Remuneration Policy of tonies SE

A. Preamble

The remuneration policy (Remuneration Policy) for the Management Board and Supervisory Board of tonies SE (tonies, the Company) has been drawn up and further revised in the 2025 financial year, for the purposes of Article 7bis of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings, as amended (the Shareholders' Rights Law) and been designed to be simple, understandable and clear.

The Remuneration Policy will be submitted to the advisory vote of tonies' shareholders during the annual general meeting of tonies' shareholders to be held on May 27, 2026.

No later than the start of the 2027 financial year, the Management Board Remuneration Policy shall apply to newly appointed and re-appointed members of the Management Board (MB Member), as well as to the service agreements concluded or extended in connection with such appointments.

The Supervisory Board Remuneration Policy shall apply with effect from the end of next year's annual general meeting of tonies' shareholders, i.e. the 2027 annual general meeting.

B. Management Board Remuneration Policy

1. Principles of the Management Board Remuneration Policy

The Remuneration Policy promotes tonies' business strategy and long-term interests and thus contributes to tonies' long-term development. Strengthening the profitable and sustainable growth of tonies' business is the focus and basis for the structure of the Remuneration Policy for the MB Members. In particular, the Remuneration Policy is based on the following principles:

Principles of the Remuneration Policy

Pay for performance alignment	The underlying financial and non-financial performance criteria are derived from tonies business strategy and backed by an ambitious short-term and long-term target setting. In addition, the relative TSR provides for an assessment of tonies' external performance in direct comparison to competitors.
Long-term orientation	The combination of Performance Share Units and Restricted Stock Units as long-term remuneration components is designed to promote tonies' business strategy and long-term value creation.
Shareholder orientation	The Remuneration Policy provides for strong share price orientation which aligns the interests of the MB Members with the experience of our shareholders. In particular, this is implemented through the use of share-based long-term remuneration plans, the inclusion of the relative TSR as a performance criterion as well as the provision of Share Ownership Guidelines for the MB Members.
Competitiveness of the remuneration	The remuneration package of the MB Members honours the dedication and efforts that the MB Members put into tonies and provides for a balanced risk profile, ensuring that tonies continues to be able to attract and retain individuals who consistently perform at or above expected levels and contribute to the success of tonies.

2. Further development of the Management Board Remuneration Policy

In the 2025 financial year, the Supervisory Board conducted a comprehensive review of the Remuneration Policy for the Management Board of tonies regarding its conformity with regulatory requirements, investor expectations, best market practice, as well as business strategy. Against this background, the following key adjustments to the Management Board Remuneration Policy were implemented:

Revision of the performance targets of the Short-term Incentive (STI)

The STI was only adjusted in a few specific areas, with a focus on providing a more transparent and comprehensible description of its design. According to the revised Remuneration Policy, the STI is subject to a growth KPI (e.g., net revenue growth), a profit KPI (e.g., adjusted EBITDA), and a liquidity-related KPI (e.g., free cash flow) with a weighting of 20 – 40% each. In addition, individual targets such as strategic and operational criteria as well as ESG are considered with a weighting of 10 – 30%.

By clearly defining the overall categories for the definition of the financial KPIs, the Remuneration Policy lays out a more targeted incentive structure in line with the pay for performance principle. At the same time, the flexibility provided regarding the definition of the specific KPIs per category and their respective weighting enables the Supervisory Board to adjust the specific target setting from year to year in line with varying strategic priorities.

Redesign of the Long-term Incentive (LTI)

The LTI was fully redesigned as part of the further development of the Remuneration Policy. In order to ensure a consistent and market customary LTI design with strong pay for performance alignment and a balanced incentive structure, Performance Share Units (PSUs) and Restricted Stock Units (RSUs) were implemented to replace the 2022 Equity Incentive Plan.

PSUs and RSUs are granted yearly on a rolling basis with an overall plan term of four-years. PSUs are subject to internal as well as external financial performance criteria including profit and growth KPIs derived from tonies' long-term business strategy as well as a relative performance measurement in form of the relative Total Shareholder Return (TSR). To ensure strong performance orientation and effective incentivization of tonies' long-term strategic objectives, PSUs constitute at least 70% of the total LTI grant amount. On the other hand, RSUs make up for a maximum of 30% of the LTI grant amount and are exclusively based on the share price development of tonies, thereby further strengthening the share price orientation of the LTI and aligning the MB Members' interests with the shareholders' experience.

Implementation of a cap on additional voluntary bonuses

While the possibility of the Supervisory Board to grant MB Members an additional voluntary bonus represents an effective incentive mechanism to reward special performance, the revised Remuneration Policy limits the amount of any such bonuses to 150% of the base salary in line with investor expectations, reducing the scope of discretion of the Supervisory Board to further ensure alignment with the pay for performance principle. Furthermore, any additional bonus is transparently disclosed in the remuneration report and clearly justified.

Refinement of malus & clawback provisions

The malus and clawback provisions were refined to further align with common market practice and investor expectations. In particular, the revised Remuneration Policy provides for a restatement clawback provision in case of an error in the audited and approved consolidated financial statement, as well as a compliance malus & clawback provision which applies in case of a deliberate breach of duty were implemented. That way, the scope of action for the Supervisory Board to reclaim or withhold remuneration under special circumstances is clearly defined.

