

4) For the purpose of clear presentation in 2024 tonies presents the treasury shares as separate item in equity. Previously it was presented in retained earning.

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14. Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

Within the scope of capital management, the company's business objective, in addition to ensuring the going concern of the Company, is to increase the value of the company in the long term.

The Group's equity ratio decreased from 66,1 % to 62,0 %. The equity itself increased compared to prior year, but so did the total balance sheet.

As at year end, the Group had unused credit facilities in the amount of kEUR 22,421 (2023: kEUR 14,677) out of a total line of credit of kEUR 30,000 (2023: kEUR 30,000). The Group was able to meet its financial obligations at all times during the reporting year and thereafter. Group management is in constant discussion with its banks to ensure stable credit lines also in future to always maintain sufficient liquidity. For further information on waivers during the reporting period, refer to note 15.

15. Loans and borrowings

Loans and borrowings can be broken down as follows:

Loans and borrowings in kEUR	31.12.2024	31.12.2023
Non-current liabilities		
Non-current portion of the bond	8,046	7,433
Non-current portion of secured bank loans	7,500	
Current liabilities		
Non-current portion of secured bank loans		
Current portion of secured bank loans	79	15,323
Other	94	232
Total	**15,719**	22,988

On 28 June 2022 tonies SE as Issuer entered into a Subscription Agreement relating to the tonies SE up to EUR 30,000,000 Convertible Bonds due 2027, convertible into class A shares in dematerialised form of tonies SE. The bond is split into three tranches of EUR 10,000,000 each. The closing date for the mandatory issue size of Euro 10 million is the 1 July 2022 and the additional two upsize options of Euro 10 million each can be drawn starting from 1 July 2022 but not later than 15 December 2022. None of the additional upsize options were drawn before 15 December 2022 and therefore are not available any more.

During the initial recognition the total cash received was split into an equity (kEUR 3,276) and a liability component (kEUR 6,724) as of 1 July 2022. Valuation of the components have been performed in accordance with binomial lattice model. As at 31 December 2024 the liability component amounts to kEUR 8,046 at amortized costs. The bond liability involves a nominal interest of 5 % p.a.

A syndicated loan provided by four financial institutions was signed on 25 September 2023 in exchange for the existing individual bank loans of kEUR 26,000. The syndicated loan has a total volume of kEUR 30,000 with an option to increase by an additional kEUR 10,000 and a duration until 25 September 2026. The Increase option is subject to the fulfilment of certain requirements to be met. As at 31 December 2023 an amount of kEUR 7,579 plus accrued interest has been utilized.

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For Information about tonies' exposure to interest rate, foreign currency and liquidity risks please refer to note 19.2.

The syndicated loan is subject to an amendment signed at 28 March 2025 to extend the loan from kEUR 30,000 to kEUR 60,000 plus seasonal increase options. At the same time a fifth financial institutuin joined the syndicated loan agreement.

15.1. Terms and repayment schedule

Loans and borrowings	Original currency	Matures in	Interest type	Effective interest rate in %	Nominal value kEUR	Carrying amount kEUR
31.12.2024						
Bond	EUR	01.07.2027	fix	14.92	10,000	8,046
Secured bank loans	EUR	25.09.2026	fix[2]	7.02	7,579	7,579
Other loans and borrowings	EUR	n/a	fix	7.02	94	94
Total					**17,673**	**15,719**
31.12.2023						
Bond	EUR	01.07.2027	fix	5.00	10,000	7,433
Secured bank loans	EUR	25.09.2026	fix[2]	8.91	15,323	15,323
Other loans and borrowings	EUR	n/a	fix	8.91	232	232
Total					**25,555**	**22,988**

As of 31 December 2024, the Group has outstanding credit lines from overdraft facilities from secured bank loans amounting to kEUR 22,421 out of the kEUR 30,000 total available amount (31.12.2023: kEUR 30,000).

Regarding the assignment of inventories as collateral for liabilities to banks refer to note 10.

15.2. Loan covenant

tonies SE and tonies GmbH have signed the syndicated loan agreement mentioned above as of 25 September 2023.

tonies Holding is obliged to maintain several financial ratios regarding secured bank loans at the level of tonies GmbH subgroup:

- Minimum EBITDA
- Minimum Equity
- Minimum Current ratio: coverage of short term liabilities through assets.

Furthermore, the Group is obliged to fulfill covenants relating to the share of borrowers and other guarantors in the Group's revenue, EBITDA and total assets. Due to the strong international growth, the guarantor coverage related to revenue was not reached at 31 December 2023. Therefore, the Group applied for a waiver valid until 31 March 2025 which was signed with the banks on 14 August 2024. With the signature of an amendment to the strong international growth, syndicated loan agreement on 28 March 2025 tonies US, Inc. were included as guarantor in the contract and the guarantor coverage related to the revenue share by the borrowers and other guarantors was temporarily finally adjusted.

[2] Unsecured and secured bank loans, resulting from overdraft facilities, have cancellation periods subject to individual conditions agreed with the corresponding financial institutions (usually of at least two months). Interest rates are generally fix but are reviewed by the banks on a regular basis. Secured bank loan. Conditions are fixed for a specific tranche for a limited period of time (usually at least two months).

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Failure to comply with a financial covenant constitutes a material reason for terminating the loan and alternatively entitled to demand the provision or strengthening of collateral. This might lead to the immediate repayment of the outstanding amount. No further covenant breaches were identified at the time of reporting and we do not currently expect any breaches in the future.

15.3. Reconciliation of movements of liabilities to cash flows arising from financing activities

The following table provides a reconciliation between the opening and closing balances in the consolidated statement of financial position. The changes from financing cash flows loans and borrowings and lease liabilities are presented separately.

Loans and borrowings & Lease liabilities (Reconciliation of movements) in kEUR	Bank loans	Lease liabilities	Other loans	Total
Balance as of 1.1.2024	**22,989**	**5,614**	**0**	**28,603**
Changes from financing cash flows				
Proceeds from loans and borrowings	0	0	0	0
Repayment of borrowings	–7,500	0	0	–7,500
Payments of lease liabilities		–1,045	0	–1,045
Interest paid	– 1,523	0	0	– 1,523
Total changes from financing cash flows	**–9,023**	**–1,045**	**0**	**–10,068**
Liability-related				
New lease liabilities		384	0	384
Interest expense	1,753	248	0	2,001
Other		–558	0	–558
Total liability-related other changes	**1,753**	**74**	**0**	**1,827**
Balance as of 31.12.2024	**15,719**	**4,643**	**0**	**20,362**

Loans and borrowings & Lease liabilities (Reconciliation of movements) in kEUR	Bank loans	Lease liabilities	Other loans	Total
Balance as of 31.12.2023	**6,850**	**5,575**	**0**	**12,425**
Changes from financing cash flows				
Proceeds from loans and borrowings	15,000	0	0	15,000
Repayment of borrowings	0	0	0	0
Payments of lease liabilities	0	–1,099	0	–1,099
Interest paid	0	0	0	0
Total changes from financing cash flows	**15,000**	**–1,099**	**0**	**13,901**
Liability-related				
New lease liabilities	0	869	0	869
Interest expense	907	269	0	1,176
Other	232	0	0	232
Total liability-related other changes	**1,139**	**1,138**	**0**	**2,277**
Balance as of 31.12.2023	**22,989**	**5,614**	**0**	**28,603**

