

tonies SE

Germany | Retail | MCap EUR 549.8m

2 February 2024

UPDATE



Prelim. Q4: stellar U.S., revenue guidance exceeded; BUY

What's it all about?

tonies reported preliminary FY23 and Q4 revenues that exceeded expectations. The outstanding performance was driven by very strong US sales, which reached EUR 78m in Q4, representing a 92% year-on-year growth rate, despite competitors' warnings of a weak Christmas season. Conversely, the DACH region declined by 6% in Q4, indicating a mature market, while the Rest of the World (RoW) showed strong growth of +63% yoy, driven by the UK and France. tonies reaffirmed its positive adjusted EBITDA margin guidance for FY23, suggesting consistent target achievement. Keeping our estimates unchanged, we reiterate our BUY recommendation with a price target of EUR 7.70.

BUY (BUY)

Target price	EUR 7.70 (7.70)
Current price	EUR 4.90
Up/downside	57.1%

 **ResearchHub** 



MAIN AUTHOR

Dr. Oliver Wojahn, CFA

o.wojahn@alsterresearch.com
+49 40 309 293-55

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

alsterresearch.com

This research is the product of AlsterResearch, which is registered with the BaFin in Germany.

tonies SE

Germany | Retail | MCap EUR 549.8m | EV EUR 513.3m

BUY (BUY)

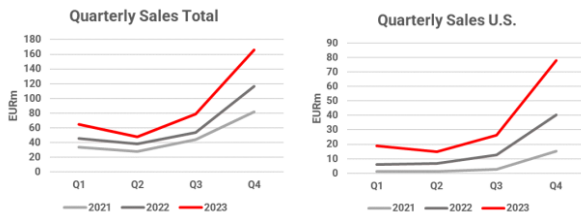
Target price EUR 7.70 (7.70)
Current price EUR 4.90
Up/downside 57.1%

MAIN AUTHOR

Dr. Oliver Wojahn, CFA
o.wojahn@alsterresearch.com
+49 40 309 293-55

Prelim. Q4: stellar U.S., revenue guidance exceeded; BUY

Preliminary revenue is a beat. tonies today announced preliminary FY23 and Q4 results. FY23 revenues of EUR 358m were ahead of the guidance of EUR 354m given at the IPO and reiterated several times, most recently with the Q3 headline numbers in mid-November. Q4 revenues of EUR 166m were around 2.5% ahead of guidance and our estimates.



Source: Company data, AlsterResearch

High/low 52 weeks 6.00 / 4.40
Price/Book Ratio 1.6x

Ticker / Symbols

ISIN LU2333563281
WKN A3CM2W
Bloomberg TNIE:GR

Changes in estimates

		Sales	EBIT	EPS
2023P	old	354.6	-7.2	-0.09
	Δ	1.0%	na%	na%
2024E	old	461.3	11.7	0.07
	Δ	0.0%	-0.2%	-0.3%
2025E	old	527.0	25.2	0.15
	Δ	0.0%	-0.1%	-0.1%

Stellar US sales, still high potential. The revenue beat was driven by a surprisingly strong performance in the US. Q4 sales of EUR 78m there represent a 92% yoy growth rate. While warnings from Hasbro and Mattel of a weak holiday season may have dampened expectations to some extent, tonies bucked the trend thanks to an aggressive roll-out with 1,700 new Walmart POS and 700 additional Target POS. Clearly, US consumers love tonies and in Q4 almost half of sales (47%) were generated there. Still, the potential in the US is far from exhausted: we estimate that the addressable market in the US is around four times the size of the DACH market, representing a sales potential of over EUR 600m.

RoW strong, DACH is ex growth. The DACH region was lackluster, shrinking by 6% yoy in Q4. This shows once again that the region has matured, and that more or less flat revenues are now the norm (Q4 progression 21/22/23: EUR 57m / 60m / 57m). In contrast, RoW is growing strongly at +63% yoy, driven by strong UK and France.

EBITDA guidance confirmed, BUY. tonies confirmed its guidance of a positive adj. EBITDA margin for FY23. It is encouraging that tonies consistently meets or exceeds its targets. So far, this has not been reflected in the share price performance, leading to catch-up potential once tonies demonstrates that growth can be translated into profitability. We reiterate to BUY with unchanged estimates and a PT of EUR 7.70.

tonies SE	2020	2021	2022	2023P	2024E	2025E
Sales	134.6	188.0	258.3	358.1	461.3	527.0
<i>Growth yoy</i>	32.4%	39.7%	37.4%	38.6%	28.8%	14.2%
EBITDA	-0.3	-15.3	-5.3	10.9	29.8	44.1
EBIT	-11.6	-29.5	-23.8	-7.0	11.7	25.2
Net profit	-16.2	-240.5	-32.5	-10.2	7.6	16.9
Net debt (net cash)	49.2	-74.4	-42.5	-20.7	-7.3	-19.5
Net debt/EBITDA	-163.9x	4.9x	8.0x	-1.9x	-0.2x	-0.4x
EPS reported	-0.17	-2.14	-0.29	-0.09	0.07	0.15
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	50.1%	54.1%	54.2%	59.2%	61.8%	62.8%
EBITDA margin	-0.2%	-8.1%	-2.1%	3.0%	6.5%	8.4%
EBIT margin	-8.6%	-15.7%	-9.2%	-2.0%	2.5%	4.8%
ROCE	-3.9%	-9.1%	-6.4%	-1.8%	3.0%	6.1%
EV/Sales	4.5x	2.6x	2.0x	1.5x	1.2x	1.0x
EV/EBITDA	-2,008.1x	-31.6x	-96.1x	49.5x	18.6x	12.3x
EV/EBIT	-51.8x	-16.4x	-21.6x	-76.3x	47.3x	21.5x
PER	-29.7x	-2.3x	-16.9x	-54.1x	71.9x	32.6x

