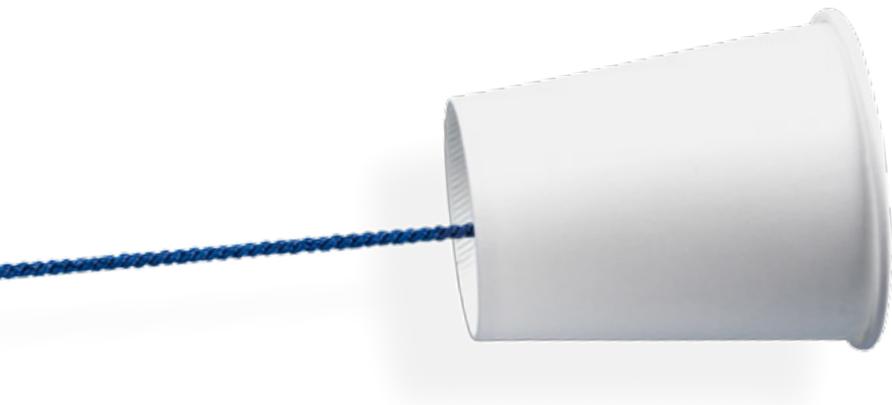


DIALOGUE

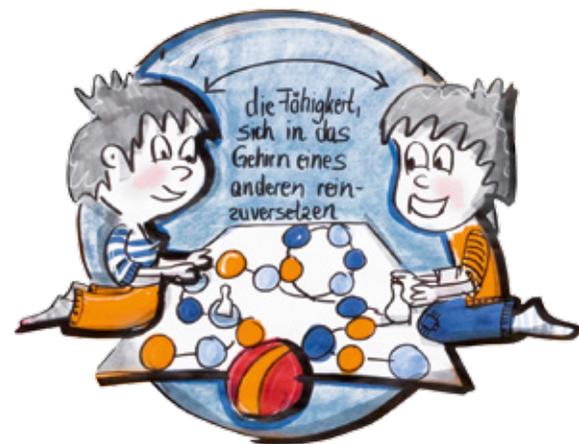
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THE RAVENSBURGER YEAR 2016

2016 was an eventful year for Ravensburger, which included a new strategic alignment and changes in the management team.

Digitalisation and globalisation permanently alter the market environment in which the Ravensburger Group operates. In 2016 we studied these changes in depth and developed a new strategic alignment that addresses them as a result. Building on our current strengths, Ravensburger is becoming a diverse international group and is investing in the expansion of its digital expertise.

A new management team is all set after managerial changes in some divisions and preparations for changes on the Managing Board.

To reflect this change process, a new corporate logo has been developed. It embodies both continuity and renewal. The familiar “Ravensburger” lettering ensures recognisability. The visual elements put the blue triangle back into the corporate logo. They serve to illustrate the new diversity, while making the logo more emotional and playful – in the spirit of our guiding principle “Playful Development”.

Economically, 2016 was a successful year for the Ravensburger Group. It performed strongly in a positive market environment and increased its sales by 6.6 % to € 473.5 million. All divisions of the Group performed positively; Toys in particular contributed to Ravensburger’s sales growth.

Ravensburger’s Games, Puzzles and Arts/ Crafts division boosted its sales by around 8 % year-on-year, with an increase of around 14 % in Germany alone.

The renowned Swedish toy manufacturer BRIO, which Ravensburger acquired in 2015, achieved further significant growth in its second year in the Ravensburger Group, increasing its sales by more than 19 %.

In a challenging market environment, Ravensburger’s Children’s and Youth Book division achieved a slight turnover increase. Sales in the Leisure and Promotion Service division rose by around 22 %. With almost 412,000 guests, the theme park attracted a record number of visitors once again.

We would like to express our thanks and appreciation to our employees for their strong commitment in an intensive year

for Ravensburger characterised by extraordinary events. Our thanks also go to the members of the Works Council, our retail partners and suppliers for their outstanding cooperation.

Motivated by the wide-ranging changes at Ravensburger AG, we took this annual report as an opportunity to review our positioning by going into a dialogue with our target groups and experts. In consultation with experts in various disciplines, we explored what matters to parents and children – all the while gaining insight into where we can make a playful contribution. We hope you enjoy reading it.

The Managing Board

It is one of the tasks of a company to continuously reaffirm its identity as well as its position in the world and in society, especially in times of ever faster technological and social change.

What do we stand for?
What guides us?

Ravensburger stands for “Playful Development”. Our aim is to make a contribution to the playful development of our customers with thoughtful offerings.

To find out what this means in concrete terms, we have engaged in a dialogue with our target group and experts. We spoke with bloggers, product designers, a brain researcher, a media expert, sports science and sports education experts and children.

What issues are parents concerned about today?

Why is play so important for learning?

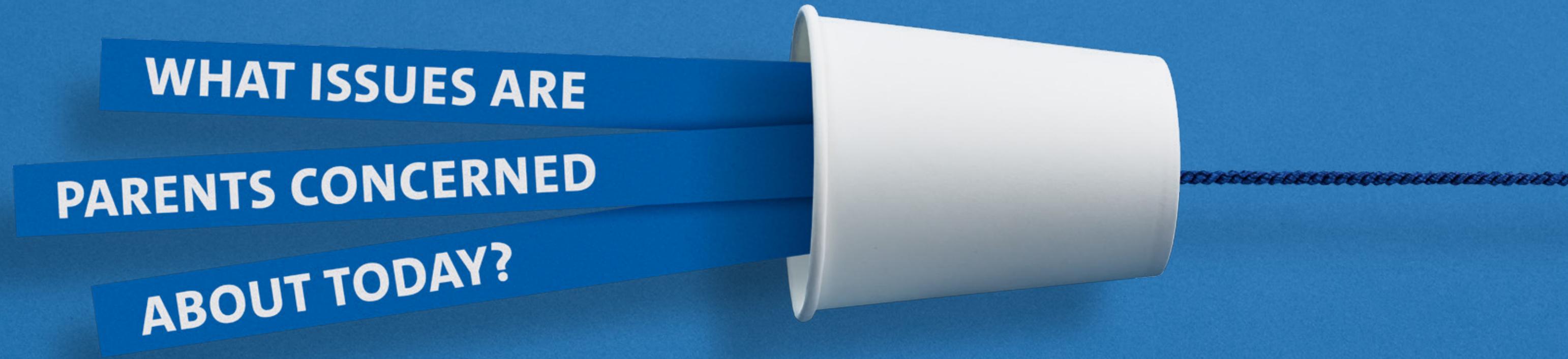
How does the design of products
contribute to children’s development?