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16. Trade payables and other liabilities

Trade payables in kEUR	31.12.2024	31.12.2023
1. Trade payables	60,737	18,837
2. Trade accrued expenses	12,479	16,149
3. Return liability	2,304	3,921
Sum of Trade payables	**75,520**	**38,906**

Other liabilities in kEUR	31.12.2024	31.12.2023
Other financial liabilities		
1. Liabilities for licenses	27,934	21,100
2. Accrued expenses	10,902	5,956
3. Payables to employees	358	1,256
4. Derivative financial liabilities	148	115
Sum of other financial liabilities	**39,342**	**28,427**
Other non-financial liabilities		
1. Payroll tax and social security contributions	3,777	1,206
2. Liabilities resulting from input taxes and VAT	9,009	6,714
3. Liabilities from wages and salaries	25	1,332
4. Other liabilities non-financial	6,984	3,378
Sum of other non-financial liabilities	**19,795**	**12,630**
Total	**59,137**	**41,057**

In prior years, allowances for special agreements with customes in US were included in "1. Trade payables". To align the presentation of these allowances with the presentation for other regions, the presentation in prior year column has been adjusted.

Accrued expenses mainly consist of advertisement subsidies, personnel expenses and outstanding invoices for individual requirements from license contracts. The outstanding invoices were partly recognised as provisions in the prior year due to a higher degree of uncertainty at that point.

For information about tonies' exposure to currency and liquidity risks please refer to note 19.2.

17. Warrant liabilities

Derivatives in kEUR	31.12.2024	31.12.2023
Warrants	10,332	5,832
Sum of Warrant liabilities	**10,332**	**5,832**

Regarding the valuation of the warrants we refer to note 19.1.

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18. Other Provisions

Other provisions in kEUR	Warranties	Licenses	Legal	Other	Total
Balance as of 1.1.2024	**1,514**	**9,672**	**1,694**	**5,944**	**18,824**
Added	1,760	6,015	8	0	7,783
Utilised	1,514	3,812	0	2,717	8,043
Release	0	1,319	958	0	2,277
Reclassification	0	3,059	0	0	3,059
Balance as of 31.12.2024	**1,760**	**7,497**	**744**	**3,227**	**13,228**
Date of maturity					
Current	1,760	7,497	744	3,227	13,228
Non-current	0	0	0	0	0
Total other provisions	**1,760**	**7,497**	**744**	**3,227**	**13,228**

Other provisions in kEUR	Warranties	Licenses	Legal	Other	Total
Balance as of 1.1.2023	**2,857**	**16,673**	**1,694**	**13**	**21,237**
Added	318	6,233	0	5,931	12,482
Utilised	1,661	9,977	0	0	11,638
Release	0	3,257	0	0	3,257
Balance as of 31.12.2023	**1,514**	**9,672**	**1,694**	**5,944**	**18,824**
Date of maturity					
Current	1,514	9,672	1,694	5,944	18,824
Non-current	0	0	0	0	0
Total other provisions	**1,514**	**9,672**	**1,694**	**5,944**	**18,824**

Other provisions for warranties are recognized on the basis of historical warranty data for products or services sold, whereby possible outcomes are weighted with the associated probabilities. There were no major warranty cases outside of the statutory provisions in the reporting period than mentioned in this chapter.

The provisions for licences were recognised to cover the fees for the performance right organizations and collecting societies and similar organizations. The sales figures of the previous business year and the expected fee were used to determine the license provision. Part of this provision was reclassified to other liabilities, as there is now sufficient certainty regarding the amount and timing of payment.

The other provisions include a provision for a guarantee claim caused by a defective component of the toniebox that was delivered and installed in 2023. A portion of that was already utilized in 2024, but not all affected tonieboxes are repaired, yet.

Major uncertainties relate to the actual warranty expenses incurred and related outflow of resources whether in cash or exchange material. The same applies to the guarantee claim in the other provisions. Furthermore, the calculation of potential license payments is based on assumptions derived from current discussions with licensors and expected calculation schemes. The outflow of resources will be short-term as soon as the underlying calculation schemes are finalised between the parties involved. The same uncertainties relate to legal provisions.

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19. Financial instruments and risk management

19.1. Financial instruments

The following table provides the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. The fair values (MTM) of warrants are calculated on the basis of stochastic models taking into account the discounted expected future cash flows of the reciprocal payment obligations as of the measurement date. The fair values of derivative financial instruments are determined using bank valuation models based on current parameters such as interest and foreign exchange rates.

Financial instruments in kEUR	Note	Mandatorily at FVTPL – others	Financial assets at amortised costs	Other financial liabilities	Total	Fair Value
Balance as of 31.12.2024						
1. Trade and other receivables	11	0	93,527		93,527	93,527
2. Cash	12	0	87,410		87,410	87,410
Financial assets not measured at fair value		**0**	**180,937**	**0**	**180,937**	**180,937**
1. Bonds	15	0		8,046	8,046	9,293
2. Secured bank loans	15	0	0	7,594	7,594	7,594
3. Other loans and borrowings				80	80	80
4. Trade and other payables	16	0	0	134,657	134,657	134,657
Financial liabilities not measured at fair value		**0**	**0**	**150,376**	**150,376**	**151,623**
1. Warrants (Level 2)	17	10,332	0	0	10,332	10,332
2. Derivative financial liabilities (Level 2)		148	0	0	148	148
Financial liabilities measured at fair value		**10,480**	**0**	**0**	**10,480**	**10,480**

Financial instruments in kEUR	Note	Mandatorily at FVTPL – others	Financial assets at amortised costs	Other financial liabilities	Total	Fair Value
Balance as of 31.12.2023						
1. Trade and other receivables	11	0	73,059	0	73,059	73,059
2. Cash	12	0	59,288	0	59,288	59,288
Financial assets not measured at fair value		**0**	**132,347**	**0**	**132,347**	**132,347**
1. Bonds	15	0	0	7,433	7,433	8,424
2. Secured bank loans	15	0	0	15,323	15,323	15,323
3. Other loans and borrowings				232	232	232
4. Trade and other payables	16	0	0	79,963	79,963	79,963
Financial liabilities not measured at fair value		**0**	**0**	**102,952**	**102,952**	**103,942**
1. Warrants (Level 2)	17	5,832	0	0	5,832	5,832
2. Derivative financial liabilities (Level 2)	16	115	0	0	115	115
Financial liabilities measured at fair value		**5,947**	**0**	**0**	**5,947**	**5,947**

In accordance with IFRS 7.29, the Group does not disclose the fair values of financial instruments if the carrying amounts of financial assets or liabilities are a reasonable approximation of the fair values.

The fair value or forward exchange contracts used for economic hedging is determined based on FX rates and yield curves built from observable market parameters – and where applicable – on Black Scholes or local volatility models calibrated to available volatility quotes.

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If reclassifications to other levels of the measurement hierarchy are necessary, they are made at the end of the fiscal year in which the event that requires the reclassification occurs. There were no reclassifications for all periods.