Source: Company data, AlsterResearch

Key share data

Number of shares: (in m pcs) 112.20
Book value per share: (in EUR) 2.98
Ø trading volume: (12 months) 23,462

Major shareholders

Armira 27.5%
468 SPAC Sponsors 5.1%
Höllenhunde GmbH 8.5%
Santo Ella Co-Invest 5.5%
Treasury Shares 10.6%
Free Float 42.8%

Company description

tonies SE provides audio entertainment systems. The company offers products with audio storytelling which allows children to ignite their imagination and immerse themselves in storytelling and audio adventures. tonies serves customers worldwide.

Investment case in six charts

Products & Services

Toniebox Central platform for the ecosystem **EUR 79,00**

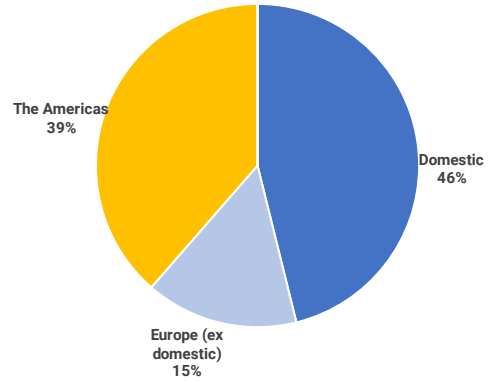
Tonies **EUR 11,99 - 14,99**
Content key and toy for children

Third party **EUR 14,99 - 24,99**
Enabling other products to function like Tonies

Audio library **EUR 4,99 - 7,99**
Additional digital content (series) for physical Tonies

Accessories(*) **EUR 16,99 - 199,99**
Adjacent products and merchandising

Regional sales split in % (2023)



First one in child's room

Age: 0+ — 1+ — 3+ — 8+

tonies First-Mover Advantage

Video Gaming: Nintendo, ROBLOX, XBOX, PlayStation

Audio Streaming: amazon alexa Kids, Spotify Kids

Video Streaming: Disney, NETFLIX, prime

Guidance

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

U.S. Expansion

Distribution of US retail stores

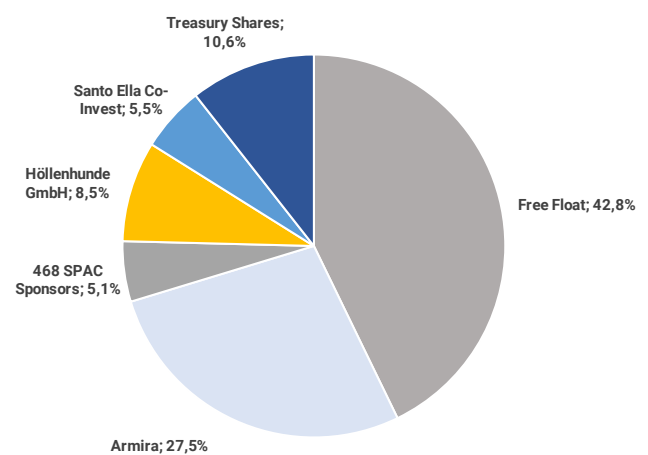
Walmart

Oct 2023: launch in 1,600 Walmart stores

YoY: #POS in the US increased by >50%

4,300 (Oct 2022) vs 6,500 (Oct 2023)

Major Shareholders



Source: Company data; AlsterResearch

SWOT analysis

Strengths

- Pioneer for the new product category of child-friendly connected audio systems
- strong portfolio and pipeline of licensed blockbuster content (Disney, Universal, Warner Bros., Pixar etc.)
- Loyal customer base of kids aged 3 to 8 who do not pay for the product
- Large installed base drives recurring sales of ecosystem products
- Scalable asset-light business model
- Strong brand in core DACH markets
- Positive network externalities as a moat against competition

Weaknesses

- Margins burdened by high costs for international rollout
- No brand recognition in many international markets yet
- expensive incentive programs

Opportunities

- replicate DACH-success in other regions (esp. vast US and China markets)
- licensing cost reduction through shift to in-house recordings
- stronger leverage of installed base through category innovation

Threats

- market entry of deep-pocketed tech / media / entertainment / toy companies
- forward integration of content owners
- increasing competition with yoto
- knock-off products

Valuation

DCF Model

The DCF model results in a **fair value of EUR 7.70 per share**:

Top-line growth: We expect tonies SE to grow revenues at a CAGR of 11.3% between 2023P and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -1.8% in 2023P to 13.1% in 2030E.

WACC. Starting point is a historical equity beta of 1.02. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.0%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.0%.