What are the benefits of analogue and digital games?

Why are exercise and being outdoors
so important for children?

The answers and articles reinforce our guiding principle of “Playful Development”, and contain valuable inspiration for our offering.

To do justice to the various viewpoints and opinions, we are presenting these dialogues in a magazine style: Whether it’s a report, an interview, an essay or a statement, each article has its own design with the aim of being both informative and easy and fun to read.



To find out what issues parents are concerned about today, we met up with parent bloggers for a round-table discussion. Together with Marisa Hart (“Baby, Kind & Meer”) and Andreas Lorenz (“papa online”), we listened in on the target group.



At the pulse of time

Parent bloggers write as people at the sharp end, engage with other parents, and are in close contact with the target group. Blogs are open and direct, address concerns and share experiences. “Every blog”, says Andreas Lorenz, “stems from a need in one way or another”. “papa online” was set up because Lorenz couldn’t find any answers to his questions as a father-to-be. Marisa Hart started “Baby, Kind & Meer” because she was looking to engage with other mothers after the birth of her second daughter.

Parent blogs cover the issues that mothers and fathers worry about. Like a magnifying glass, they reveal where there is a need for discussion and where advice is being sought.



CURRENT ISSUES

We mainly spoke about issues that are of particular concern to parents at the moment. Issues closely related to social and political trends. The bloggers had already identified five very topical issues. Another issue emerged as the discussion progressed.

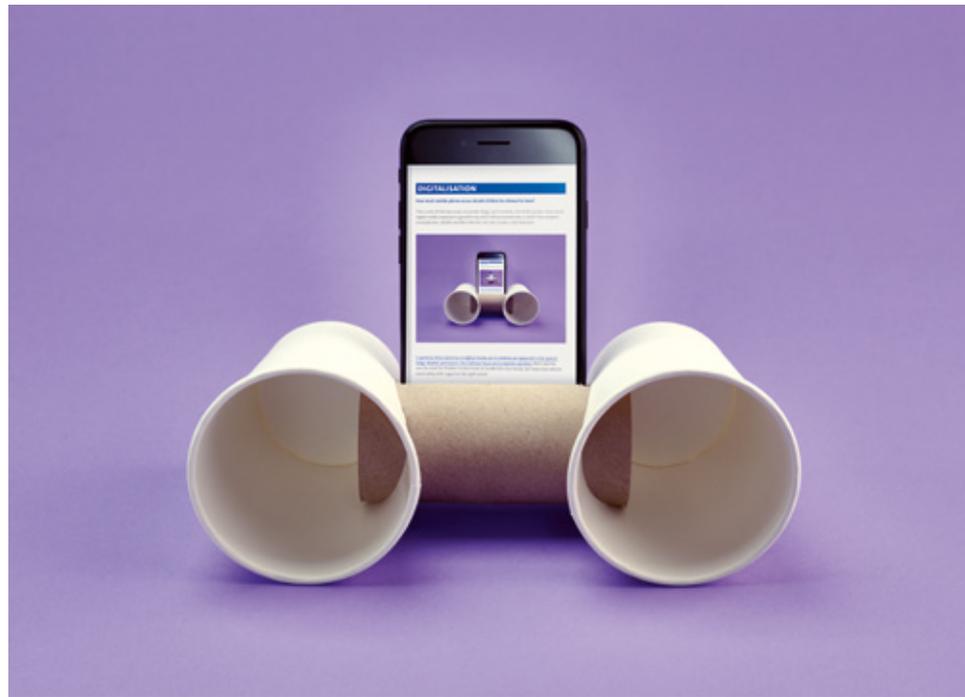




DIGITALISATION

How much mobile-phone access should children be allowed to have?

This is one of the top issues on parent blogs, and it needs a lot of discussion. How much digital media exposure is good for my child? What overwhelms a child? This includes smartphones, tablets and the internet, but also cinema and television.



In general, three opinions on digital media use in children are apparent in the parent blogs: blanket permission, the halfway house and complete rejection. Most parents see the need for children to learn how to handle the new media, but have reservations, particularly with regard to the right extent.

Many parents also reflect self-critically on their own behaviour, and ask: Am I neglecting my child through my own media consumption? Or: [Can I credibly ban my children from the smartphone if I use it constantly myself? A widespread view is that parents must be aware of their position as a role model.](#) They also know how important it is to open up the non-digital world to their children and introduce them to analogue options – classic games, books or outings, for instance.

Most parents see it as their task to teach their children to use media in a responsible and measured way; specifically, giving them rules on tablet or smartphone use. This ranges from a strict ban on mobile-phone use at mealtimes to pointing out the dangers of the wide range of digital content.

[Both bloggers say that there is no single answer to the question of proper use of digital media, not least due to a lack of reliable data. However, guidelines could be useful.](#) Guidelines for parents that explain sensible media use on the basis of the children's age, cognitive, fine motor and social skills. Questions have also been asked in the blogs about books and games that address the issue of digital media in a child-appropriate way.

DIET

So what does healthy mean?

A healthy diet is essential to a healthy life – parents agree on this. But then it gets complicated: vegetarian, vegan, lactose-free – what does this mean for children? Regional, organic, fair-trade – what are the things to be aware of? Eating right and drinking enough – how can this be put into practice on a daily basis?





Parents want facts about diet, information about food and more details from food companies. In his blog, [Andreas Lorenz states the case that fathers should be up to speed and aware of what their children eat](#). The discussion on “papa online” is about “children’s products” such as sweets and soft drinks. These should be critically assessed, but not banned altogether. If meals are freshly prepared and fruit, vegetables and exercise are part of the daily routine, a children’s product should be allowed occasionally. It’s all about a healthy balance. And parents living up to their job as a role model. One suggestion from the blog is that cooking and nutrition should be taught at school.

FOSTERING WITHOUT PUSHING TOO HARD

When does it become too much?

Parents want the very best for their child. How to achieve this is discussed intensively in the blogs. The classic questions are: How many extracurricular activities are necessary, how many are useful? When do we push our children too hard?



[As Andreas Lorenz knows from his blog, parents’ uncertainty has a lot to do with the fact that we don’t know what the future holds for our children. So we give them as much fostering as possible. Consequently, with school to cope with too, they are often fully occupied.](#) This overburdens the children and leaves them no space to play and flourish creatively. Many parents complain about this, and largely agree how important play is, as breathing space for the children and as a training ground for many skills and experiences.

GETTING THE BALANCE RIGHT

What is the best way to balance work and family life?