Financial liabilities in kEUR	31.12.2024	31.12.2023
1. Derivative financial liabilities	148	115
Sum of financial liabilities	148	115

19.1.1. Warrant Fair Value

Public warrants

On 29 April 2021, the Company had issued 10,000,000 public warrants (or "Class A warrants") together with the Class A shares (together, as "Unit") for an aggregate price of EUR 10 per Unit, each unit comprising one Class A share and one third of a Public Warrant. The nominal subscription price per Public warrant was EUR 0.01. Hence total proceeds in relation to the issue of the Public warrants amount to EUR 100,000. Public warrants has ISIN code LU2333564099. Each Public warrants entitles its holder to subscribe for one Class A share, with a stated exercise price of EUR 11.50, subject to customary antidilution adjustments. Holders of Public warrants can exercise the warrants on a cashless basis unless the Company elects to require exercise against payment in cash of the exercise price.

On the issue date, the fair value of Public warrants was estimated at EUR 9,100,000 (EUR 0.91 per warrant) using Monte Carlo valuation model, resulting in the recognition of a day-one loss of EUR 9,000,000.

The significant inputs to the valuation model include the contractual terms of the warrants (i.e. exercise price, maturity), risk-free rates of German government bonds and volatility of the warrants by reference to traded warrants issued by similar listed special purpose acquisition companies.

As at 31 December 2024, the fair value of Public warrants was estimated at EUR 6,300,000 (EUR 0.63 per warrant) using Monte Carlo Simulation approach (level 3). As at 31 December 2023, the fair value of Public warrants was estimated at EUR 3,400,000 (EUR 0.34 per warrant) based on available market price.

Public warrants may only be exercised for a whole number of Class A shares. Public warrants will become exercisable 30 days after the completion of a Business Combination. Public warrants expire five years from the date of the consummation of the Business Combination, or earlier upon redemption or liquidation. The Company may redeem Public warrants upon at least 30 days' notice at a redemption price of EUR 0.01 per Public 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 Combi nation 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 Public warrants may exercise them after the redemption notice is given.

Sponsor warrants

On 16 April 2021, the Sponsor and Co-Sponsors have subscribed for an aggregate of 5,500,000 Sponsor warrants at a price of EUR 1.5 per warrant (the "Sponsor Capital At Risk") and the aggregate price of EUR 8,250,000. The Sponsor agreed to set off EUR 45,500 of the shareholder loan against the subscription price of the Sponsor warrants. The proceeds from the Sponsor warrants were used to finance the Company's working capital requirements, Private Placement and listing expenses (except for fixed deferred listing commission which shall be paid from the escrow account), and due diligence cost in connection with the Business Combination.

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On the same date, the Sponsor and Co-Sponsors have additionally subscribed for 900,000 Sponsor warrants (together with the 5,500,000 Sponsor warrants representing the Sponsor Capital At Risk at a price of EUR 1.50 per warrant and for an aggregate price of EUR 1,350,000 (the "Additional Sponsor Subscription"). The proceeds from this Additional Sponsor Subscription is used to cover the negative interest, if any, on the cash that was 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 may:

i) elect to either request repayment of the remaining cash portion under the Additional Sponsor Subscription by redemption of the corresponding number of Sponsor warrants subscribed for under the Additional Sponsor Subscription; or
ii) not to request repayment of the remaining cash portion of the Additional Sponsor Subscription and to keep the Sponsor warrants subscribed under the Additional Sponsor Subscription.

Sponsor warrants are identical to the Public warrants underlying the Units sold in the Private Placement, except that the Sponsor 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). Sponsor warrants are not part of the Private Placement and are not listed on a stock exchange.

On the issue date, the fair value of Sponsor warrants was estimated at EUR 8,448,000 (EUR 1.32 per warrant) using Black-Scholes option pricing model, resulting in the recognition of a day-one gain of EUR 1,152,000.

As at 31 December 2024, the fair value of the 6,400,000 Sponsor warrants was estimated at EUR 4,032,000 (EUR 0.63 per warrant) using Black-Scholes option pricing model (level 3). As at 31 December 2023, the fair value of the 6,400,000 Sponsor warrants was estimated at EUR 2,432,000 (EUR 0.38 per warrant) using Black-Scholes option pricing model (level 3).

The significant inputs to the valuation model include the contractual terms of the warrants (i.e. exercise price, maturity), risk-free rates of German government bonds and volatility of the warrants by reference to Germany TECDAX index.

If reclassifications to other levels of the measurement hierarchy are necessary, they are made at the end of the fiscal year in which the event that requires the reclassification occurs. There were no reclassifications for all periods.

19.2. Financial risk management

tonies' managing directors have overall responsibility for the establishment and oversight of tonies' risk management framework. The managing directors are also responsible for developing and monitoring its risk management policies.

tonies' risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and internal controls and to monitor risks and adherence to limits. tonies, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The company is currently adjusting internal risk management and internal controls processes to be compliant with the requirements of a public company and to adjust it to the group's continuing growth. This involves a detailed documentation of processes, controls implemented and related management testing. Where necessary, processes are adjusted and additionally controls are implemented. This process is expected to be materially completed in 2024 for the German operating entity while the strong growing foreign subsidiaries are still in progress due to constant process changes as a result of the growth. However, management has implemented detective internal controls to be able to ensure complete and accurate financial information.

tonies' main financial liabilities generally include trade payables and loans and borrowings consisting of secured and unsecured bank loans as well as lease liabilities. The primary purpose of these financial liabilities is to finance the Group's operations and provide guarantees to support its operations. Furthermore, the Group has other payables and cash directly related to its business activities. The Group is mainly exposed to liquidity risk as well as low credit and market risk.

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19.2.1. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum credit exposure is represented by the carrying amounts of financial assets deducted by the Company's insurances for specific assets. The Company monitors its risk regularly.

Expected credit loss assessment for counterparties
The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the risk of loss. The maximum credit risk is presented in the following table:

Maximum credit risk of financial assets in kEUR	31.12.2024	31.12.2023
Trade receivables (not factored, not insured)	18,833	2,953
Other financial assets	8,575	8,351
Cash	87,410	59,288

Other financial assets mainly reflect deposits and receivables from payment providers for which the risk of default is low. No material impairment losses for other financial assets were therefore identified for any of the reported periods.

Cash mainly consists of bank balances. The corresponding creditworthiness is also monitored regularly. Due to the good credit rating of the banks, the cash has a very low risk of default. No material impairment losses were therefore identified for any of the reported periods.

For trade receivables, the Company applies the so-called "simplified approach" and recognises the expected credit losses over the entire remaining term already upon addition. Under the simplified approach, the Company determines the expected credit losses by category of the trade receivables, taking into account historical default rates on the basis of historical default data from the last financial year and taking into account forward-looking macroeconomic indicators.

The Company differentiates between receivables from businesses and receivables from individual customers. For the latter, no expected credit losses were recognised. For receivables from businesses the Company has taken out an insurance for multiple customers. Therefore, not all receivables from businesses are taken into account for the maximum credit risk exposure.

A bad debt provision is recognised on an individual basis under the simplified approach if one or more events with an adverse effect on the debtor's credit rating have occurred. These events are, among others, payment delays, an impending insolvency or concessions by the debtor due to payment difficulties. Trade receivables are written off directly when their recoverability is no longer reasonably expected. This is the case, for example, when the debtor is determined to be insolvent.