DCF (EURm) (except per share data and beta)	2023P	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	-5.3	8.8	18.0	26.8	35.5	43.7	52.2	58.3	
Depreciation & amortization	17.9	18.1	18.9	19.7	20.5	21.3	22.0	22.4	
Change in working capital	-31.9	-16.7	-0.8	-6.9	0.1	3.6	4.9	6.9	
Chg. in long-term provisions	22.1	0.6	0.1	6.6	6.1	4.0	3.4	1.4	
Capex	-19.7	-23.1	-23.7	-23.9	-24.5	-24.0	-23.0	-21.2	
Cash flow	-16.9	-12.4	12.5	22.2	37.7	48.6	59.4	67.7	1,154.1
Present value	-17.0	-11.5	10.8	17.8	27.9	33.3	37.7	39.8	678.8
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

DCF per share derived from	
Total present value	817.6
Mid-year adj. total present value	849.6
Net debt / cash at start of year	-20.7
Financial assets	9.3
Provisions and off b/s debt	6.0
Equity value	864.3
No. of shares outstanding	112.2
Discounted cash flow / share upside/(downside)	7.70 / 57.2%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023P-2030E)	11.3%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	13.1%
Terminal year WACC	8.0%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.02
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.00
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.0%

Share price	4.90
--------------------	-------------

Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%		5.0	5.2	5.5	5.8	6.1	2023P-2026E	0.0%
1.0%		5.8	6.1	6.4	6.8	7.3	2027E-2030E	17.0%
0.0%		6.7	7.2	7.7	8.3	9.0	terminal value	83.0%
-1.0%		8.1	8.7	9.5	10.4	11.6		
-2.0%		10.0	11.0	12.2	13.8	15.9		

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 1.45 per share based on 2023P and EUR 7.14 per share on 2027E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2023P	2024E	2025E	2026E	2027E
EBITDA	10.9	29.8	44.1	57.2	70.2
- Maintenance capex	3.7	3.7	4.0	4.4	4.8
- Minorities	0.0	0.0	0.9	1.4	1.8
- tax expenses	-3.4	2.5	5.9	9.0	12.1
= Adjusted FCF	10.5	23.6	33.3	42.5	51.5
Actual Market Cap	549.8	549.8	549.8	549.8	549.8
+ Net debt (cash)	-20.7	-7.3	-19.5	-42.0	-80.3
+ Pension provisions	9.0	11.1	12.1	13.7	15.3
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	0.0	0.0	0.0	0.0	0.0
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-11.8	3.8	-7.4	-28.2	-65.1
= Actual EV'	538.0	553.6	542.4	521.6	484.7
Adjusted FCF yield	2.0%	4.3%	6.1%	8.2%	10.6%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	150.4	336.8	475.7	607.5	736.1
- <i>EV Reconciliations</i>	-11.8	3.8	-7.4	-28.2	-65.1
Fair Market Cap	162.2	333.0	483.1	635.7	801.2
No. of shares (million)	112.2	112.2	112.2	112.2	112.2
Fair value per share in EUR	1.45	2.97	4.31	5.67	7.14
Premium (-) / discount (+)	-70.5%	-39.4%	-12.1%	15.6%	45.7%

Sensitivity analysis FV						
	5.0%	2.0	4.2	6.0	7.8	9.8
Adjusted hurdle rate	6.0%	1.7	3.5	5.0	6.6	8.2
	7.0%	1.4	3.0	4.3	5.7	7.1
	8.0%	1.3	2.6	3.8	5.0	6.3
	9.0%	1.1	2.3	3.4	4.5	5.7