These days, family life takes many forms. This results in lots of freedom, but also lots of uncertainty among parents. Where standards no longer apply, constant renegotiation is required. The blogs are full of questions like these: [Should both parents stay at home for a certain amount of time? Or only the mother or the father? How much of daddy and how much of mummy does a child need?](#)



The work-life balance and the allocation of roles between the sexes – these are women’s and men’s issues. [Men in particular are increasingly concerned about the question of how to reconcile their role as a father and their career, relates Andreas Lorenz.](#)

The aspiration of being actively involved in family life while still having to be the main earner remains a source of conflict for fathers in Germany: they need acceptance from their employer and acceptance in society – often, they need to justify themselves if they want to go on parental leave, for instance. If a father wants to reduce his hours, he has to consider taking a financial hit as well as a possible career setback.

What role fathers and mothers have in raising their children, and what role they concede to each other, is another key topic, particularly on “papa online”. Fathers who want to help bring up their children sometimes encounter rejection and resistance from their wives. This supposedly intra-familial problem once again highlights the social relevance of the work-life balance.

ENVIRONMENT

What world will we leave our children?

This is a big area that covers various issues. Political, economic and social trends and their importance to our children are discussed in the blogs. [It involves the future of the planet, depletion of resources and worries about what sort of world the parents of today will leave behind for their children and grandchildren.](#)



However, in addition to this global perspective, questions about products are also discussed in the blogs: [Where do our clothes come from? Where are toxin-free toys available? It is currently mostly mothers who are concerned about these issues.](#) With a critical attitude towards thoughtless consumption, the advice is to buy sensibly – long-lasting, high-quality clothing and robust toys with no toxins. Responsible shopping also means being mindful of fair working conditions and environmentally sound production. Also, it is always important to make children aware of these issues from an early age on.

FAMILY TIME

When does family happen these days?

In the course of the discussion with the bloggers about current parenting issues, another issue became increasingly prominent: family time.



How do families actually manage to spend time together? Where is it possible to consciously be a family? Triggered by questions like these that every family is concerned

about, the discussion keeps coming back to the issue of play, especially classic board games. These are increasingly valued as an alternative to digital games. “In addition”, says Andreas Lorenz, “play can be very educational.” The family members can experience and observe each other here, and parents can identify and work on their children’s strengths and weaknesses.

But alongside everything that can be learned through play, the actual gain for families is the time spent in each other’s company, the fact that play can bring parents and children closer together. This is increasingly valuable in everyday family life in view of long-term stress, busyness, lack of time and isolation. Often, both parents go to work, and the children’s daily routine is well structured, so play can enable families to spend valuable time together and create breaks in the daily routine. “The issue of family time”, affirms Marisa Hart, “is also increasingly discussed in the ‘Baby, Kind & Meer’ community.”

One thing is beyond dispute for mothers and fathers: family is not only important and good for the children, but also for the parents themselves. Whatever the activity – play, reading a story or going on outings – if a family has made the effort and taken the time to do it, everyone gains. It is quality time for the family. And an oasis in the parents’ daily routine. ■



Marisa Hart, mother of three children, has been online with the family blog “Baby, Kind & Meer” since 2012: www.babykindundmeer.de

Inspired by our discussion, Marisa Hart posted a blog entry on the issue of family time, which was the subject of lively debate from the outset. You can see it here: www.ravensburger.info/baby-kind-und-meer



Andreas Lorenz, father of two children, has been writing about raising children and being a father in “papa online” since 2008: www.papa-online.com

He also authored an article about the issue of family time, including ideas for things to do together. You can find it here: www.ravensburger.info/papa-online





**WHAT HAPPENS
IN THE BRAIN
WHEN WE PLAY?**



We talked to the distinguished neurobiologist Professor Dr. Martin Korte about the importance of play for childhood development and its impact on the brain. In order to do justice to both hemispheres of the brain, the interview was captured in the form of a graphic recording. The following are excerpts of the interview.

Mr. Korte, can you remember how you used to play?

Yes. Most of all, I remember playing games. We played board games and strategy games, we played in the garden, cops and robbers, scavenger hunts. Playing was a huge part of how I spent my younger years. I was also an active member of youth groups and church groups, including as a group leader. Preparing for these get-togethers always involved coming up with games for us to play. Sometimes it was card games,

sometimes we invented entirely new group games. Anything and everything, really, from pantomime to Pictionary.

At the time, you probably didn't think about the positive effect it was having on your intelligence, as long as it was fun?

I think the key characteristic of play is that, in many respects, it serves no specific purpose other than being a space in which you can learn a lot and practice for real life. But you have to be a bit careful when taking a scientific approach to play. Advice on playing is all well and good, but the whole point of play is that it is supposed to be free from external pressures.

As a neuroscientist, your area of specialization is learning and the brain. Is it possible to say, quite simply, that playing is good for the brain?

The answer is yes. The brain benefits greatly from play and playful activities. Firstly, we know that when play is combined with motor activities, this promotes brain development. We also know that play itself increases the number of synapses, the points of contact between nerve cells. Which means the brain has more computing power. This has also been confirmed in numerous experiments. The positive effects of play on brain development can be measured and demonstrated. People who keep playing throughout their life will continue to feel the benefit, because play always means thinking things over, learning something new, concentrating on something. And when it comes to the neurons in the

human brain, the golden rule is: the more you engage them, the longer they stay alive and the more connections they have with each other.

So play actually makes you more intelligent?

It is not quite that straightforward. More than anything, we can say that play helps us learn to interact with other people. It improves what we call our emotional intelligence. This means a person's ability to put themselves in someone else's shoes.

Strategy games in particular make you wonder: What will my fellow player do next? Whether they are playing with me in a group or against me. Trying to work out how others are thinking and feeling is extremely important for our professional and

PLAY ITSELF INCREASES THE NUMBER OF SYNAPSES, WHICH MEANS THE BRAIN HAS MORE COMPUTING POWER.



RESEARCH HAS SHOWN THAT PLAY ALSO STIMULATES CHILDREN'S LANGUAGE SKILLS IN TERMS OF THE NUMBER OF WORDS THEY USE AND HOW PRECISELY THEY CAN EXPRESS THEMSELVES.

social lives. Play is an excellent way of training precisely these skills. It also helps when it comes to conflict resolution. When children in particular are setting their own rules for a game, the discussion can often take longer than the game itself. And they get to learn a thing or two about assertiveness along the way. This also improves their emotional intelligence and social skills. When I play a game, I also have to anticipate what might happen next so that I can adapt my strategy accordingly. We call this

counterfactual reasoning. In other words: How do I deal with a situation that hasn't turned out the way I expected it to? Developing alternative scenarios is one aspect of human creativity. Here, too, we can see the remarkable way in which playing trains our brains.