3. Overview of the Management Board Remuneration Policy

3.1. Remuneration components

The remuneration of the MB Members comprises fixed and variable components as well as further contractual provisions as set out below:

Overview of the Management Board Remuneration Policy

Fixed remuneration components	Base salary	• Fixed annual base salary	
	Fringe benefits	• Reimbursement of expenses as well as customary benefits	

Variable remuneration components	Short-term Incentive (STI)	• Annual target bonus with a one-year performance period subject to financial and non-financial performance criteria:
		  • 20 – 40% profit
		  • 20 – 40% growth
		  • 20 – 40% liquidity
		  • 10 – 30% individual targets
		• Target achievement capped at 150%
		• Payout in cash, capped at 150% of the grant amount	

	Long-term Incentive (LTI)	• Rolling grant of a defined amount split between Performance Share Units (min. 70% of the total LTI grant amount) and Restricted Stock Units (max. 30% of the total LTI grant amount)	

		Performance Share Units (PSUs)	• PSUs with a four-year plan term consisting of three-year performance period subject to internal and external financial performance criteria and an additional one-year waiting period:
			  • 20 – 40% profit
			  • 20 – 40% growth
			  • 20 – 40% relative TSR
			• Target achievement capped at 200%
			• Payout in shares (alternatively in cash)

		Restricted Stock Units (RSUs)	• RSUs with a four-year plan term, equivalent number of shares are transferred after a one-year waiting period. These shares are subject to a lock-up period of three additional years
Further contractual provisions	Extraordinary developments and performance	• The Supervisory Board has the possibility to account for extraordinary developments and performance to an appropriate extent	
	Share Ownership Guideline (SOG)	• Obligation to acquire shares of tonies equal to up to 100% of the amount of the base salary and to hold such shares until the end of their appointment	

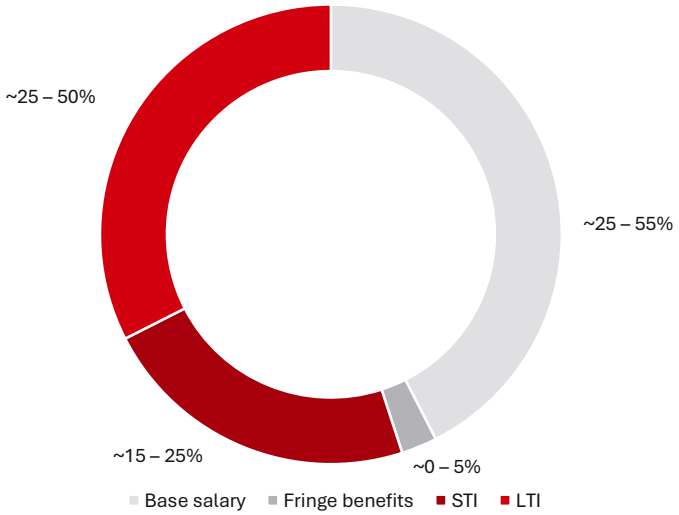
	Malus & clawback	• The variable remuneration components are subject to:
		  • A restatement clawback provision
		  • A compliance malus & clawback provision	

Notwithstanding anything to the contrary in the remuneration terms, with respect to MB Members resident or subject to taxation abroad and particularly in the United States, the remuneration of such MB Members is intended to comply with the relevant tax law (e.g., US Internal Revenue code Section 409A) and avoid undue tax burden and any design might be reformed and operated consistent with that intent.

3.2. Remuneration structure

The remuneration structure is designed to provide for a balanced risk profile of the overall remuneration package, balancing short-term economic performance with long-term goals of tonies. To ensure a performance-related remuneration, variable remuneration components shall constitute roughly 40 – 75% of the total annual target remuneration of the MB Members, while fixed remuneration components shall account for roughly 25 – 60%. Within variable remuneration, the relative share of the LTI shall in general exceed the relative share of the STI.

In particular, the remuneration structure is governed by the following ranges for each individual remuneration component:



4. Remuneration components in detail

4.1. Fixed remuneration components

The fixed components of the remuneration for the MB Members comprise the base salary as well as fringe benefits. There are no pension entitlements.

4.1.1. Base salary

The MB Members receive a fixed annual base salary to be paid in equal instalments. The amount of the individual fixed annual salary is, e.g., based on the tasks and the strategic and operative responsibility of the individual MB Member as well as the economic situation of tonies.

4.1.2. Fringe benefits

Any ordinary and reasonable expenses of the MB Members incurred in connection with the management of tonies will be reimbursed by tonies. Additional benefits for the MB Members may include, among others, an accident insurance, D&O insurance, reimbursement for double-householding and a company car/company car allowance or similar. For newly appointed MB Members, the fringe benefits may additionally include, e.g., the reimbursement of relocation costs as well as one-time payments for example for forfeited remuneration entitlements at the previous employer. In such cases, the proportion of fringe benefits in total remuneration may represent a larger share.