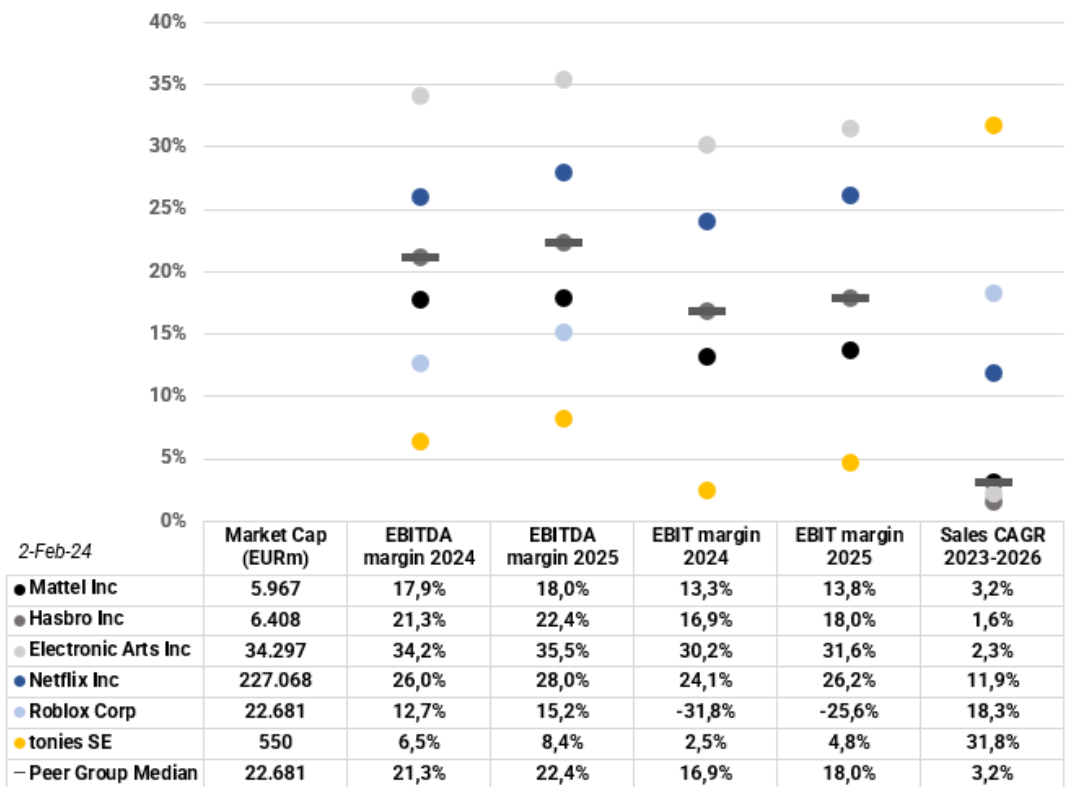
Source: Company data; AlsterResearch

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **tonies SE** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of tonies SE consists of the stocks displayed in the chart below. As of 2 February 2024 the median market cap of the peer group was EUR 22,680.9m, compared to EUR 549.8m for tonies SE. In the period under review, the peer group was more profitable than tonies SE. The expectations for sales growth are lower for the peer group than for tonies SE.

Peer Group – Key data

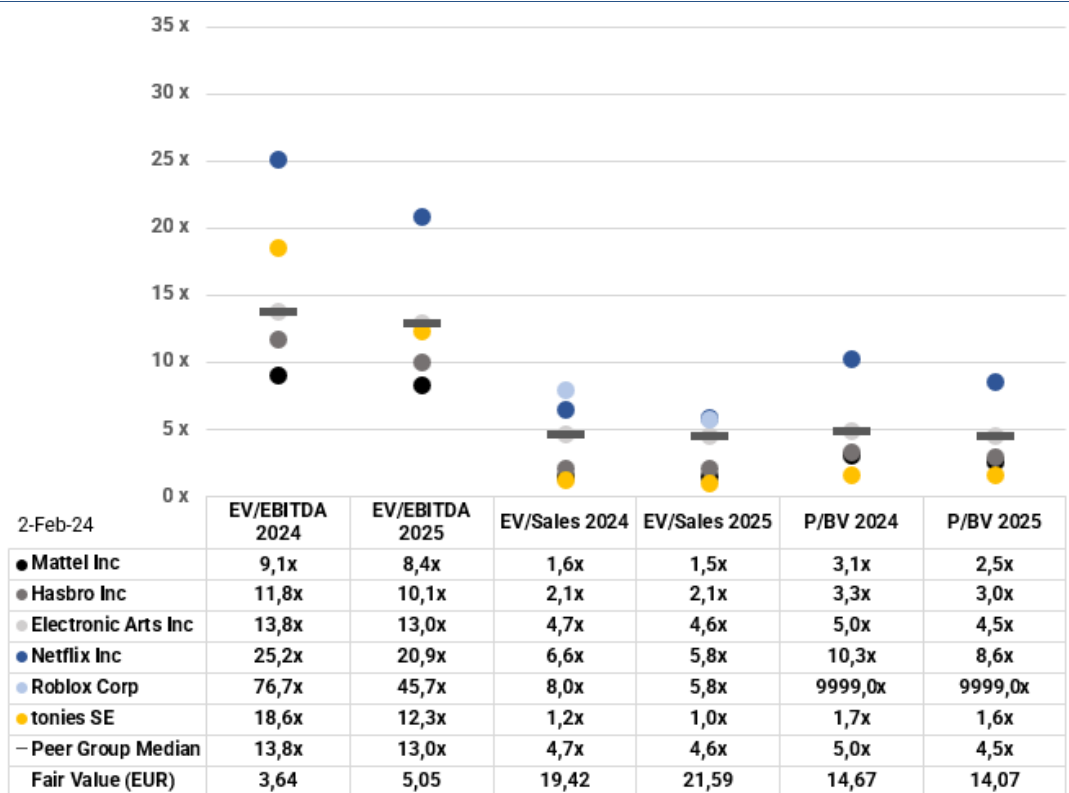


Source: Sentieo, AlsterResearch

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/Sales 2024, EV/Sales 2025, P/BV 2024 and P/BV 2025.

Applying these to tonies SE results in a range of fair values from EUR 3.64 to EUR 21.59.