Play also improves children's vocabulary. Firstly, because it requires them to interact with others; and secondly, because games involve rules and combinations of rules and applications. Language situations and play situations are very similar in this respect. Research has shown that play also stimulates children's language skills in terms of the number of words they use and how precisely they can express themselves.



Does this mean the more a child plays, the greater their intelligence, creativity and social competence?

Childhood development ultimately depends on the interplay between academic activity, the fulfilment of duties and responsibilities, and freedom to play. This is true even for pre-schoolers. They may spend a lot of their time in what is essentially a playful environment, but they are continuously involved in the serious business of exploring their world. This requires a natural counterpoint – and that is where play comes in, as an opportunity for them to simply do something and interact freely. Of course, play is not the only means of achieving this. But in the current day and age, it is important to ensure that our children are given time for free play that they can fill themselves, from pre-school and primary school right up until the sixth or seventh grade.

One of the reasons I am such an advocate for the benefits of play is because I think it is time we made sure this space is kept free for children and adults alike. We need to stress how important it is to shape your own time and use your own ideas to do the things you really want to. Play is one way of finding out what you like and pursuing your own interests, especially at an early age.

From a purely neurological perspective, why does play make us cleverer? What exactly happens in the brain?

The positive impact of play has been demonstrated in several regions of the brain. One such region is the hippocampus, a

thumb-sized structure beneath the cerebral cortex. This structure plays a vital role in consolidating information from short-term memory to long-term memory. It serves as a kind of filter for our autobiographical and factual memory.

New neurons are born in the hippocampus, too. This is remarkable in itself, because humans are generally not able to generate new nerve cells after birth. We have to make do with the neurons we are given. There are only two exceptions. One is the olfactory system, and the other is the hippocampus. And we have seen, at least in animals, that play and playful activities stimulate the creation of new neurons in the hippocampus.

Our brain is a high-performance computing machine precisely because the birth of new neurons means it contains more elements. This improves our long-term memory, which also relies on the hippocampus.

Can this be measured scientifically?

At a cellular level, only by testing on animals. But what we can observe in both adults and children is the activation of entire areas of the brain. And measurements show that playful activity stimulates a region of the frontal lobe called the orbitofrontal cortex. This is positioned immediately behind the eyebrows and is very important for our empathy with other people's situations. We can observe the activation of this region of the brain. We can observe the activation of the hippocampus and the amygdala, which is important for social interaction. And even after we have finished playing, we can see that the

WE HAVE TO MAKE DO WITH THE NEURONS WE ARE GIVEN AT BIRTH. THERE ARE ONLY TWO EXCEPTIONS, ONE OF WHICH IS THE HIPPOCAMPUS. AND PLAY STIMULATES THE CREATION OF NEW NEURONS IN THE HIPPOCAMPUS.

PEOPLE WHO KEEP PLAYING THROUGHOUT THEIR LIFE WILL CONTINUE TO FEEL THE BENEFIT, BECAUSE PLAY ALWAYS MEANS THINKING THINGS OVER AND LEARNING SOMETHING NEW.

connections between these circuits of the brain have been permanently strengthened.

We often say that children find it a lot easier to learn new things, from languages to combinations of movements. What can science tell us about children's brains?

The brains of children and young people are much more malleable at the level of the connections between neurons – it is easier to shape and change them. This means information can be stored and retrieved more easily. The brain's overall storage capacity is larger at an early age. However, we must be careful not to oversimplify; adults can still learn things, too.

There is a second difference between the adult and the juvenile brain. It has to do with the curiosity to learn new things. It has been observed that human curiosity can decline as a person gets older. And we have to actively work to combat that. Whether you are a child or an adult, motivation is essential if you want your brain to actually store the information learned.

In biochemical terms, the brain contains certain neurotransmitters that affect how events are stored – both positively and negatively. For example, fear can prevent information from being stored. And there are neurotransmitters that make it easier for information to be stored if a person is motivated to learn something new. Even as an adult, we have to continuously ask ourselves: Am I really motivated to learn right now? Or am I attempting to learn something while simultaneously writing a message on my phone? Because that

brings me to the third point. When children learn in certain situations, they engage with the process completely. Young children in particular often immerse themselves in a task to the exclusion of everything else. All they want to do is assemble or dismantle whatever object they have in front of them. During our schooldays, we spend hours concentrating on revising for our exams.

You say the young brain is more malleable and easier to shape. Is that one reason why children always beat us at memory®?

First of all, with 200 trillion synapses, children's brains are twice as well connected as their adult counterparts. This computing capacity means children can capture all of the details of the cards and their position. However, another reason why children are better at memory® than adults is not because adults have a bad memory, but simply because a child's memory is less full. When a child's brain tries to recall a certain card position and picture, it only has to search a very small database containing relatively little information about the world. Whereas our adult brains might bring up tens of thousands of associations on seeing a memory® card with a coffee cup motif, for example.