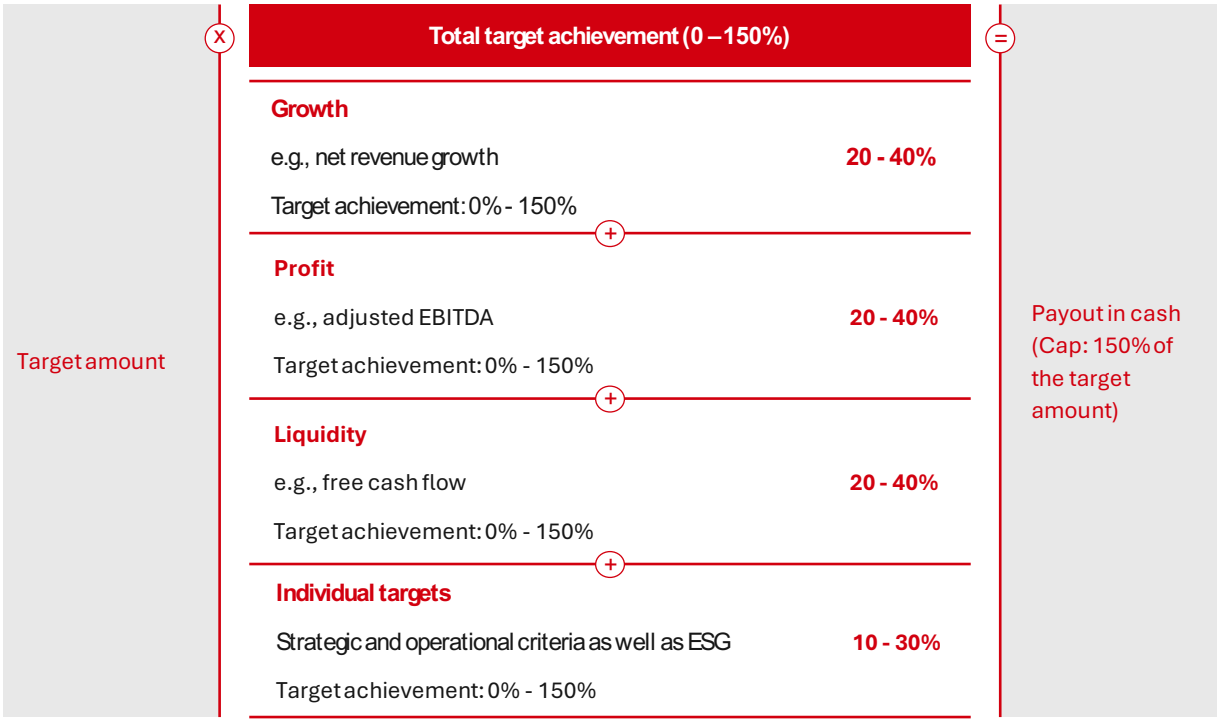
4.2. Variable remuneration components

The variable remuneration components of the remuneration for MB Members comprise of the STI and the LTI. These components shall incentivise MB Members to achieve ambitious and challenging financial, operational and strategic as well as sustainability goals.

4.2.1. Short-term Incentive (STI)

The STI is designed as an annual target bonus with a one-year performance period. The payout of the STI is dependent on the achievement of financial and non-financial targets including a growth KPI (e.g., net revenue growth), a profit KPI (e.g., adjusted EBITDA), and a liquidity KPI (e.g., free cash flow) with a weighting of 20 – 40% each. In addition, individual targets such as strategic and operational criteria as well as ESG criteria are considered with a weighting of 10 – 30%. The target achievement of each of the performance criteria as well as the total target achievement may range between 0% and 150%. The payout of the STI is made in cash and limited to 150% of the respective target amount. Against this background, the functionality of the STI can be summarized as follows:

Functionality of the STI



Financial performance criteria

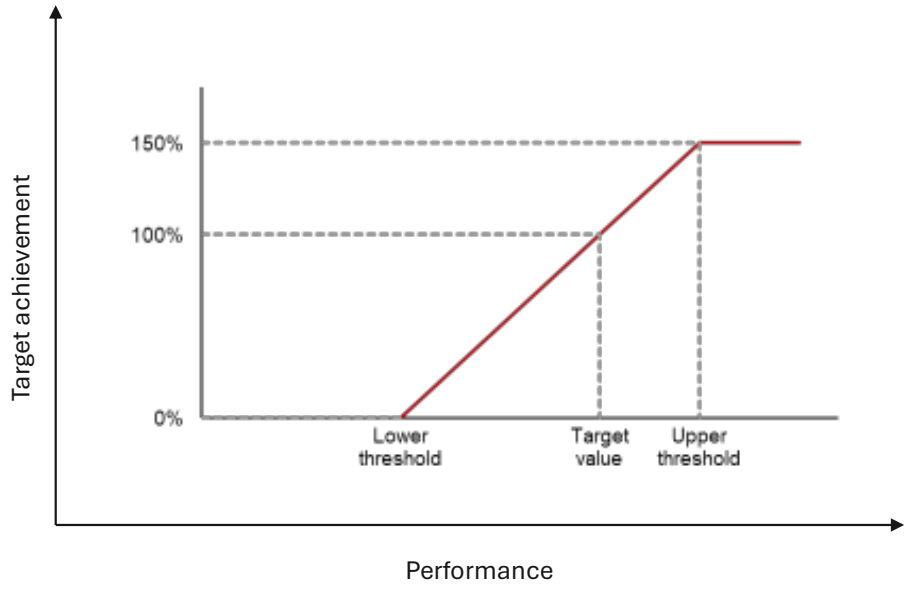
For each financial year, the Supervisory Board defines the financial performance criteria of the STI according to the predefined categories and sets their respective weighting within the defined ranges. The specific performance criteria and weightings applied are disclosed in the remuneration report for the corresponding financial year.