Peer Group – Multiples and valuation

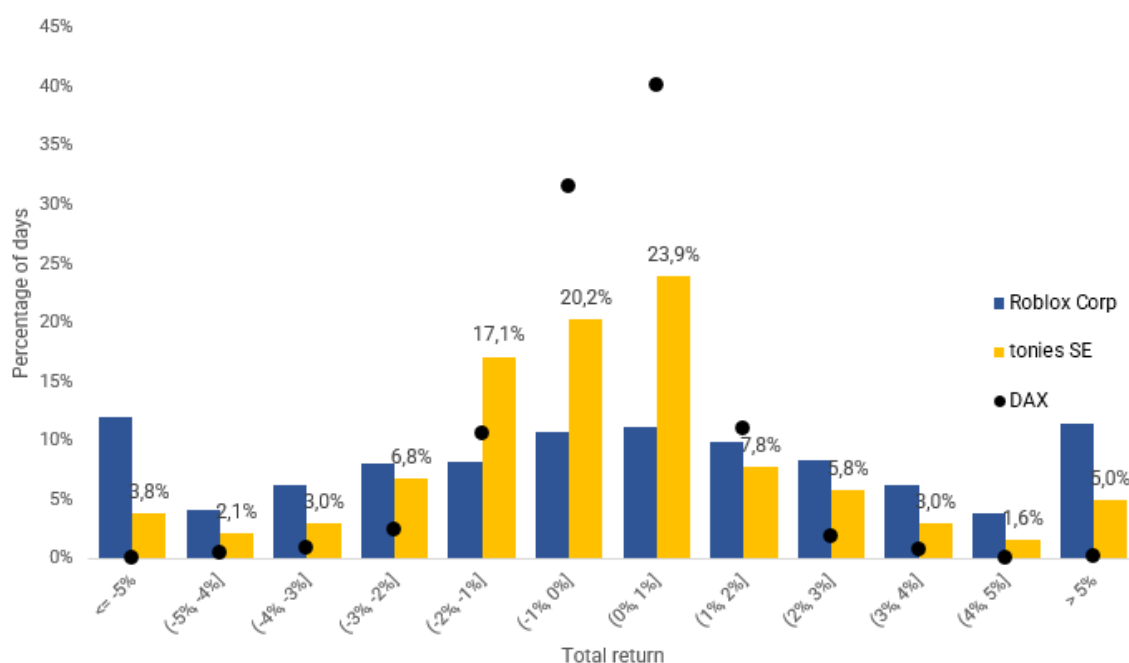


Source: Sentio, AlsterResearch

Risk

The chart displays the **distribution of daily returns of tonies SE** over the last 3 years, compared to the same distribution for Roblox Corp. We have also included the distribution for the index DAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For tonies SE, the worst day during the past 3 years was 21/01/2022 with a share price decline of -10.2%. The best day was 29/11/2021 when the share price increased by 18.8%.

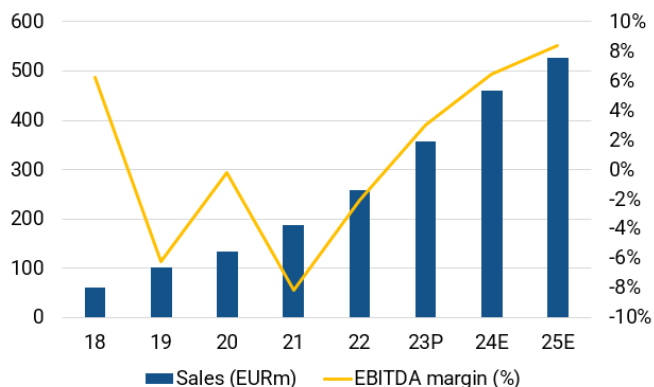
Risk – Daily Returns Distribution (trailing 3 years)