Expected credit loss on trade receivables relate only to contracts with customers and have developed as follows:

in kEUR	Expected credit loss
Balance as of 1.1.2024	**133**
Net remeasurement	188
Balance as of 31.12.2024	**321**
Balance as of 1.1.2023	**8**
Net remeasurement	125
Balance as of 31.12.2023	**133**

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Credit risk	Weighted-average loss rate in %	Gross carrying amount in kEUR	Loss allowance in kEUR	Net carrying amount in kEUR
31.12.2024				
Current (not past due)	0.07%	16,791	11	16,780
1–30 days past due	0.07%	905	1	904
31–60 days past due	0.10%	478	0	478
61–90 days past due	0.14%	105	0	105
More than 90 days past due	55.78%	554	309	245
Total		**18,833**	**321**	**18,512**
31.12.2023				
Current (not past due)	0.08%	1,708	57	1,651
1–30 days past due	0.11%	282	33	249
31–60 days past due	0.20%	248	11	237
61–90 days past due	0.34%	162	16	146
More than 90 days past due	0.63%	553	16	537
Total		**2,953**	**133**	**2,820**

19.2.2. Liquidity Risk

Liquidity risk is the risk that tonies will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

tonies aims to maintain the level of its cash at an amount in excess of expected cash outflows on financial liabilities. Regarding a potential risk on the default of single banks we refer to note 31.

Exposure to liquidity risk
The following table shows the remaining contractual maturities of tonies' financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

Liquidity risk in kEUR	Carrying amount	Total	< 1 years	1–5 years	More than 5 years	Interest rate
31.12.2024						
Convertible bond	8,046	11,500	500	11,000		5,00%
Lease liabilities	4,643	5,263	858	3,071	1,334	
Loans and borrowings	7,673	7,673	173	7,500		7,02%
Trade and other payables	134,657	134,657	134,657	0	0	
Warrants	10,332	10,332	10,332			
Total	**165,352**	**169,425**	**146,520**	**21,571**	**1,334**	
31.12.2023						
Convertible bond	7,433	12,000	500	11,500		5,00%
Lease liabilities	5,614	7,224	1,359	3,605	2,260	
Loans and borrowings	15,555	15,555	15,555			8,91%
Trade and other payables	79,963	79,963	79,963	0	0	
Warrants	5,832	5,832	5,832			
Total	**114,397**	**120,574**	**103,209**	**15,105**	**2,260**	

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tonies is exposed to liquidity risks, if the financial covenants for the secured and unsecured bank loans are not met. Besides the convertible and the capital increase tonies is currently working with selected banks on the prolongation of credit lines in the form of a syndicated loan, which was signed in 2023.

tonies has also implemented a daily cash reporting to ensure a current view over the shortterm liquidity compared to planned cash outflows.

The interest payments for the secured bank loans in the table above reflects the interest rate at the reporting date. The interest rate may change if the market interest rates change as well as a specific leverage ratio will not be maintained.

19.2.3. Market risk

Market risk is the risk that changes in market prices – e. g. foreign exchange rates, interest rates and equity prices – will affect tonies' income or the value of its holdings of financial instruments. The financial instruments affected by market risk essentially comprise of financial liabilities.

Interest rate risk

In general, interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. With regard to tonies, certain recognised loans and borrowings have interest rates based on variable parameters.

The following table shows the fixed-interest or non-interest-bearing liabilities and the variable interest-bearing liabilities:

Carrying amounts of financial liabilities bearing interest in kEUR	1.1.2024–31.12.2024		1.1.2023–31.12.2023	
	Fixed-interest or non-interest-bearing	Variable interest rate	Fixed-interest or non-interest-bearing	Variable interest rate
Loans and borrowings	8,126	0	7,665	0
Secured bank loans	0	7,579	0	15,323

The sensitivity to interest rates is as follows for the secured bank loans:

Effects on profit before tax in kEUR	Loans and borrowings (+100 BP)	Loans and borrowings (–100 BP)
31.12.2024	–340	337
31.12.2023	–137	137

Currency risk

tonies is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which loans and borrowings and trade payables are denominated and the respective functional currency of tonies. The functional currency of tonies is Euro. Revenues are partly denominated in USD and GBP, while most of revenue is still generated in EUR with constantly increasing USD revenues from the US entity. Procurement is partly denominated in USD for key suppliers (e. g. for boxes and Tonies) and some IT services utilised.

In the financial year 2024, forward exchange contracts amounting to kUSD 0 (2023: kUSD 12,440) were used by the Group to secure against currency risks from purchases in USD.

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The following significant exchange rates have been applied:

	Average rate in		Exchange rate as of	
Exchange rate	**2024**	**2023**	**31.12.2024**	**31.12.2023**
1 EUR/USD	1,0824	1,0903	1,0389	1,1050
1 EUR/GBP	0,8466	0,8617	0,8292	0,8690

The sensitivity to currencies is as follows for the balance sheet items:

Effects on profit before tax	USD net exposure (+10 %)	USD net exposure (–10 %)	GBP net exposure (+10 %)	GBP net exposure (–10 %)
31.12.2024	4,650	– 4,650	2,896	– 2,896
31.12.2023	7,554	– 9,233	2,903	– 3,549

Other market risks

tonies is not significantly exposed to other market risks.

20. Revenue

The following table presents the revenue from contracts with customers disaggregated by primary geographical market and major products.

Revenue from contracts with customers in kEUR	2024	2023
DACH	**184,274**	**165,863**
Starterset	41,219	35,415
Tonies	133,767	118,896
Other (e.g. Accessories and mytonies)	9,288	11,552
NA	**210,351**	**140,364**
Starterset	65,119	46,309
Tonies	139,425	75,045
Other (e.g. Accessories and mytonies)	5,807	19,009
RoW	**85,922**	**54,721**
Starterset	30,826	18,662
Tonies	52,272	33,463
Other (e.g. Accessories and mytonies)	2,823	2,597
Total	**480,547**	**360,948**

20.1. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with a customer. tonies recognises revenue when it transfers control over a good to a customer. Relevant return options are considered where applicable and material.

As of 31 December 2024, potential product returns have been estimated based on the experience in the past resulting in a revenue reduction of kEUR 2,304 (31.12.2023: kEUR 3,921) and the recognition of a return liability of kEUR 2,304 (31.12.2023: kEUR 3,921, see Note 16). A corresponding right of return asset of kEUR 1,078 (31.2.2023: kEUR 1,115) has been set up resulting in a reduction of costs of materials and licensing costs.

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The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Type of product	Nature and timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition under IFRS 15
Startersets, Tonies and Accessories	B2B: Since tonies mainly uses the incoterm DDP, customers obtain control of the product when they receive it. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 – 90 days. B2C: customers obtain control of the product when they receive it. Invoices are directly payable depending on customers choice of payment method.	Revenue is recognised when the customer receives the product. Marketing subsidies and customer bonuses as well as any discounts are deducted from revenue.
mytonies	Invoices are generated and revenue is recognised at the point in time of the download of items from the platform. Invoices are usually payable immediately as credit cards, Paypal or direct transfers are being used.	Revenue is recognised when the download is performed.