In general terms, the operationalization of the financial performance criteria can be summarised as follows:

Operationalization of the financial performance criteria of the STI

Category	Operationalization
Growth	Growth is generally measured in terms of net revenue as defined and disclosed in the financial statements. tonies recognises revenue when it transfers control over a good to a customer. Relevant return options are considered where applicable and material. In line with strategic priorities, the use of a growth-related KPI in the STI is intended to incentivize expansion and strengthen the market position of tonies. Alternatively, a comparable growth-related KPI can be used. The growth KPI is considered with a weighting of 20 – 40%. In case of exceptional developments (e.g., M&A activities), the Supervisory Board may adjust the growth KPI particularly with a view to the determination of the target achievement in order to reflect true performance.
Profit	Profit is generally measured in terms of adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (adjusted EBITDA). Its use in the STI is in line with tonies' strategic objective by aiming to promote tonies' overall profitability ambition. Alternatively, a comparable profit KPI can be used. The profit KPI is considered with a weighting of 20 – 40%. In case of exceptional developments (e.g., M&A activities), the Supervisory Board may adjust the profit/margin KPI particularly with a view to the determination of the target achievement in order to reflect true performance.
Liquidity	Liquidity is generally measured in terms of free cash flow. Free cash flow is defined as the total of operating and investing cash flows after operating expenses (OpEx) and capital expenditures (CapEx). As a strategically relevant performance criterion, the purpose of implementing a liquidty KPI in the STI consists in promoting tonies' cash generation to allocate dividends, pay down debt and continue exploring growth opportunities. Alternatively, a comparable liquidity KPI can be used. The liquidity KPI is considered with a weighting of 20 – 40%. In case of exceptional developments (e.g., M&A activities), the Supervisory Board may adjust the liquidity KPI particularly with a view to the determination of the target achievement in order to reflect true performance.

After the selection of the financial performance criteria for the respective financial year, the Supervisory Board defines a target value as well as a lower and upper threshold for each of the financial performance criteria. If the actual value achieved at the end the performance period is equal to the target value, the target achievement amounts to 100%. An actual value below the lower threshold translates to a target achievement of 0%. On the contrary, an actual value at or above the upper threshold corresponds to the maximum target achievement of 150%. For actual values between the lower threshold and the target value as well as between the target value and the upper threshold, the target achievement is calculated by means of linear interpolation. The target achievement curve for the financial performance criteria of the STI can be illustrated as follows:



Non-financial performance criteria

In addition to the financial performance criteria, the STI includes non-financial performance criteria in the form of individual targets which are considered with a weighting of 10 – 30%. For the individual targets, the Supervisory Board defines strategic and operational as well as Environmental, Social and Governance (ESG) targets depending on the corresponding short-term strategic priorities. The combination of different types of performance criteria provides for a holistic incentive structure and allows for a differentiated target setting.

As for the financial performance criteria, the Supervisory Board defines the relevant KPIs and their respective weightings as well as the corresponding target values at the beginning of the financial year. The target achievement is determined based on the deviation of the actual values achieved from the defined target values and may range between 0% and 150%.

4.2.2. Long-term Incentive (LTI)

The LTI comprises of Performance Share Units (PSUs) and Restricted Stock Units (RSUs), with PSUs constituting at least 70% of the total LTI grant and RSUs accounting for a maximum of 30% of the total LTI grant. The exact split between PSUs and RSUs is determined by the Supervisory Board for each MB Member.

The LTI is generally granted in yearly tranches on a rolling basis.

Performance Share Units (PSUs)

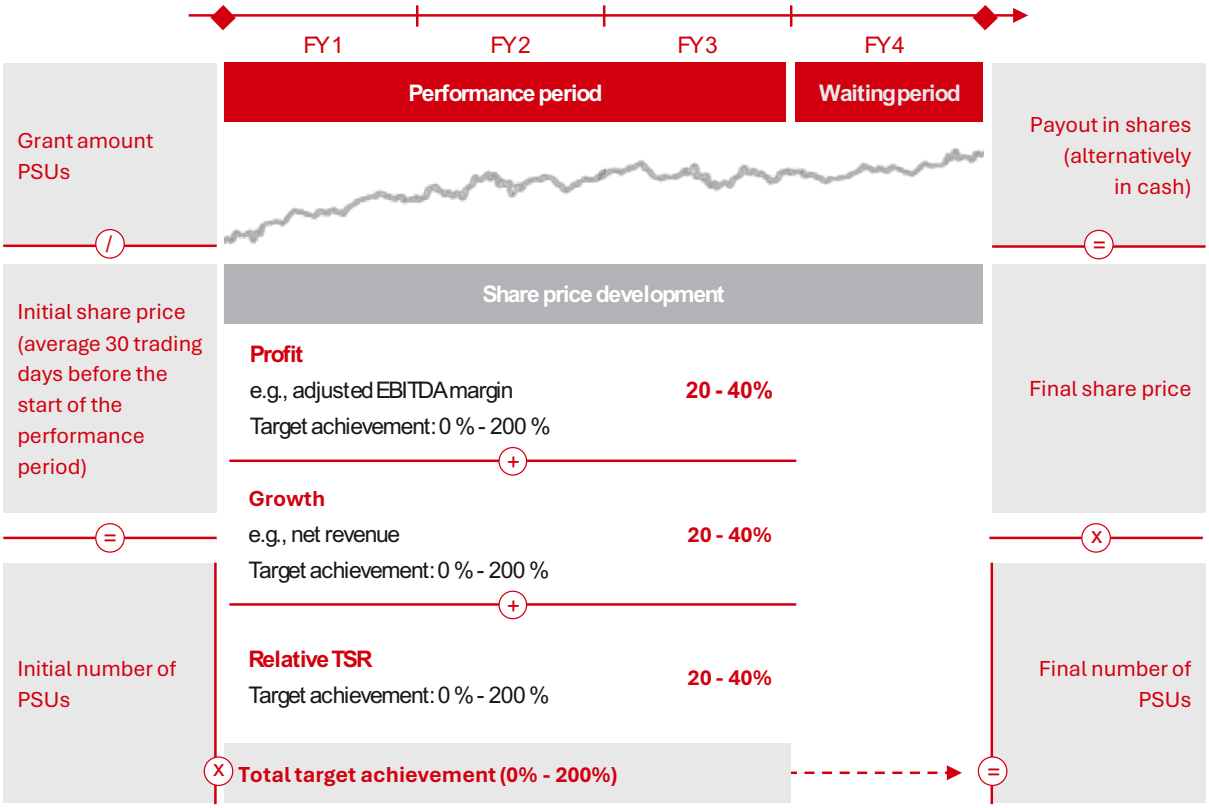
The PSUs are subject to a four-year plan term consisting of a three-year performance period followed by a one-year waiting period. In the event the appointment of a MB Member occurs during a financial year, such MB Member might participate in a PSUP the performance period of which has already started during such financial year.