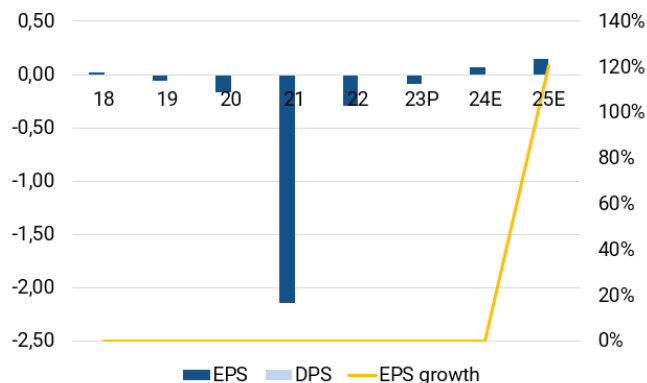
Source: Sentio, AlsterResearch

Financials in six charts

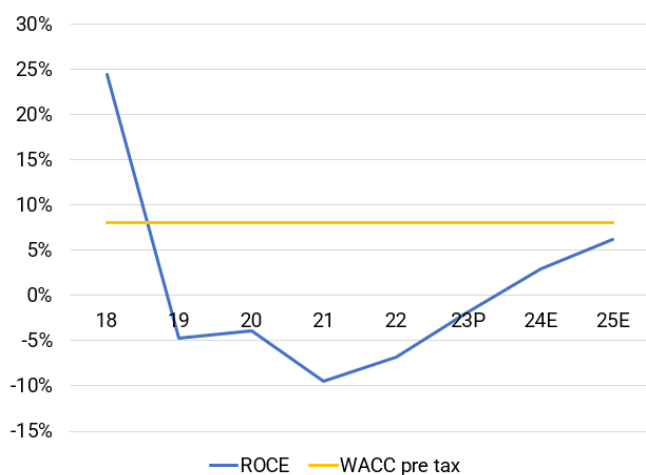
Sales vs. EBITDA margin development



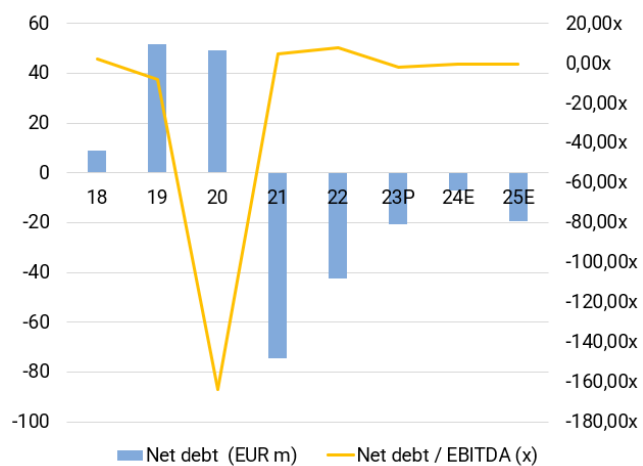
EPS, DPS in EUR & yoy EPS growth



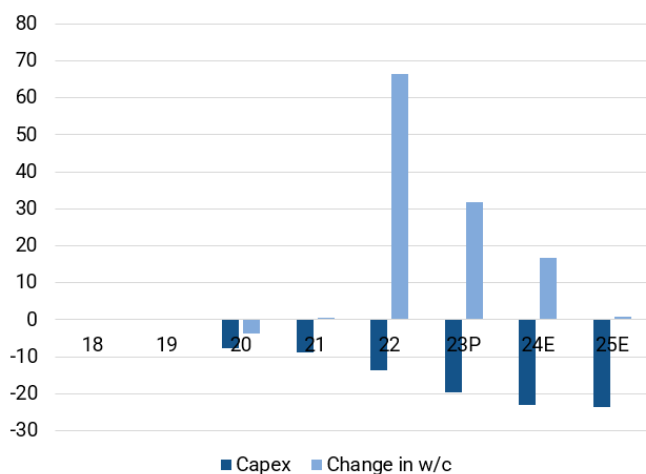
ROCE vs. WACC (pre tax)



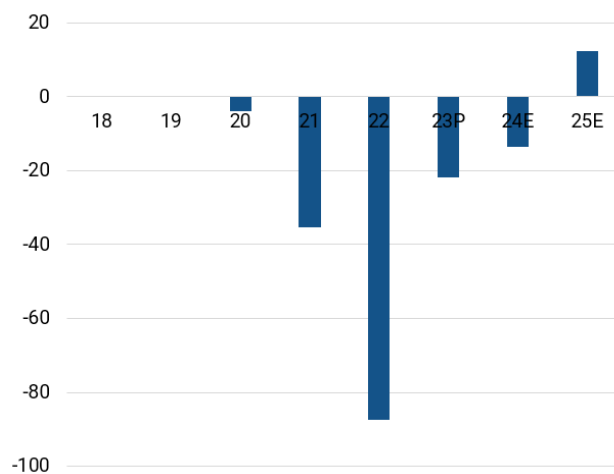
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023P	2024E	2025E
Net sales	134.6	188.0	258.3	358.1	461.3	527.0
Sales growth	32.4%	39.7%	37.4%	38.6%	28.8%	14.2%
Change in finished goods and work-in-process	8.4	2.8	47.6	10.7	13.8	15.8
Total sales	143.0	190.7	305.9	368.8	475.2	542.8
Material expenses	75.5	89.0	165.9	156.7	190.1	211.7
Gross profit	67.5	101.8	140.0	212.1	285.1	331.1
Other operating income	0.6	0.4	1.3	1.8	2.4	2.7
Personnel expenses	12.2	25.1	57.2	71.6	96.9	110.7
Other operating expenses	56.2	92.4	89.5	131.4	160.8	179.1
EBITDA	-0.3	-15.3	-5.3	10.9	29.8	44.1
Depreciation	1.8	2.3	3.7	3.7	3.7	4.0
EBITA	-2.1	-17.6	-9.0	7.1	26.1	40.1
Amortisation of goodwill and intangible assets	9.5	11.9	14.8	14.2	14.4	14.9
EBIT	-11.6	-29.5	-23.8	-7.0	11.7	25.2
Financial result	-3.5	13.5	16.5	-1.5	-1.5	-1.5
Recurring pretax income from continuing operations	-15.1	-16.0	-7.2	-8.5	10.2	23.7
Extraordinary income/loss	-6.2	-232.0	-29.4	-5.0	0.0	0.0
Earnings before taxes	-21.3	-248.0	-36.6	-13.5	10.2	23.7
Taxes	-3.1	-7.5	-4.2	-3.4	2.5	5.9
Net income from continuing operations	-18.2	-240.5	-32.5	-10.2	7.6	17.8
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-18.2	-240.5	-32.5	-10.2	7.6	17.8
Minority interest	2.0	0.0	0.0	0.0	0.0	-0.9
Net profit (reported)	-16.2	-240.5	-32.5	-10.2	7.6	16.9
Average number of shares	98.44	112.20	112.20	112.20	112.20	112.20
EPS reported	-0.17	-2.14	-0.29	-0.09	0.07	0.15