20.2. Returns, refunds and similar obligations

Tonies has a general return policy with return period differing between the markets as a result of customer structure, sales channels and legal requirements.

Returns are accounted for under the guidance of IFRS 15.55 and IFRS 15.B20–27. Returns are monitored for the larger markets DACH and US. For other markets this monitoring is currently established but does not yet provide reliable data that can be used in the accounting for returns. Expectation on the reusability of returned products are being considered at a market level that also differs from actual and legal requirements. A liability for returns as well as a return asset are recognized in the financial statements. Revenue and cost of sales are adjusted accordingly (IFRS 15.B21). The liability is being set up in the amount to be returned to the customer including shipping cost. The return asset is calculated for the right to recover products from customers on settling the refund liability. Licensing cost that can be recovered are included in the calculation.

20.3. Warranties

For warranties, the general country specific rights are applicable. In case a customer claims tonies for a defect product, tonies will pay the delivery cost for resending the initial item and provide a new item in exchange at its cost. If the product is in fact defect also cost of quality check (outsourced to an external partner) and proper waste disposal of batteries and electronic parts need to be taken over by tonies.

Therefore, the obligation to deliver a new product in exchange is the main cost driver within warranty; quality check (partly internal personnel cost, partly external providers engaged) and delivery cost including fees charged by our logistics partner for waste disposal are also included in the warranty calculation.

The legal requirements of the warranty and the length of the warranty coverage period are a strong indicator that the warranty does not qualify as a performance obligation under IFRS 15. Warranty rights of customers are included in the initial sales price and cannot be purchased or extended separately. Therefore, tonies warranties are viewed as assurance type warranties and in accordance with IFRS 15.B30 tonies accounts for its warranties in accordance with IAS 37.

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21. Cost of materials and licensing costs

Cost of materials can be broken down as follows:

Cost of materials and licensing costs in kEUR	2024	2023
1. Raw materials and consumables used	202,590	127,895
2. Purchased services	1,296	1,764
3. Licensing costs	54,869	36,332
Total	**258,755**	**165,991**

The costs for purchased services mainly consist of quality control services.

The licensing costs comprise expenses for various licenses and concessions. The increase compared to 2023 is mainly related to increased revenues, while prior year licensing cost included a positive non-recurring effect from the release of licensing provisions of around EUR 3.3 million.

The total licensing costs consist of two main categories:

Category 1 are direct licensing costs for licensors for the use of the tonies figurines as well as music, and content licensed from third-party licensors. The licenses are usually paid per unit sold. No rights or licenses are acquired.

Category 2 are direct license costs for collecting societies such as GEMA, ZPÜ, Suisa and others. These collecting societies charge license fees for the reproduction and distribution of music and other content. The licenses are usually paid per unit sold. No rights or licenses are acquired.

Consequently, tonies has not acquired any licenses or rights through the above-mentioned license payments and therefore does not capitalize any license costs. License payments are a significant part of the company's liabilities in connection with the production and sale of tonies and tonieboxes to customers.

22. Share-based payments

22.1. Virtual Stock Programme at the level of tonies Holding GmbH

Starting in March 2020 the Group has implemented a share-based payment compensation scheme for eligible employees in the form of virtual stock options based on a future potential profit on an exit price of the business minus the initial investment and transaction cost. The scheme is entirely cash-settled and is intended to improve the long-term employee-retention.

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. These components are treated as time-based options.

As of 31 December 2024, the scheme involves 11 (2023: 20) employees of the C- and D-management-level.

The fair value has been calculated using the share prices as at year end date 2024 as the share prices are the best estimate for the future payments. The plan resulted in a payout of kEUR 2,455 in 2024 (2023: kEUR 1,207). Total liability from this plan as at 31 December 2024 is kEUR 1,491 (31.12.2023: kEUR 3,306).

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22.2. Virtual Stock Programme at the level of tonies SE

Starting in 2022 the Group has implemented a share-based payment compensation scheme for eligible employees of tonies US, Inc. in the form of virtual stock options. The scheme is entirely cash-settled with an option of equity settlement. During 2024 this programme was extended to employees of tonies in Germany, France and UK.

The scheme has a vesting period of 48 months and cliff period of 12 months except for one employee without cliff period. 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 of 31 December 2024, the scheme involves 37 management employees (2023: 22 employees). During 2024 kEUR 1,195 were exercised. During 2023 kEUR 699 was exercised.

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

The fair value has been calculated using the share prices and at the year end date 2024 as the share prices are the best estimate for the future payments. Total liability from this plan as at 31 December 2024 is kEUR 2,454 (2023: kEUR 2,126).

22.3. Equity Stock Option Plan at the level of tonies SE

Starting in 2024 the Group has implemented a share-based payment compensation scheme for eligible employees in the form of share options. The scheme is entirely equity-settled and the granted share options vest quarterly over 4 years. Two employees have a cliff of 12 months. The share options can, when vested, be exercised over a maximum term of 10 years. 50 % of the granted options carry a sale restriction, i. e. shares acquired upon exercise of the options may not be sold before 4 years after the vesting commencement date.

As of 31 December 2024, the scheme involves 3.15 million options with different strike prices granted to 5 top management employees. In 2024 a total of kEUR 1,788 was recognized as personnel expenses for these employees. Risk free rates between 2,30 and 2,64 % and share prices between 5,30 and 6,96 Euro have been considered in the calculation. Volatility rates between 42,30 and 43,22 % have been considered each between grant date and initial stock listing in April 2021. The fair values per option are in a range of EUR 0.24 – 2.87 and have been calculated using a Black-Scholes model as of grant date. Total fair value is kEUR 1,788 as at 31 December 2024. No Dividends have been assumed. Exercise has been assumed after four years. No payouts have been performed in 2024.

22.4. Equity Stock Option Plan 2021 at the level of tonies SE

As of 26 November 2021, tonies SE has implemented an equitysettled equity stock option plan 2021 in the favor of milou GmbH (previously: Höllenhunde GmbH) on the issuance and subscription of public shares in tonies SE at notional value equal to the par value to be issued from tonies SE's existing authorised capital. Concurrently with the issuance and transfer of the New Höllenhunde ESOP Public Shares, Höllenhunde GmbH paid to 468 SPAC I SE (tonies SE) in cash the amount equal to the notional value for the New Höllenhunde ESOP Public Shares issued to an account to be specified by tonies SE. A vesting period of 24 months with a cliff period of 12 months has been agreed.

The Equity Stock Option Plan involved a total of 2,751,208 shares, granted at 26 November 2021. Vesting took place at different dates in 2022 and 2023. The relevant share price for both vested and outstanding shares is 11,50 Euros as of the grant date.

In 2023 kEUR 4,945 personnel expenses were recorded from this plan. The fair value has been calculated using the share prices at grant date as the share prices are the best estimate for the future payments. 1,375,604 shares were exercised in 2023 by providing shares to Höllenhunde GmbH. The program was closed during 2023, fully vested and exercised.