At the beginning of each tranche, the initial number of PSUs is calculated by dividing the PSU grant amount by the initial share price based on the average of 30 trading days before the start of the performance period. The final number of PSUs is dependent on the achievement of internal and external financial performance criteria during the three-year performance period. These include a profit KPI (e.g., adjusted EBITDA margin), a growth KPI (e.g., net revenue) as well as the relative Total Shareholder Return (TSR), each with a weighting of 20 – 40%. The target achievement of each of the performance criteria as well as the total target achievement is determined upon conclusion of the three-year performance period and can range between 0% and 200%.

Subject to an additional one-year waiting period, the PSUs are settled in shares (with the Company being entitled to a net settlement) or in cash with the settlement amount and the number of settlement shares, respectively, to be calculated based on the Company's share price upon the end of the waiting period. As a rule, settlement is made in shares.

To ensure the MB Member is treated "dividend-neutral", the Supervisory Board may, after the end of the four-year plan term, grant a dividend equivalent for each final PSU, reflecting the cumulative dividends paid during the plan term. If target achievement is 0%, the final number of PSUs for the relevant tranche is zero and no payout is made – this likewise applies to any notional dividend equivalent. Against this background, the functionality of the Performance Share Units can be summarised as follows:

Functionality of the Performance Share Units (PSUs)



Internal financial performance criteria

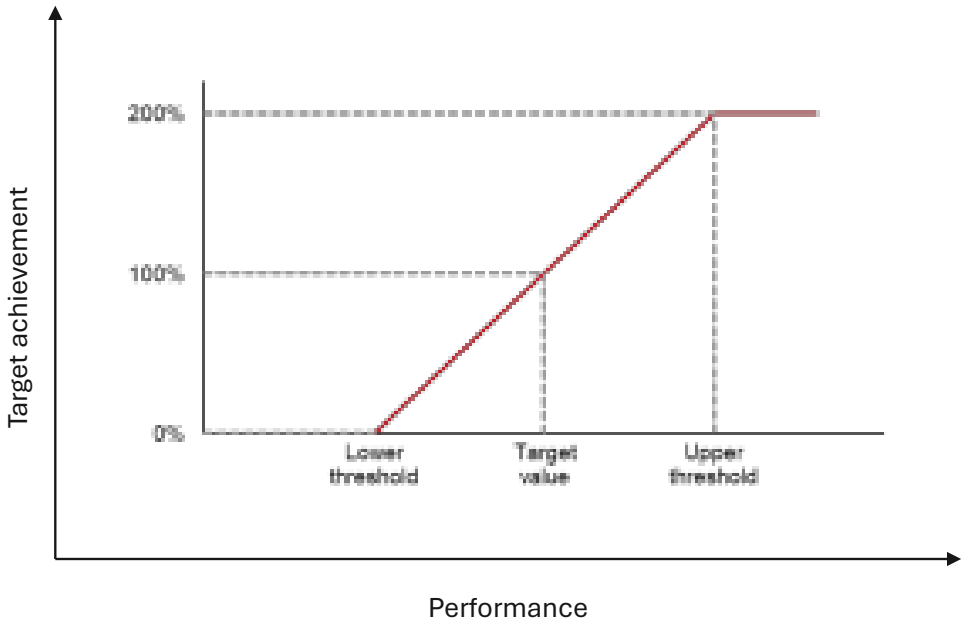
For each tranche, the Supervisory Board defines the financial performance criteria of the PSUs according to the predefined categories and sets their respective weighting within the defined ranges.

In general terms, the operationalization of the internal financial performance criteria can be summarised as follows:

Operationalization of the internal financial performance criteria of the LTI

Category	Operationalization
Profit	Profit in the LTI is generally measured in terms of adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (adjusted EBITDA) as a percentage of revenue. As a profitability ratio, it is intended to promote the long-term profitability of tonies. Alternatively, a comparable profit KPI can be used. The profit KPI is considered with a weighting of 20 – 40%. In case of exceptional developments (e.g., M&A activities), the Supervisory Board may adjust the profit/margin KPI particularly with a view to the determination of the target achievement in order to reflect true performance.
Growth	Growth is generally measured in terms of net revenue as defined and disclosed in the financial statements. tonies recognises revenue when it transfers control over a good to a customer. Relevant return options are considered where applicable and material. In line with long-term strategic priorities, the use of a growth KPI as a performance criteria for the PSUs aims to foster sustainable business development and market expansion. Alternatively, a comparable growth-related KPI can be used. The growth-related KPI is considered with a weighting of 20 – 40%. In case of exceptional developments (e.g., M&A activities), the Supervisory Board may adjust the growth KPI particularly with a view to the determination of the target achievement in order to reflect true performance.