Profit and loss (common size)	2020	2021	2022	2023P	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	6%	1%	18%	3%	3%	3%
Total sales	106%	101%	118%	103%	103%	103%
Material expenses	56%	47%	64%	44%	41%	40%
Gross profit	50%	54%	54%	59%	62%	63%
Other operating income	0%	0%	1%	1%	1%	1%
Personnel expenses	9%	13%	22%	20%	21%	21%
Other operating expenses	42%	49%	35%	37%	35%	34%
EBITDA	-0%	-8%	-2%	3%	6%	8%
Depreciation	1%	1%	1%	1%	1%	1%
EBITA	-2%	-9%	-3%	2%	6%	8%
Amortisation of goodwill and intangible assets	7%	6%	6%	4%	3%	3%
EBIT	-9%	-16%	-9%	-2%	3%	5%
Financial result	-3%	7%	6%	-0%	-0%	-0%
Recurring pretax income from continuing operations	-11%	-9%	-3%	-2%	2%	4%
Extraordinary income/loss	-5%	-123%	-11%	-1%	0%	0%
Earnings before taxes	-16%	-132%	-14%	-4%	2%	4%
Taxes	-2%	-4%	-2%	-1%	1%	1%
Net income from continuing operations	-14%	-128%	-13%	-3%	2%	3%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-14%	-128%	-13%	-3%	2%	3%
Minority interest	1%	0%	0%	0%	0%	-0%
Net profit (reported)	-12%	-128%	-13%	-3%	2%	3%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023P	2024E	2025E
Intangible assets (exl. Goodwill)	125.5	119.2	114.6	116.5	120.5	124.1
Goodwill	162.2	162.2	162.2	162.2	162.2	162.2
Property, plant and equipment	5.8	7.4	12.4	12.3	13.2	14.5
Financial assets	4.4	9.3	0.0	0.0	0.0	0.0
FIXED ASSETS	297.9	298.2	289.3	291.0	296.0	300.8
Inventories	23.1	32.0	84.3	85.9	93.7	92.8
Accounts receivable	16.9	22.3	34.8	49.0	63.2	72.2
Other current assets	3.3	10.0	18.5	18.5	18.5	18.5
Liquid assets	9.1	75.6	54.9	33.2	19.7	32.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	52.3	139.9	192.6	186.6	195.2	215.5
TOTAL ASSETS	350.2	438.0	481.8	477.7	491.1	516.3
SHAREHOLDERS EQUITY	177.2	281.3	334.6	324.5	332.1	349.9
MINORITY INTEREST	21.3	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.3	0.7	11.8	11.8	11.8	11.8
Provisions for pensions and similar obligations	3.5	7.9	6.0	9.0	11.1	12.1
Other provisions	37.3	34.5	20.2	39.4	37.8	36.9
Non-current liabilities	41.1	43.1	38.1	60.2	60.7	60.8
short-term liabilities to banks	57.9	0.5	0.6	0.6	0.6	0.6
Accounts payable	24.9	35.4	39.4	38.6	46.9	52.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	27.0	77.0	69.0	53.7	50.7	52.7
Deferred taxes	0.8	0.6	0.1	0.1	0.1	0.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	110.5	113.6	109.1	93.0	98.3	105.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	350.2	438.0	481.8	477.7	491.1	516.3

Balance sheet (common size)	2020	2021	2022	2023P	2024E	2025E
Intangible assets (excl. Goodwill)	36%	27%	24%	24%	25%	24%
Goodwill	46%	37%	34%	34%	33%	31%
Property, plant and equipment	2%	2%	3%	3%	3%	3%
Financial assets	1%	2%	0%	0%	0%	0%
FIXED ASSETS	85%	68%	60%	61%	60%	58%
Inventories	7%	7%	18%	18%	19%	18%
Accounts receivable	5%	5%	7%	10%	13%	14%
Other current assets	1%	2%	4%	4%	4%	4%
Liquid assets	3%	17%	11%	7%	4%	6%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	15%	32%	40%	39%	40%	42%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	51%	64%	69%	68%	68%	68%
MINORITY INTEREST	6%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	2%	2%	2%	2%
Provisions for pensions and similar obligations	1%	2%	1%	2%	2%	2%
Other provisions	11%	8%	4%	8%	8%	7%
Non-current liabilities	12%	10%	8%	13%	12%	12%
short-term liabilities to banks	17%	0%	0%	0%	0%	0%
Accounts payable	7%	8%	8%	8%	10%	10%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	8%	18%	14%	11%	10%	10%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	32%	26%	23%	19%	20%	20%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023P	2024E	2025E
Net profit/loss	-18.2	-240.5	-31.7	-10.2	7.6	17.8
Depreciation of fixed assets (incl. leases)	11.3	14.2	18.4	3.7	3.7	4.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	14.2	14.4	14.9
Others	6.9	200.5	5.8	22.1	0.6	0.1
Cash flow from operations before changes in w/c	0.0	-25.8	-7.4	29.8	26.3	36.8
Increase/decrease in inventory	-10.4	-8.5	-52.8	-1.6	-7.9	0.9
Increase/decrease in accounts receivable	0.2	-5.5	-12.5	-14.3	-14.1	-9.0
Increase/decrease in accounts payable	11.3	10.5	4.1	-0.8	8.2	5.3
Increase/decrease in other w/c positions	2.6	2.9	-5.2	-15.3	-3.0	2.0
Increase/decrease in working capital	3.7	-0.6	-66.4	-31.9	-16.7	-0.8
Cash flow from operating activities	3.8	-26.4	-73.8	-2.1	9.6	36.0
CAPEX	-7.7	-8.9	-13.6	-19.7	-23.1	-23.7
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-7.7	-8.9	-13.6	-19.7	-23.1	-23.7
Cash flow before financing	-3.9	-35.4	-87.4	-21.8	-13.5	12.3
Increase/decrease in debt position	-4.1	-62.9	9.1	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	10.4	0.0	60.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	165.4	-1.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	-0.6	0.0	0.0	0.0	0.0
Cash flow from financing activities	6.2	101.9	67.3	0.0	0.0	0.0
Increase/decrease in liquid assets	2.2	66.5	-20.1	-21.8	-13.5	12.3
Liquid assets at end of period	9.1	75.6	54.9	33.2	19.7	32.0

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023P	2024E	2025E
Domestic	121.1	151.3	158.3	165.1	282.8	323.0
Europe (ex domestic)	8.1	16.3	34.4	54.7	61.4	70.2
The Americas	5.4	20.3	65.6	138.1	117.2	133.8
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	134.6	188.0	258.3	358.1	461.3	527.0