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22.5 Summary of share-based payment plans

Development of the number of shares/options	Cash settled plans	Equity settled plan 2024	Equity settled plan 2021
Cumulated granted shares as at 1 January 2023	**1,016,380**	**0**	**945,591**
Vesting	382,252	0	430,013
Exercise	363,425	0	1,375,607
Cumulated granted shares as at 31 December 2023	**1,035,207**	**0**	**0**
Vesting	222,693	1,442,794	0
Forfeiture	-95,713	0	0
Exercise	-641,620	0	0
Cumulated granted shares as at 31 December 2024	**520,567**	**1,442,794**	**0**

In total tonies Group accounted for a personnel expense for the share-based payments of kEUR 2.670 for 2024.

23. Personnel expenses

Employee benefit expenses include the following items:

Personnel expenses in kEUR	2024	2023
1. Wages and salaries	43,562	36,808
2. Social security contributions	7,503	6,103
3. Cash-settled share-based payments	882	767
4. Equity-settled share-based payments	1,788	4,945
Total	**53,734**	**48,623**

In 2024 additional employees were hired in order to support further growth therefore have an increasing effect on the personnel expenses. The total share based payments decreased compared to 2023, as there were fewer options maturing in 2024 compared to the previous year.

For further information on the effects from share-based payments refer to note 22.

The average number of employees increased from 453 in 2023 to 523 in 2024.

24. Other income

Other income includes the following:

Other income in kEUR	2024	2023
1. Income related to other periods	413	146
2. Other income	14,530	7,994
Total	**14,943**	**8,140**

Other income mainly includes income from realized and unrealized currency gains amounting to kEUR 10,924 (2023: kEUR 6,794). Due to current currency developments, income from these currency gains have significantly increased.

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25. Other expenses

Other expenses include the following:

Other expenses in kEUR	2024	2023
1. Logistic and sales dependent costs	77,687	58,841
2. Marketing	41,451	29,654
3. IT costs	11,787	9,313
4. Legal, audit and consulting fees	7,316	8,025
5. Administration costs	7,372	4,823
6. Storage fees	3,476	3,660
7. Variable fees, contributions and insurance	2,007	1,773
8. Non-period expenses	77	593
9. Warranties	246	318
10. Miscellaneous other operating expenses	21,436	21,356
Total	**172,855**	**138,357**

Other expenses have increased in 2024 compared to the prior period, mainly driven by the successful international expansion resulting in increased operating expenses such as logistics and sales dependent costs or marketing expenses in the US.

Miscellaneous other operating expenses mainly include expenses from realized and unrealized currency losses amounting to kEUR 8,203(2023: kEUR 9,070). Due to current currency developments, expenses from these currency losses have decreased.

26. Financial income and finance cost

Financial results are broken down as follows:

in kEUR	2024	2023
Finance income	0	6,639
1. Remeasurement to fair value of warrant shares	471	2,087
2. Finance income from forward exchange contracts	171	86
3. Other interest income	642	8,812
Total		
Finance cost in kEUR		
1. Interest expense from related party loans	0	0
2. Interest expense from current accounts	2,122	1,729
3. Interest expense from factoring	805	501
4. Interest expense from leasing	248	269
5. Remeasurement of fair value of warrant shares	4,500	0
6. Adjustment of convertible bond liability to effective interest rate	613	584
7. Other finance cost	7	41
Total	**8,295**	**3,125**

All finance income and cost results from financial assets and liabilities not measured at FVTPL, except for the effects from the fair value remeasurement of warrant shares and convertible bond.

Interest from loans

For information about tonies' exposure to interest rates please refer to note 19.2.3.

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27. Income taxes

27.1. Amounts recognised in profit or loss

Income tax in kEUR	2024	2023
Current year tax expense	– 1,463	
Current tax prior year from tax loss carry back		– 2,091
Changes in estimates related to prior years	– 584	– 574
Total current year tax expense	**– 2,046**	**– 2,665**
Deferred tax income	10,079	
Origination and reversal of temporary differences and tax loss carry forwards (expense)		– 4,053
Total deferred tax income	**10,079**	**– 4,053**
Tax income on continuing operations (expense)	**8,033**	**– 6,718**

To achieve a better and more transparent presentation, the signs in the previous year's column have been partially reversed. They now follow the calculation logic of the presentation in 2024.

The income tax expense for 2024 amounts to kEUR 1,463 of which kEUR 1,023 is allocated to tonies GmbH.

The current income tax liabilities amount to kEUR 4,238 (2023: kEUR 2,739) of which kEUR 3,694 is allocated to tonies GmbH.

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. In this context, the Group assumed that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. Furthermore, the Group considered whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. As a result, the Group does not see any material impact for the consolidated financial statements.

27.2. Reconciliation of effective tax

The reconciliation of effective tax is as follows:

Reconciliation of effective tax in kEUR	1.1.2024 – 31.12.2024	1.1.2023 – 31.12.2023
Earnings before tax from continuing operations	5,050	– 5,089
Expected tax using the company's tax rate (24.94 %)	– 1,259	1,269
Current year tax losses for which no deferred tax asset is recognised (tax losses all companies except tonies GmbH)	– 2,912	– 4,569
Non-recorded DTA of IFRS 2 adjustments	1,565	– 1,783
Non-deductible expenses/Trade tax adjustments	– 692	0
Tax rate difference Germany and foreign taxes	– 125	4,049
Recognition of deferred taxes from previous years (losses and temporary differences)	12,106	0
Taxes relating to other periods	– 665	0
Other	15	2,988
Effective tax income	8,033	– 6,718
Profit (loss) for the period	**13,083**	**– 11,807**

The individual entities' tax rates range from 19 % to 31.13 %.

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27.3. Movement in deferred tax balances

Deferred tax assets and liabilities in kEUR	31.12.2024	Recognised in profit or loss	Recognised directly in equity	1.1.2024
1. Trade receivables	– 330	– 289	0	– 41
2. Inventories	988	-407	0	1,395
3. Leasing	87	– 1,104	0	1,191
4. Loss contracts from forwards	46	– 606	0	652
5. Tax loss carryforwards/interest carryforwards	7,934	6,243	82	1,609
6. Prepaid expenses	– 374	– 374	0	0
7. Intangible Assets	– 26,659	2,373	0	– 29,032
8. Property, plant and equipment	– 97	– 97	0	0
9. Reserves and other accruals	4,231	4,231	0	0
10. Others	78	109	0	– 31
Deferred tax assets (prior to netting)	**13,364**	**8,435**	**82**	**4,847**
Deferred tax liabilities (prior to netting)	**– 27,460**	**1,644**	**0**	**– 29,104**
Total (net presentation of DTA)	**11,240**	**11,158**	**82**	**0**
Total (net presentation of DTL)	**– 25,336**	**– 1,079**	**0**	**– 24,257**

Deferred tax assets and liabilities in kEUR	31.12.2023	Recognised in profit or loss	Recognised directly in equity	1.1.2023
1. Trade receivables	– 41	– 110	0	69
2. Inventories	1,395	104	0	1,291
3. Leasing	1,191	1,211	0	– 20
4. Loss contracts from forwards	652	– 35	0	687
5. Tax loss carryforwards	1,609	– 7,976	0	9,585
6. Others	– 31	– 31	0	0
7. Intangible assets	– 29,032	2,789	0	– 31,821
Deferred tax assets (prior to netting)	**4,847**	**– 6,785**	**0**	**11,612**
Deferred tax liabilities (prior to netting)	**– 29,104**	**2,737**	**0**	**– 31,821**
Total (net presentation of DTL)	**– 24,257**	**– 4,048**	**0**	**– 20,209**

The lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, both the lease asset and liability are considered separately. Deferred taxes on taxable temporary differences and deductible temporary differences are recognised separately. Subsequent changes to taxable and temporary differences are recognized in the calculation of deferred taxes. The net tax effect from leasing comprises deferred tax assets of kEUR 1,275 (31.12.2023: kEUR 26) and deferred tax liabilities of kEUR 1,188 (31.12.2023: kEUR 0).