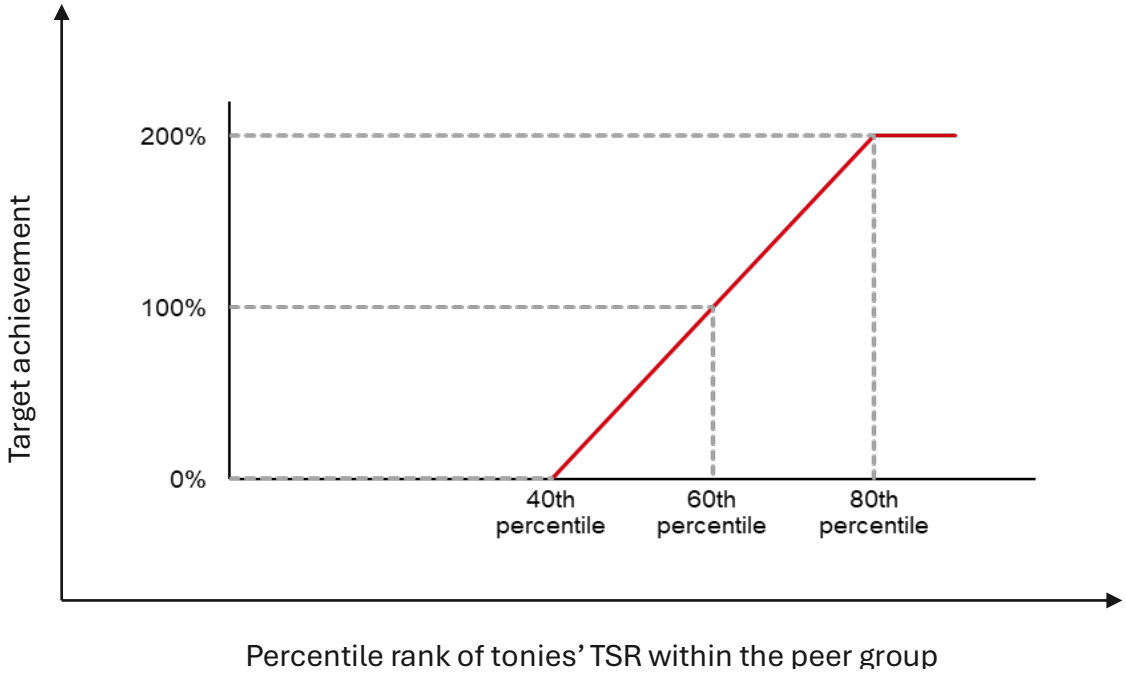
After the selection of the internal financial performance criteria for the respective tranche, the Supervisory Board defines a target value as well as a lower and upper threshold for each of the internal financial performance criteria. If the actual value achieved at the end the performance period is equal to the target value, the target achievement amounts to 100%. An actual value below the lower threshold translates to a target achievement of 0%. On the contrary, an actual value at or above the upper threshold corresponds to the maximum target achievement of 200%. For actual values between the lower threshold and the target value as well as between the target value and the upper threshold, the target achievement is calculated by means of linear interpolation. The target achievement curve of the internal financial performance criteria of the PSUs can be illustrated as follows:



External financial performance criteria

In addition to the internal financial performance criteria, the PSUs are subject to the relative TSR of tonies compared to a relevant peer group which currently consists of the companies of the STOXX Europe Total Market Leisure Goods Index. The use of the relative TSR as a performance criterion allows to measure tonies capital market performance relative to its competitors which further strengthens the alignment between the interests of MB Members and shareholders.

In order to measure relative TSR performance, the TSRs of tonies and its peers are ranked in descending order and the percentile rank of the TSR of tonies within the peer group is determined. If the TSR of tonies ranks at or below the 40th percentile, the target achievement amounts to 0%. A target achievement of 100% is achieved if the TSR of tonies ranks at the 60th percentile. If the TSR of tonies is positioned at or above the 80th percentile, maximum target achievement of 200% is achieved. Linear interpolation is used to determine the target achievement if the TSR of tonies lies in between the defined percentile ranks. On this basis, the target achievement curve for the relative TSR can be illustrated as follows:



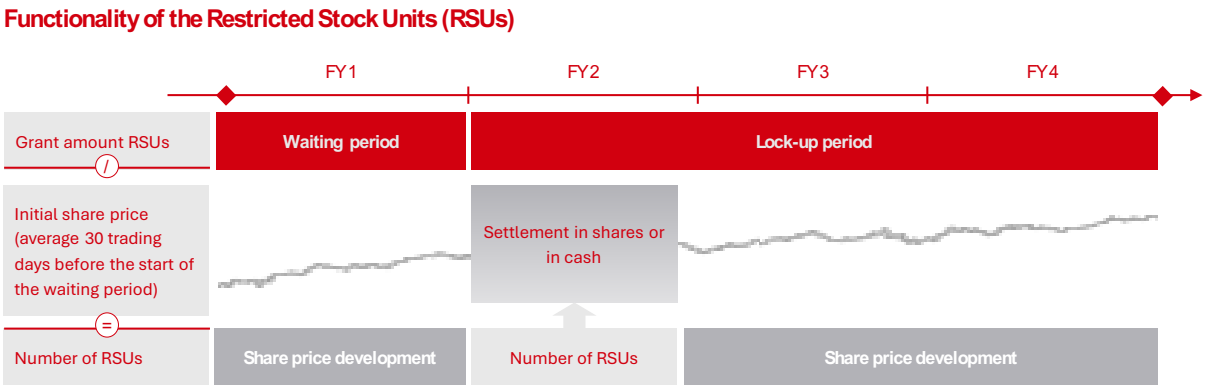
The Supervisory Board regularly assesses the suitability of the peer group as well as the target achievement curve. The Supervisory Board may adjust the peer group and/or the target achievement curve to ensure a continuous appropriate incentive effect, e.g., in case of a change of control, significant block trades or secondary placements by anchor shareholders, structural changes in the peer group or if the Supervisory Board considers another peer group or another target achievement curve more appropriate.