Regional sales split (common size)	2020	2021	2022	2023P	2024E	2025E
Domestic	90.0%	80.5%	61.3%	46.1%	61.3%	61.3%
Europe (ex domestic)	6.0%	8.7%	13.3%	15.3%	13.3%	13.3%
The Americas	4.0%	10.8%	25.4%	38.6%	25.4%	25.4%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023P	2024E	2025E
Per share data						
Earnings per share reported	-0.17	-2.14	-0.29	-0.09	0.07	0.15
Cash flow per share	0.04	-0.24	-0.66	-0.05	0.05	0.29
Book value per share	1.80	2.51	2.98	2.89	2.96	3.12
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-29.7x	-2.3x	-16.9x	-54.1x	71.9x	32.6x
P/CF	128.5x	-20.8x	-7.4x	-95.0x	93.2x	17.2x
P/BV	2.7x	2.0x	1.6x	1.7x	1.7x	1.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	0.8%	-4.8%	-13.4%	-1.1%	1.1%	5.8%
EV/Sales	4.5x	2.6x	2.0x	1.5x	1.2x	1.0x
EV/EBITDA	-2,008.1x	-31.6x	-96.1x	49.5x	18.6x	12.3x
EV/EBIT	-51.8x	-16.4x	-21.6x	-76.3x	47.3x	21.5x
Income statement (EURm)						
Sales	134.6	188.0	258.3	358.1	461.3	527.0
yoy chg in %	32.4%	39.7%	37.4%	38.6%	28.8%	14.2%
Gross profit	67.5	101.8	140.0	212.1	285.1	331.1
Gross margin in %	50.1%	54.1%	54.2%	59.2%	61.8%	62.8%
EBITDA	-0.3	-15.3	-5.3	10.9	29.8	44.1
EBITDA margin in %	-0.2%	-8.1%	-2.1%	3.0%	6.5%	8.4%
EBIT	-11.6	-29.5	-23.8	-7.0	11.7	25.2
EBIT margin in %	-8.6%	-15.7%	-9.2%	-2.0%	2.5%	4.8%
Net profit	-16.2	-240.5	-32.5	-10.2	7.6	16.9
Cash flow statement (EURm)						
CF from operations	3.8	-26.4	-73.8	-2.1	9.6	36.0
Capex	-7.7	-8.9	-13.6	-19.7	-23.1	-23.7
Maintenance Capex	0.0	0.0	0.0	3.7	3.7	4.0
Free cash flow	-3.9	-35.4	-87.4	-21.8	-13.5	12.3
Balance sheet (EURm)						
Intangible assets	287.7	281.4	276.8	278.8	282.8	286.3
Tangible assets	5.8	7.4	12.4	12.3	13.2	14.5
Shareholders' equity	177.2	281.3	334.6	324.5	332.1	349.9
Pension provisions	3.5	7.9	6.0	9.0	11.1	12.1
Liabilities and provisions	99.0	43.7	38.7	60.8	61.3	61.4
Net financial debt	49.2	-74.4	-42.5	-20.7	-7.3	-19.5
w/c requirements	15.0	18.9	79.7	96.3	110.1	112.8
Ratios						
ROE	-10.3%	-85.5%	-9.7%	-3.1%	2.3%	5.1%
ROCE	-3.9%	-9.1%	-6.4%	-1.8%	3.0%	6.1%
Net gearing	27.7%	-26.4%	-12.7%	-6.4%	-2.2%	-5.6%
Net debt / EBITDA	-163.9x	4.9x	8.0x	-1.9x	-0.2x	-0.4x

Source: Company data; AlsterResearch

Conflicts of interest

Disclosures regarding research publications of SRH AlsterResearch AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures. It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if SRH AlsterResearch AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,
- (2) has entered into an agreement on the production of the research report with the analyzed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of SRH AlsterResearch AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
tonies SE	

Important disclosures

1. General Information/Liabilities This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by SRH AlsterResearch AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of SRH AlsterResearch AG. Reproduction of this document, in whole or in part, is not permitted without prior permission SRH AlsterResearch AG. All rights reserved. Under no circumstances shall SRH AlsterResearch AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organizational Requirements SRH AlsterResearch AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of AlsterResearch AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at <https://www.alsterresearch.com>.

SRH AlsterResearch AG uses the following three-step rating system for the analyzed companies:

- **Speculative (Spec.) BUY:** Sustainable upside potential of more than 25% within 12 months, above average risk
- **BUY:** Sustainable upside potential of more than 10% within 12 months
- **SELL:** Sustainable downside potential of more than 10% within 12 months.
- **HOLD:** Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of SRH AlsterResearch AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by SRH AlsterResearch AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of SRH AlsterResearch AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Date and time of first publication of this financial analysis
2-Feb-24 09:37:27

6. Risk information

- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. SRH AlsterResearch AG has checked the information for plausibility but not for accuracy or completeness.

8. Competent Supervisory Authority SRH AlsterResearch AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

9. Specific Comments for Recipients Outside of Germany This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.alsterresearch.com>.

Contacts

SRH AlsterResearch AG
Mittelweg 142
20148 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@alsterresearch.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
E-Mail: info@mwbfairtrade.com

Our research can be found under

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@alsterresearch.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-143
E-Mail: l.yilmaz@alsterresearch.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@alsterresearch.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@alsterresearch.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

ALEXANDER DEUSS
Head of Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995 - 23
E-Mail: sguenon@mwbfairtrade.com



RESEARCH HUB	www.research-hub.de
BLOOMBERG	www.bloomberg.com
FACTSET	www.factset.com
THOMSON REUTERS / REFINITIV	www.refinitiv.com
CAPITALIQ	www.capitaliq.com