In line with IAS 12.81f and paragraph 39, deferred tax liabilities on temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future remain unrecognised.

Deferred tax assets and deferred tax liabilities may only be netted if they relate to the same tax authority. The deferred taxes in 2024 belong to entities tonies GmbH and tonies US Inc. and were netted on entity level accordingly. The gross and net effects from deferred tax assets and liabilities are detailed in the table above.

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27.4. Unrecognised deferred tax assets

Deferred tax assets for tax loss carryforwards and interest carryforwards have only been recognised for tonies US Inc and tonies GmbH. For all other entities, the effect of tax losses amounting to kEUR 62,869 (31.12.2023: kEUR 68,002) and interest carryforwards amounting to kEUR 4,436 have not been recognised. Tax loss carryforwards existing within the Group have no expiration date, except for USA (federal limited to 10 years) and Luxembourg (limited to 17 years). However, the amount of tax loss carryforwards that can be utilized in one financial year can be restricted to a certain amount.

27.5. BEPS 2.0 Pillar Two

On 23 May 2023, the International Accounting Standards Board (the Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 which clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax lax that implements Qualified Domestic Minimum Top-up Taxes. The Group has adopted these amendments. However, they are not yet applicable for the current reporting year as the consolidated revenue is currently below the threshold of kEUR 750,000.

28. Earnings per share

The Company is a private limited liability company, which allots interests (shares) of the Company to its shareholders.

Earnings per share (basic) and earnings per share (diluted) are calculated based on the earnings attributable to the tonies SE shareholders.

As of 31 December 2023, the 16,400,000 warrant shares were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. As of 31 December 2024 the warrant shares were included in the diluted weighted average number of shares.

The result attributable to the shareholders of tonies SE (basic and diluted) amounts to kEUR +13,083 (2023: kEUR – 11,807). The weighted average number of interests in circulation (basic) amounts to 113,791,778 (2023: 112,537,124). The weighted average number of shares (diluted) amounts to 130,191,778 (2023: 112,537,124).

Profit attributable to ordinary shareholders (basic) in kEUR	**2024**	**2023**
Profit (loss) for the year, attributable to the owners of the Company	13,083	– 11,807
Dividends on non-redeemable preference shares	0	0
Profit (loss) attributable to ordinary shareholder	13,083	– 11,807

Weighted average number of ordinary shares (basic) in # shares	**2024**	**2023**
Issued ordinary shares at 1 January	113,439,834	111,817.305
Effect of share options exercised (ESOP)	0	1,375,604
Effect of share options exercised (Cash settled programs)	641,620	246,925
Weighted average number of ordinary shares at 31 December	113,791,778	112,537,124

EPS	**2024**	**2023**
Earnings attributable to shareholders in kEUR	13,083	– 11,807
Average number of shares outstanding (basic)	113,791,778	112,537,124
Average number of shares outstanding (diluted)	130,191,778	112,537,124
Basic earnings in EUR per share	0.11	– 0.10
Diluted earnings in EUR per share	0.10	– 0.10

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29. Related parties

29.1. Parent and ultimate controlling party

The shareholders of tonies as at 31 December 2024 are the following entities, none of which is a controlling party from its shareholding:

Armira	27.5 %
milou GmbH (previously Höllenhunde GmbH)	8.5 %
Santo Ella Co-Invest GmbH & Co. KG	5.5 %
Capital Research and Management Company	5.3 %
Treasury Shares	10.1 %
Public Float	43.0 %

tonies is currently not included in any consolidated financial statements at a level of its shareholders. None of the limited partners have a shareholding of more than 25 %. The shareholdings of Armira shown in the table above only represent a group of separate investment entities, which individually do have a shareholding in tonies of significantly below 25 % each.

29.2. Transactions with key management personnel

29.2.1. Key management personnel compensation

Key management personnel compensation comprised the following:

Key management personnel compensation in kEUR	**2024**	**2023**
Short-term employee benefits	1,035	1,033
Equity-settled share-based payments (vesting during period)	985	4,945
Cash-settled share-based payments (vesting during period)	45	129
Total	**2,065**	**6,107**

Compensation of the Group's key management personnel includes salaries and noncash benefits. For details we refer to the remuneration report 2024.

As of 2 September 2024, Virgina McCormick has been appointed as managing director and CXO of tonies SE and all group entities. As a result, her remuneration is included in the above table for four months.

29.2.2. Supervisory Board

The current members of the Supervisory Board receive a fixed basic remuneration for each month amounting to kEUR 5. The Chairperson of the Supervisory Board receives a fixed basic remuneration of kEUR 10, the Deputy Chairperson as well as the Chairperson of the Audit Committee receive a fixed basic remuneration of kEUR 7.5 per month.

During the financial year, the Supervisory Board was composed of the following members:

- Anna Dimitrova: Chairperson of the Supervisory Board (Until 29 May 2024)
- Christian Bailly: Chairperson of the Supervisory Board (From 29 May 2024), Deputy Chairperson of the Supervisory Board (Until 29 May 2024)
- Dr. Stephanie Caspar: Member of the Supervisory Board (Until 30 September 2023)
- Dr. Thilo Fleck: Member of the Supervisory Board (until 29 May 2024)
- Helmut Jeggle: Member of the Supervisory Board, Chairperson of the Audit Committee
- Alexander Kudlich: Member of the Supervisory Board
- Alexander Schemann: Member of the Supervisory Board
- Erika Wykes Sneyd: Member of the Supervisory Board (From 1 October 2023)

Supervisory board compensation in kEUR	1.1.2024–31.12.2024	1.1.2023–31.12.2023
Compensation	446	540
Total	**446**	**540**

29.2.3. Other key management transactions

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control were as follows.

Related parties in kEUR	1.1.2024–31.12.2024			1.1.2023–31.12.2023		
	Transaction volume			Transaction volume		
	Interest expenses	Sales of goods and services	Purchases of goods and services	Interest expenses	Sales of goods and services	Purchases of goods and services
Transaction with milou GmbH (previously Höllenhunde GmbH)	0	0	690	0	0	400
Transactions with PIXIPOP	0	0	623	0	0	468
Transactions with Armira Beteiligungen GmbH & Co KG	0	0	47	0	0	48
Transactions with Elinor Partners	0	0	5	0	0	25
Total	**0**	**0**	**1,365**	**0**	**0**	**941**

Related parties in kEUR	1.1.2024–31.12.2024		1.1.2023–31.12.2023	
	Amounts outstanding		Amounts outstanding	
	Receivables	Payables	Receivables	Payables
Transaction with milou GmbH (previously Höllenhunde GmbH)	0	0	0	400
Transactions with PIXIPOP	0	2	0	221
Transactions with Armira Beteiligungen GmbH & Co KG	0	0	0	0
Total	**0**	**2**	**0**	**621**

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PIXIPOP Faßbender Kommunikations-Design & Illustration, Düsseldorf, is controlled by Nina Faßbender, the wife of the former tonies SE Co-CEO Patric Faßbender and involved in the design of certain Tonies. Compensation is paid as a fixed amount per item sold.