Restricted Stock Units (RSUs)

The RSUs are subject to a four-year plan term consisting of a one-year waiting period followed by a three-year lock-up period. In the event the appointment of a MB Member occurs during a financial year, such MB Member might participate in a RSUP the waiting period of which has already started during such financial year. At the beginning of each tranche, the initial number of RSUs is calculated by dividing the RSU grant amount by the initial share price based on the average of 30 trading days before the start of the waiting period. After the waiting period, the RSUs are settled in shares (with the Company being entitled to a net settlement) or in cash with the settlement amount and the number of settlement shares, respectively, to be calculated based on the Company's share price upon the end of the waiting period. As a rule, settlement is made in shares.

Following the expiry of the waiting period, an additional lock-up period of three years applies. During the lock-up period, in case of a share settlement, the MB Members are prohibited from selling the shares. In case of a cash settlement, and following deduction of applicable taxes and statutory withholdings, the resulting net amount has to be invested in company shares by the MB Member and the acquired shares must

be held until the end of the lock-up period. Against this background, the functionality of the RSUs can be summarised as follows:



RSUs are not subject to any additional performance criteria and depend solely on the share price development of tonies, which further aligns the MB members' remuneration with the experience of tonies' shareholders.

4.2.3. Extraordinary developments and performance

In accordance with recommendation G.11 of the German Corporate Governance Code, the Supervisory Board has the possibility to account for extraordinary developments to an appropriate extent – including, where necessary, adjustments to remuneration components and related parameters – when determining variable remuneration payouts. Extraordinary developments encompass external events (such as war, pandemics, or other disasters) or material changes within the business (such as corporate acquisitions or divestments) that were not foreseeable at the time the respective targets were established. Generally unfavourable market developments are expressly not regarded as extraordinary developments in this context.

Likewise, the Supervisory Board might resolve an additional bonus for extraordinary performance by individual MB Members and upon corresponding special economic success of the tonies-group. The amount of the additional bonus may however not exceed 150% of the individual base salary. The payout is generally made in cash. Alternatively, a payout in shares is possible at the decision of the Supervisory Board.

The Supervisory Board will transparently disclose any payout adjustment or grant of additional bonus as well as the underlying reasoning in the respective remuneration report.

4.3. Further contractual provisions

4.3.1. Share Ownership Guidelines

The service agreements of the MB Members provide for the obligation to acquire shares of tonies equal to up to 100% of the amount of the individual fixed annual salary (the SOG Target), and to hold such shares until up to the end of their appointment as MB Member (Share Ownership Guideline, SOG). Any shares in tonies the MB Member

already owns will be credited towards the SOG target. In addition, any shares received under the PSUs or RSUs (in case of RSUs, irrespective of the lock-up period) will be credited towards the SOG target.

Until the SOG target is fulfilled, at least 50% of the net amount of the STI payout of a MB Member has to be invested in shares of tonies.

4.3.2. Malus & clawback

All variable remuneration components (i.e., STI and LTI, the latter including PSUs and RSUs) shall, subject to applicable law, be subject to malus & clawback provisions which allow for outstanding remuneration to be retained (malus), and/or remuneration already paid to be reclaimed (clawback) under certain circumstances.

Restatement clawback

In case of an incorrect payout, e.g., due to an erroneous audited and approved consolidated financial statement, the difference between the corrected amount and the amount already paid out must be repaid.

Compliance malus & clawback

Furthermore, variable remuneration may be retained or reclaimed in part or fully particularly in case of a deliberate breach, e.g., of

- a material duty of care as Management Board Member, or
- a material duty under the service agreement, or
- another material principle of action of tonies-group, e.g., from the Code of Conduct or the Compliance Guidelines

The amount to be retained or reclaimed is determined by the Supervisory Board at its own discretion.

Any claims for damages by the Company, the Company's right to revoke the appointment, as well as the Company's right to terminate the MB Members' service contract for good cause, shall remain unaffected.

5. Remuneration-related legal acts

5.1. Terms and termination

The service agreements of the MB Members generally provide for a fixed term of three years. During the fixed term, the ordinary termination of the service agreements generally is excluded. However, the right to declare an extraordinary termination with immediate effect remains unaffected. The Supervisory Board may however agree to a different term and/or different termination rights, e.g., in case of MB Members resident abroad.

Each MB Member may be removed from office at any time.

5.2. Leaver regulations

If the appointment of a MB Member is terminated, the disbursement of any remaining variable remuneration components, which are attributable to the period until contract termination, shall generally be based on the originally agreed targets and paid out at the end of the regular plan term. Depending on the reason for and date of termination, already granted PSUs and RSUs may be reduced pro rata temporis up to and including a complete forfeiture.

However, in case of permanent invalidity or death, any remaining PSU and RSU grants may immediately be transferred based on a 100% target achievement, or, in case the performance period has already expired, at the actual target achievement in case such target achievement exceeds 100%. Likewise, the service agreements may provide for an early determination of target achievement and payout of PSU and RSU grants in case of a change of control event, provided that the termination of the service agreement is initiated by the company without cause or by the MB Member for good reason (e.g., a material amendment or reduction of such MB Members area of responsibility). In these cases, the three-year lock-up period for the RSUs may be waived.

5.3. Severance payments

A severance payment can be made in the event of a premature termination of a MB Member.

Any payments made to a MB Member due to early termination of their Management Board activity shall generally not exceed twice the annual remuneration and shall not constitute remuneration for more than the remaining term of the service agreement.