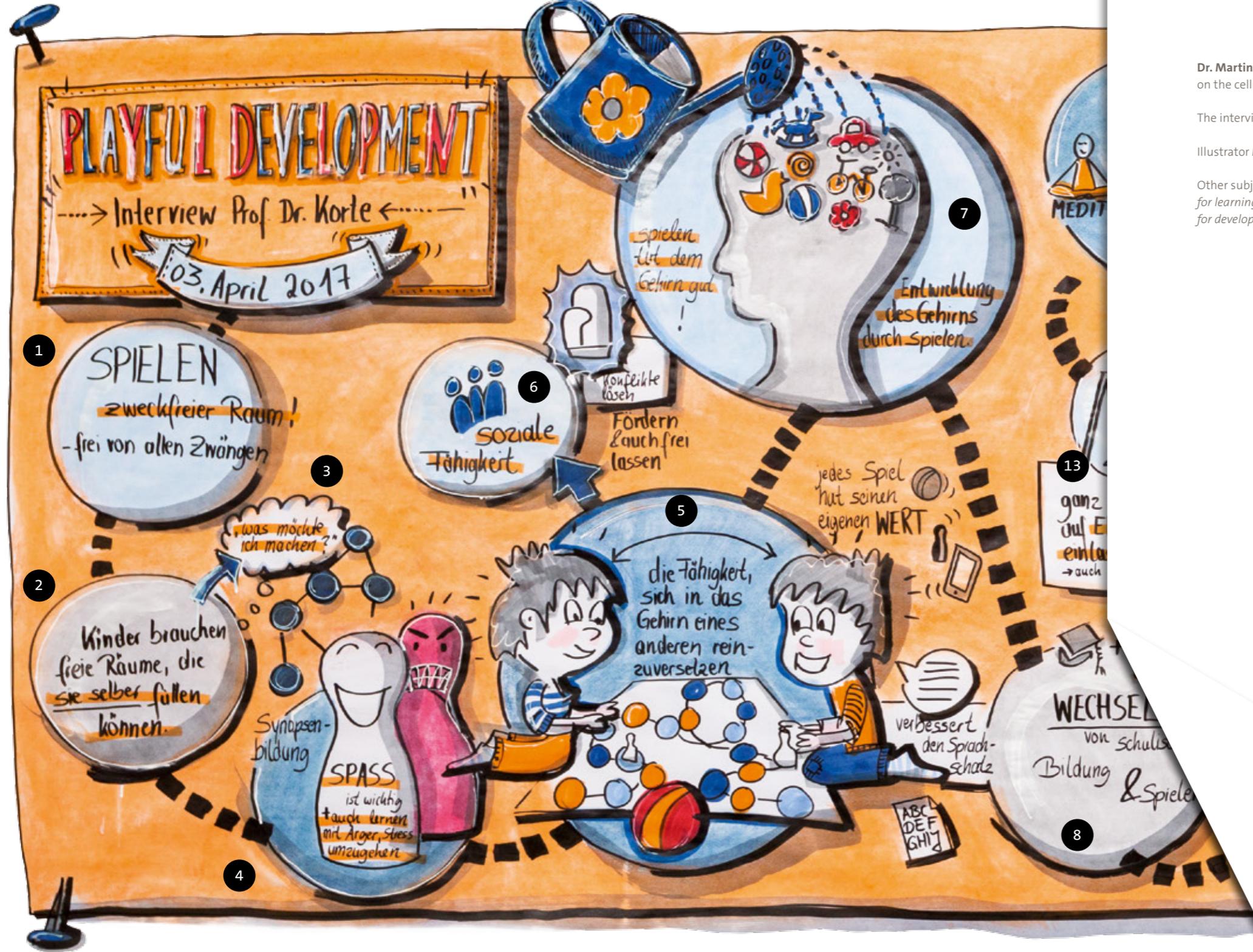
So I have a good excuse for losing to a child at memory®?

You do. But there is a third aspect, too: When children play the game, they typically pay far more attention to it. Whereas an adult is likely to also be planning tonight's dinner, responding to their phone vibrating,

and keeping an eye on what is going on around them. We rarely manage to fully immerse ourselves in a game. And yet that is what a game should be all about: freeing yourself from the conditions, obligations and routines of everyday life and entering a space where none of that applies. If you can dive into this playing environment and do your best to block everything else out, you will also get better at the game. And things will be a bit tougher for your opponents. The children will still win in the end, of course. But at least it makes for a more exciting game. ■



CHILDREN HAVE A SMALLER DATABASE. THAT'S WHY THEY ARE BETTER AT MEMORY®.



Dr. Martin Korte is Professor for Neurobiology at Braunschweig University of Technology. His research focuses on the cellular bases of learning and memory and the processes of forgetting.

The interview was conducted by the journalist Astrid Rolle at Braunschweig University of Technology on April 3, 2017.

Illustrator Martina Grigoleit chronicled the interview in the form of a graphic recording.

Other subjects covered during the interview included creativity, the different ways we play, the importance of the senses for learning, playing a musical instrument, empathy, encouragement vs. overload, the fun and stress of play, timeframes for development through play, brain training for adults, and much more.

DESIGN, INNOVATION AND PLAYFUL DEVELOPMENT

Erik Söderlind, design manager at BRIO, and Franz Blach, design director at IDEO Munich, discuss design for children – and let the products do the talking.

The Swedish toy manufacturer BRIO has been part of the Ravensburger Group since 2015. The international innovation consultancy IDEO has been collaborating with Ravensburger for nearly ten years. Its achievements include a key role in the development of the audio-digital learning system tiptoi®.





... When you watch
really small children, it is often
SURPRISING
what they do with a toy,
and that can trigger new ideas.

We brought the two designers together for an interview at the BRIO headquarters on the 5th floor of Malmö central station, overlooking the city. The symbolic character of the location speaks volumes, as BRIO, IDEO and Ravensburger are constantly going in new directions in terms of design for children. Our interview centred on how product design helps to foster playful development in children.

What aspects do you keep in mind when designing products for children?

Erik / It all depends on the child's age, particularly in the case of children up to three years old. BRIO aims to make useful products for all developmental stages, whether the children are learning to sit upright, taking their first steps, or starting to listen, look, feel, touch or interact with their surroundings. That's why, when designing a toy, it's always essential to find out what challenges and excites children at a particular age. And what they find entertaining. We know this from our many years of experience, our wealth of products and

our continuous testing and playing with specific age groups. When you watch really small children in particular, it is often surprising what they do with a toy, and that can trigger new ideas. Take these blocks, for example ...

What is special about these Sensory Blocks?

Erik / They are six blocks of equal size with a wooden base and various colours, features and structures in the upper section. And every plastic detail has something different that the children can explore, discover and try out. To do this, you need to



For a family, the happy laughter of a child and the shared
EXPERIENCE
 of such magical moments are worth their weight in gold.

know that at just six months old, children love to stack things up—it's no coincidence that blocks are a classic toy. We took this classic as a starting point and asked: How can we make blocks even more interesting and challenging for children today? So every one of the blocks has been given a special addition, a detail that appeals to another sense and nurtures another skill. You can clutch the blocks, rotate them, shake them, wiggle them, feel textures and materials, recognise shapes and press them to hear a funny squeaking sound.

Franz / It is nice to see how the product encourages children to discover things for themselves. The fact that this also trains their motor skills is almost an afterthought. When it comes to playful learning the play element is often neglected, which leads to the development of highly rational products for the parents. Instead, parents should pay more attention to the emotional fascination triggered by a product and the imagination that it stimulates in their children. For a family, the happy laughter of a child and the shared

experience of such magical moments are worth their weight in gold.

Erik / The fact that the Sensory Blocks have so many different functions make them a lasting toy, including with regard to learning. Although really small children start by just putting the blocks in their mouth and maybe stacking them, as they get older and develop more skills, they can keep on discovering, trying out and practising new things about the blocks. And so keep on playing with them.

**Could you describe the design process?
How do you create new products?**

Franz / At IDEO, the focus is firmly on innovation. Essentially, it is all geared towards the user – the person is at the centre. The iterative process starts with inspiration and research.