Elinor Partners Josten und Kudlich GbR is co-controlled by Hannah Kudlich, the wife of supervisory board member Alexander Kudlich and involved in Executive search activities. Compensation is paid as a fixed amount based on a transaction.

30. Audit service fees

The total fees charged for services provided by the auditor Forvis Mazars Luxembourg for the years 2024 and 2023 in the Group amounted to:

Audit fees in kEUR	2024	2023
Audit services/statutory audit fees	209	253
Other attestation services	124	94
Total	**333**	**347**

The item 'audit services' includes the fees and expenses for the audit of the consolidated financial statements and the statutory financial statements of tonies and its subsidiaries.

31. Events after the reporting period

An amendment of the existing agreement for the syndicated loan was signed on 28 March 2025 to extend the available loan facilities from kEUR 30,000 to kEUR 60,000 plus seasonal increase options. In addition, tonies US, Inc. were included as guarantor in the contract.

Non current loans and borrowings amounting to kEUR 7,500 EUR were repaid on 28 January 2025.

We refer to Section 9.2 of the management report with regard to the global tariff situation and its impact on the 2025 outlook. We have carefully evaluated the potential impact on the financial statements 2024 and concluded that we do not see any impact in the 2024 financial statements.

We have not identified other subsequent events after the end of the 2024 fiscal year that could have a significant impact on tonies future results of operations, financial position, and net assets.

Düsseldorf, 9 April 2025

Management

Tobias Wann
CEO

Jan Middelhoff
CFO

Virginia McCormick
CXO

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Alternative performance measures

Alternative performance measures used in tonies' internal and external reporting as of 31 December 2024 are defined in the table below.

APM	Definition	Reconciliation to Financial Statements, all kEUR
EBITDA	Earnings before interest, taxes, depreciation and amortization – is a measure of a company's profitability of the operating business only	**Group P&L:** EBITDA 33,461
EBITDA margin	EBITDA as a percentage of revenue with third parties – a profitability ratio that measures how much in earnings a company is generating from operating business only	**Group P&L:** EBITDA/Revenue 33,461/480,547 = 7.0 %
Adjusted EBITDA	Calculated from EBITDA by adjusting for various effects to create a metric for the underlying profitability of the business. Adjustments relate to expenses incurred where management believes adjustments should be made due to extraordinary and nonoperational character. In 2024 only adjustments for expenses of share-based payments have been made.	**Group P&L:** EBITDA + Expenses share-based payments 33,461 + 2,670 = 36,131
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue with third parties – a profitability ratio that measures how much in earnings a company is generating from operating business only excluding expenses incurred where management believes adjustments should be made due to extraordinary and nonoperational character. In 2024 only adjustments for expenses of share-based payments have been made.	**Group P&L:** Adjusted EBITDA/Revenue 36,131/480,547 = 7.5 %
Gross profit	Revenue with third parties less cost of material and changes in inventories – measure for product/channel/category performance after costs of goods	**Group P&L:** Gross Profit 298,382
Gross margin	Gross profit as a percentage of revenue with third parties	**Group P&L:** Gross Profit / Revenue 298,382/480,547 = 62.1 %
Gross Profit after licensing costs	Gross profit less costs for licenses for products sold. – measure for product/channel / category performance after costs of goods and licensing costs	**Group P&L:** Gross Profit after Licenses 243,513
Gross margin after licensing costs	Gross profit after licensing costs as percentage of revenue	**Group P&L:** Gross Profit after Licenses/ Revenue 243,513/480,547 = 50.7 %
Contribution profit	Gross profit after licensing costs less various revenue-related costs that are together aggregated as fulfilment costs (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.	**Management Report:** Gross Profit after Licenses ./. Logistic costs ./. Sales dependen costs 243,513 ./. 45,998 ./. 31,690 = 165,826

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APM	Definition	Reconciliation to Financial Statements, all kEUR
Contribution margin	Contribution profit as a percentage of revenue with third parties	**Management Report:** Contribution profit/Revenue 165,826/480,547 = 34.5 %
Net Working capital	Trade receivables plus inventories less Trade payables as shown in balance sheet – gives insights in operating liquidity available for business	**Balance Sheet:** Trade receivables + Inventory ./. Trade payables 76,942 + 89,083 ./. 75,520 = 90,505
Free Cash Flow	Total of operating and investing cash flows - the money a company has left over after paying its operating expenses (OpEx) and capital expenditures (CapEx). The more free cash flow a company has, the more it can allocate to dividends, paying down debt, and growth opportunities	**Statement of Cash flows:** Operating cash flow + Investing cash flow 47,164 + (–) 14,106 = 33,058

Since fiscal year 2023, the Management Board of tonies SE uses Revenue, Contribution margin, EBITDA margin and adjusted EBITDA margin to measure operating performance of the business and the segments and as a basis for strategic planning. These KPIs provide useful information to investors and others in understanding and evaluating the results of operations and these are useful measures for period-to-period comparisons of tonies business performance.

All additional alternative performance measures provide additional and supporting information but are not part of the performance assessment system itself.

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Other Information

- Financial Calendar 2025
- Imprint

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Financial Calendar 2025

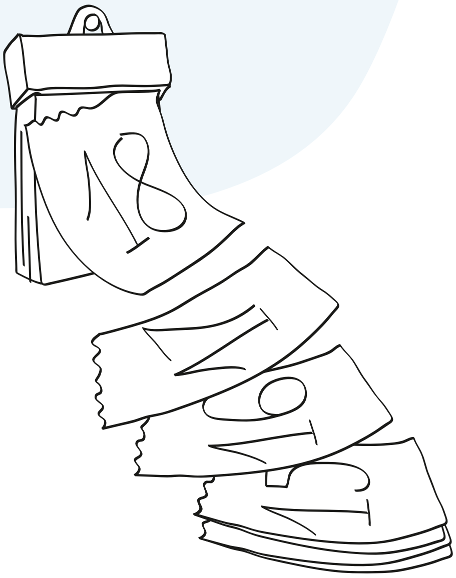
15.5.2025
Publication of quarterly statement for Q1 2025

28.5.2025
Annual General Meeting 2025

26.6.2025
tonies SE – Capital Markets Day

21.8.2025
Publication of half-year report for H1 2025

13.11.2025
Publication of quarterly statement for Q3 2025



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Imprint

Contact

tonies SE
9, Rue de Bitbourg
L-1273 Luxembourg

Investor Relations

ir@tonies.com

Press

presse@tonies.de

Concept & Design

pom point of media GmbH, Willich

Disclaimer
Certain statements included in this document are forwardlooking statements. Forwardlooking 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. By their nature, forwardlooking 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 forwardlooking 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 forwardlooking state ments 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 forwardlooking 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. The annual report is available in German. If there are variances, the English version has priority over the German translation.

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tonies SE
9, Rue de Bitbourg
L-1273 Luxembourg