5.4. Post-contractual non-competition

The service agreements of the MB Members may provide for a post-contractual non-competition clause for up to two years after the end of the service agreement. During the term of this post-contractual non-competition clause, the MB member may receive a monthly non-competition compensation of up to 50% of the pro-rated fixed annual salary lastly received.

Any severance payments shall be taken into account in the calculation of any compensation payments.

The Supervisory Board has the right to waive the non-competition clause.

5.5. Non-solicitation

The service agreements of the MB Members generally provide for non-solicitation undertaking during the term of the respective service agreement and for two years after termination.

5.6. Internal and external Supervisory Board mandates

If MB Members assume internal Supervisory Board mandates, the remuneration shall be offset. If MB Members assume external Supervisory Board mandates, the

Supervisory Board shall decide whether and to what extent the remuneration from such memberships shall be taken into account.

6. Consideration to be given to the employees' terms and conditions of remuneration and employment when determining the Remuneration Policy

When determining the remuneration and fringe benefit system for MB Members, the Supervisory Board considers the remuneration and employment conditions for the workforce of tonies, in particular how remuneration has developed over time.

7. Procedure to determine and implement, as well as to review the Remuneration Policy

The Supervisory Board adopts a clear and comprehensible remuneration policy for the MB Members. The Supervisory Board reviews the Remuneration Policy at its due discretion, but in any event every four years. The Supervisory Board also regularly reviews the remuneration levels in order to ensure it is commensurate. To do so, the Supervisory Board conducts a market comparison with a relevant peer group that is disclosed in the corresponding remuneration report and takes particular account of changes in the business environment, the overall economic situation and strategy of tonies, changes and trends in national and international corporate governance standards, and developments in the employees' terms and conditions of remuneration and employment. If necessary, the Supervisory Board consults external remuneration experts and other advisors. The Supervisory Board thereby pays attention to the independence of the remuneration experts and the advisors to the Management Board and take the necessary precautions to avoid conflicts of interest.

The Supervisory Board presents the remuneration policy to the general meeting for approval each time there is a substantial change, but at least every four years. Should the general meeting not approve the remuneration policy, the Supervisory Board submits a revised remuneration policy to the general meeting for approval at latest at the next annual general meeting. In case of such amendment, the revised remuneration policy shall describe and explain all significant changes and, where applicable, how the votes and views of the general meeting of shareholders on the remuneration policy and, as the case may be, the remuneration reports since the most recent vote on the remuneration policy by the general meeting of shareholders have been taken into account.

8. Measures to avoid and manage conflict of interests

The Supervisory Board take adequate measures to ensure that possible conflicts of interests affecting the Supervisory Board members involved in advising and decision-making on the Remuneration Policy are avoided and, as the case may be, resolved. Each Supervisory Board member is under a duty to notify the chairman of the Supervisory Board of conflicts of interest. The chairman of the Supervisory Board discloses to the complete Supervisory Board any conflicts of interest affecting him. The Supervisory Board decides how to deal with an existing conflict of interest on a case-by-case basis. One option, in particular, would be for a Supervisory Board member

affected by a conflict of interest not to participate in a meeting or in individual consultations and decisions of the Supervisory Board.

9. Deviation from the Remuneration Policy in case of exceptional circumstances

In exceptional circumstances (e.g., economic crisis), tonies can temporarily derogate from this Remuneration Policy regarding the remuneration of the MB Members.

Exceptional circumstances are situations in which the derogation from this Remuneration Policy is necessary to serve the long-term interest and the sustainability of tonies or to assure its viability. A derogation from this Remuneration Policy for the Management Board in the aforementioned exceptional circumstances requires are solution of the Supervisory Board assessing the exceptional circumstances and the necessity of a derogation.

The Supervisory Board may temporarily deviate from the Remuneration Policy with regard to the remuneration structure (clause 3.2) and plan term as well as choice and measurement of performance targets of variable remuneration components (clause 4.2). In addition, the Supervisory Board may temporarily suspend the share ownership guidelines (clause 4.3.1).

Any deviations from the Remuneration Policy as well as the reasoning for such deviations will be disclosed in the remuneration report of the corresponding financial year.

C. Supervisory Board Remuneration Policy

The members of the Supervisory Board receive a fixed annual salary and an additional remuneration for their work in committees, as further described below. Compared to the previous remuneration policy, this proposal includes increases in both the fixed annual salary and committee fees, reflecting the significant international focus of tonies' business activities, particularly in the US market. These adjustments are essential to remain competitive and to attract and retain highly qualified and experienced individuals. Prior to submitting this proposal, the Supervisory Board reviewed an external market benchmark prepared by external remuneration experts, covering SDAX companies as well as US peers from comparable industries.

The remuneration of the Chairperson of the Supervisory Board is set at EUR 180,000 gross, the remuneration of the Deputy Chairperson of the Supervisory Board is set at EUR 135,000 gross and the remuneration of members of the Supervisory Board is set at EUR 90,000 gross each.

Under the articles of association of tonies, the Supervisory Board can establish certain committees (e.g., audit committee, remuneration and nomination committee, ad hoc committee, etc). The Chair of the audit committee shall receive an additional remuneration of EUR 45,000 gross and the Chair of any other committee up to EUR 30,000 gross (as resolved by the Supervisory Board). Each member of a

committee shall receive an additional remuneration of up to EUR 10,000 (as resolved by the Supervisory Board). However, the Chairperson and Deputy Chairperson of the Supervisory Board as well as any Chair of a committee shall receive no additional compensation for a Chair or membership in another committee.