To immerse yourself in the needs of the target group, you have to put yourself in a child's shoes, for instance, by assuming their perspective, observing their environment or confronting extremes. It is important to let your thoughts run wild and free, especially at the beginning of the process. It is expressly allowed, and indeed encouraged, to test the boundaries and beyond in the name of finding new and revolutionary approaches.

The tangible and the physical are essential at every stage in this process. We use prototypes so that we can immediately see whether something serves a relevant need, what response it triggers in the user, whether it works as it should, and whether it is entertaining. In addition to observing the children, we work actively with them and let them apply their own ideas. After all, children are extremely creative and naturally have vivid imaginations; and above all, they are totally open and honest.

Erik / Unlike IDEO, we start from a broad base of finished products with clear rules and defined process steps. Particularly with products for small children that are aimed initially at parents, we are happy to work on the basis of something familiar, a toy that the parents know, and add new functions to it.



Franz / The recognition of something familiar was also a key aspect in the development of tiptoi®. The interesting thing about tiptoi® was the way it brought two worlds together: the analogue Ravensburger world of tactile products and the values of the brand, as well as the new digital world with its fascinating opportunities for learning while playing and being entertained. We knew that parents in Germany in particular think that everything digital has a screen and that everything with a screen is passive and bad. Our initial question was: How can we add another level to the familiar Ravensburger content, a level that fascinates children and stimulates their imagination? In terms of the development process, we deliberately started not with the technology, but with the needs of children and parents. We used this approach to develop a holistic solution encompassing everything from the brand and the imagery through to the product and interaction. All with the aim of developing a product range that allows children to discover and learn independently and playfully.

This also fits in
really well with our mission
of creating happy
**CHILDHOOD
MEMORIES.**

RECOGNITION of something familiar was also a key aspect in the development of tiptoi®.



An important element of tiptoi® was, of course, the message and the design of the product – we deliberately chose the iconic shape of a pen, which parents positively associate with writing and drawing. The high-quality tangerine casing conceals the internal electronics and is a key factor in conveying a non-digital impression. For the children, though, it immediately becomes a magic wand that brings things to life.

Erik / Yes, the shape of the pen is great! It's simple, everyone recognises it immediately and knows intuitively how to hold it.

How important is it to create a sense of recognition?

Erik / There's another fantastic example. Ten years ago, BRIO released a pull-along toy, an ant with a rolling egg, prompting many people to say, "Oh, I played with that when I was a child". That might not be entirely true, but it shows that we have

managed to create a sense of recognition with the design. In general, when developing new products, we try to generate that kind of feeling.

This also fits in really well with our mission of creating happy childhood memories. In a way, we are creating these kinds of memories in parents all over again. That is one challenge for us. The other is to design traditional products in such a way that they help the children of today to develop playfully with new functions. Consequently, our products are creating two things at once: they address a key concern of parents, namely their children's development, and they remind parents of their own childhood.

So you've always got the parents in mind as well?

Erik / Yes, and there are several aspects to this: a BRIO product should be able to nurture the child's development, bring parents

Maintaining a CHILD'S VIEWPOINT is essential if you want to be innovative and creative.

and children together and ease the burden on parents every now and then.

Franz / That was also a requirement when developing tiptoi®: parents are happy when they get 20 minutes to themselves occasionally. And with tiptoi®, you know that your child is being well entertained and learning something at the same time.

Erik / The BRIO Ball Pounder is a good illustration of the extent to which we always keep parents in mind in the design process. This is another traditional toy for small children. It consists of a drum with holes, a hammer and balls, and is made entirely of wood in the classic manner. The only problem was that it made a terrible noise when the child hit a ball through the hole on the top with the hammer. On top of grating on everyone's ears, it also got on the parents' nerves. So we completely revised the product: a hammer made of soft material now makes the impact much quieter. The balls are made from a combination of wood and plastic.

As far as new materials are concerned, whenever we work with plastic, we add new functions to it. For instance, the drum now has a special shape with three openings, and it is not easy to predict where the ball will re-emerge – so it's a surprise for the child every time.

Varying combinations of materials ensure that each ball makes a slightly different sound, and varying colours mean that each one looks different – this stimulates the child's hearing and vision. In addition, the weight of the balls is measured in such a way that they can't roll too far away, which in turn gives parents the freedom to let the child play unsupervised.

Exactly how playful is the design process?

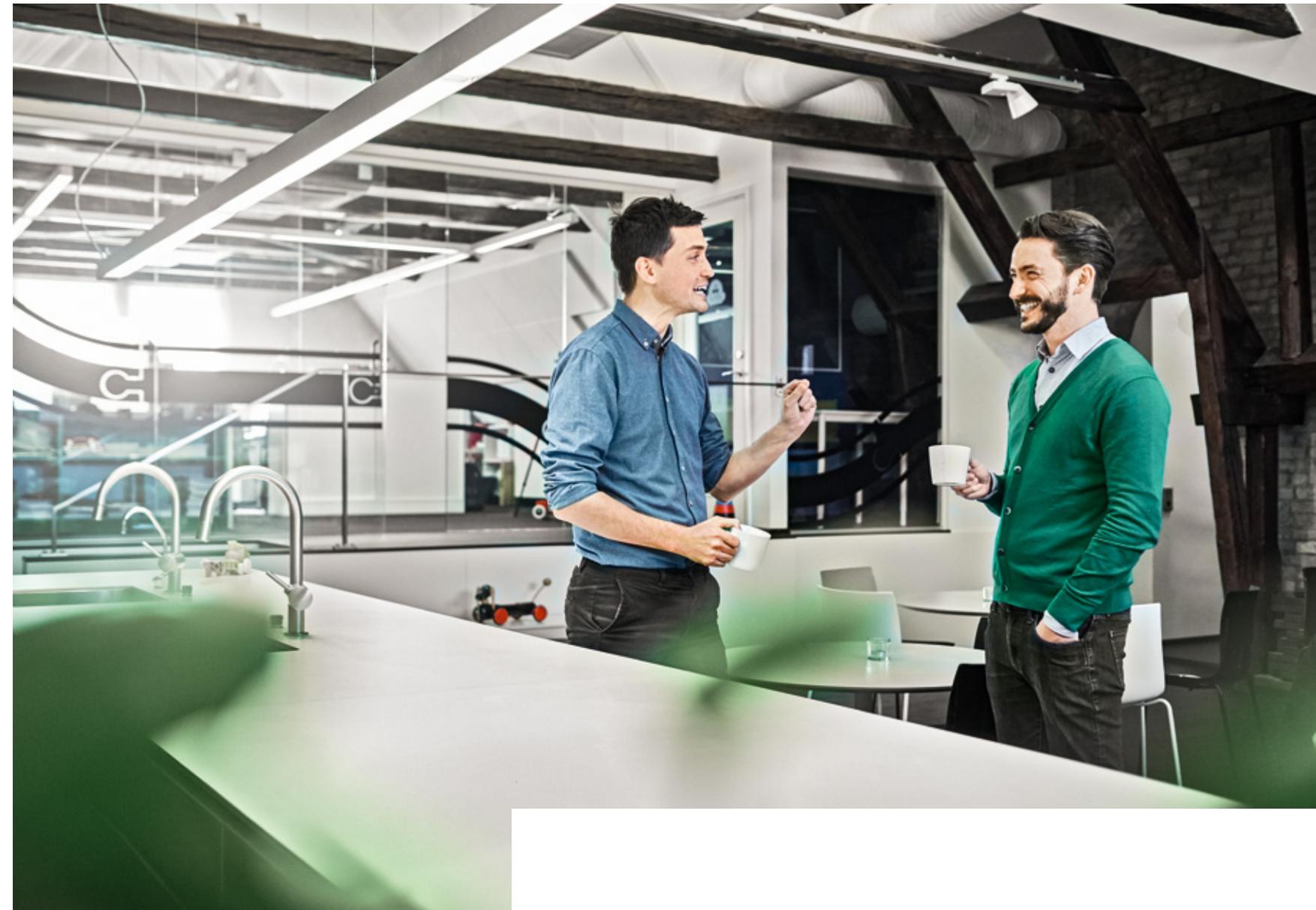
Franz / Our process involves many elements that also occur in play. For example, we create a framework where we can radically question things and where it is acceptable to learn from your mistakes. Creativity and innovation also require pro-

fessional naiveté and chronic curiosity in many respects, just like play. But of course we also have processes and rules to keep things on track.

We work with methods that many customers are not used to, as they are very experimental and encourage them in a playful manner to step outside their comfort zone. This playful approach creates the conditions required to question the old and create something new. A safe sandbox for designers, customers, parents and children to try things out.

What role does the corporate culture play?

Franz / You need a playful corporate culture and the right conditions for innovation, including the permission to make mistakes. You need a specific attitude – passion, the outlook and carefree nature of a child – that some companies have lost because they are efficient and professional. They think playfulness cannot be reconciled with



We spend a lot of time
ON THE FLOOR.

a professional approach to work. But it isn't a case of either one or the other here. Companies need efficiency and focus in their day-to-day business, and exploration as well as creativity when it comes to shaping their future. For the latter, maintaining an open and curious attitude and a child's viewpoint is essential.

Erik / The special thing about working with toys is that you never grow up. You always have to retain this mentality and try things out. We spend a lot of time on the floor. It's also fun that we can address the development of new toys in so many different ways. For example, you can ask: What if we turn it upside down? What if we mix two things together? Even moving a small screw on a product and improving it that way is fun.

What challenges does the future hold?

Erik / These days, even 18-month-olds know how to use a tablet. But even though digital products will continue to grow, I believe that there is still an important place for conventional haptic toys, partly because children learn physically, because they want to move and do things with their hands, but also because it reminds parents of their own childhood.

Franz / I would put that into a wider context, as we are now in the midst of a paradigm shift that is having a profound impact on education. What used to be the soft skills are the hard skills of tomorrow, and some of the hard skills of today will be obsolete because the world is changing so quickly. Most of today's schoolchildren will end up in a career that doesn't even exist

at the moment. What will become more important in the future are factors such as social and emotional intelligence, curiosity, creativity and empathy. This is what playful development will increasingly revolve around in future.

Accordingly, the role of play is becoming more important. I believe that companies like Ravensburger and BRIO can play a crucial part in shaping this process of change and hopefully advance the soft skills of tomorrow with their innovative products. ■

What will become more important in the future are factors such as social and emotional intelligence, **CURIOSITY,** creativity and empathy.



 100



The future of games is quality

Striking a new balance between digital and analogue

Analogue or digital? That has been the question ever since computer games first entered the market. We asked Thomas Feibel, Germany's leading journalist on the subject of children and computing, to contribute a guest article.

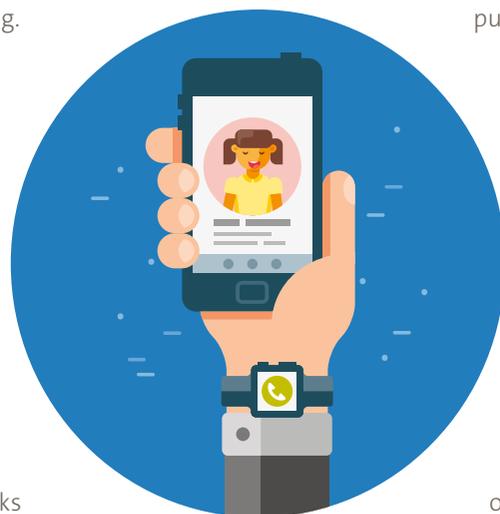
Always on

How apps have changed the life of children and parents

Let me start by making a confession: Sometimes even media experts and journalists have to rethink their views. When the first tiptoi® pen was launched in 2010, I was fairly sceptical of its success. How was this very plain, orange-coloured plastic carrot – with all due respect – supposed to conquer children's hearts in the exciting digital age of brightly lit smartphones, screens and games consoles? Well, so far the tiptoi® pen alone has been sold five million times and counting.

I was mistaken. But I don't see that as a bad thing. After all, it prompted me to fundamentally revise my thinking about the tiptoi® success story.

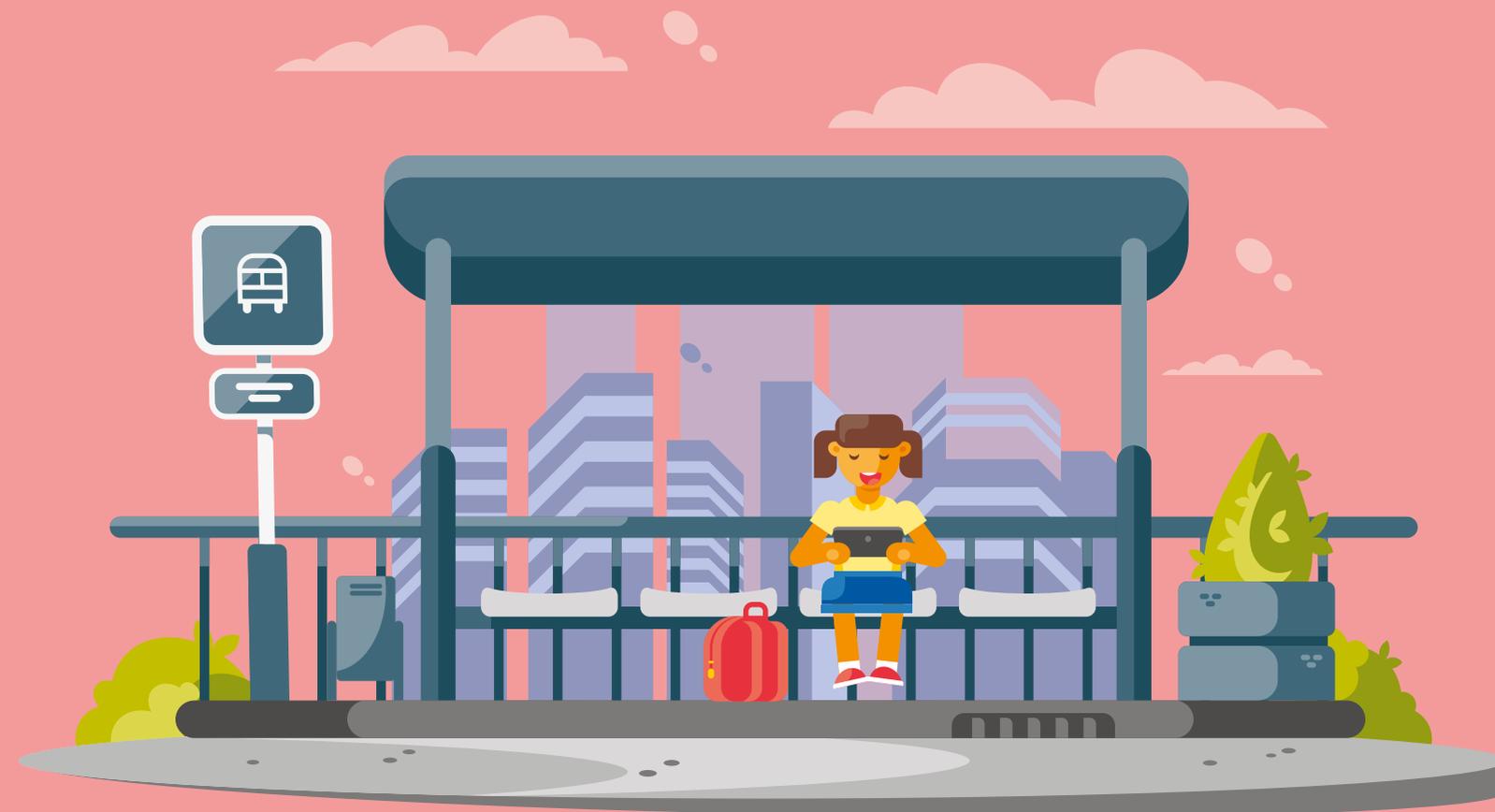
What is so appealing to parents that they would rather give their children an electronic pen than a tablet computer? The answer is very simple: Because some of them don't want their children's room to have a screen in it. Screens are seen as a portal to consumerism and spoon-fed information, whereas books and board games foster activity and independent thought. They help children to occupy themselves without continuously prompting them for a response like some children's apps. No levels for them to clear, no pressure for them to be put under. And they protect children from the sheer bombardment of messages, YouTube videos, advertising, and the risk of being led astray in the vast expanses of the internet.



Irrespective of this, smartphones and tablets have established themselves as the primary tool for digital games, including games for children. If you listen to the experts, children should not be given their first internet-enabled mobile-phone until after leaving primary school – at the earliest. But the fact of the matter is that children today have phones of their own at an ever younger age. You see a lot of third-grade and fourth-grade pupils walking around with their parents' old smartphones.

A phone of their own means children also have access to the internet – with all the information and benefits that can bring, but also the risk of falling into one of its many chasms. Parents who may be used to monitoring their children while they use a computer in clear sight are no longer in control. Their children are mobile, and hence largely free from the protective parental radar. This is exacerbated by a new trend of our internet age: Children with smartphones today are "always on".

As one of the reasons to give a child a smartphone is so they can be contacted by their parents at all times, this naturally gives them the tacit right to use their phone to play games at every available opportunity. Now, I want to make one thing perfectly clear: Playing is good and healthy. But apps and video games are no different to



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It would be naive to expect children to decide they have had enough and stop playing voluntarily. Games can easily make you lose track of time.

television, in that it would be naive to expect children to decide they have had enough and stop playing voluntarily. Games can easily make you lose track of time. Which is why it is so difficult for children to stop playing. Of course, it is important not to forget the other side of the coin. Smartphones can tap into a child's creativity by letting them take photos, record films and organise their everyday learning routine. Mobile phones and smartphones are banned

in many schools, even though learning to use them is a key cultural technique for the modern age. Some schools are already taking a different approach. For example, one secondary school near Halberstadt allows devices to be used during lessons to look up information and make calculations, but their use remains banned outside the classroom. Since this rule came in, pupils have returned to playing in the schoolyard during break time.

Shaping the world

Creative apps for children

The majority of children's apps are aimed at the pre-school age group. Most of them involve interactive picture books or hidden object, letter and number games. The range of learning-oriented apps remains limited. One good development would be if educational publishers increased the availability of app-based content for the various school grades.

Children are particularly fond of mini-games and mini-simulations, with their typically short rounds. And the app stores are positively brimming with adaptations of PC games and board games. The digital versions of familiar board games are especially well executed. They have a lot of plus points: They can also be played by a single player, they take up far less luggage space than conventional board games, nobody has to tidy up afterwards, and game pieces cannot go missing. Many apps also offer different game versions and, last but by no means least, they are a lot cheaper than their physical counterparts. At a workshop in Landshut, children aged between six and twelve tested real board games and their app equivalents – and came out strongly in favour of the original board games. The reason is obvious: Apps are fine when you are playing by yourself, but board games are more fun to play in company.

However, the apps for children that are genuinely interesting are those that understand the smartphone and the tablet not as a consumer instrument, but as a creative medium. After all, these devices come equipped with a camera and a microphone. What more do you need to unleash a child's creativity? And these creative possibilities are where the future lies. After all, the internet is only as good – and as bad – as its users. The right creative app can show children that their ideas are what counts and teach them how to participate. Apps are already being used to compose operas, photo novels, radio plays and music. There are also apps that children can use not only to write and illustrate their own e-book, but also to complete their project and add it to the virtual shelves of an online bookstore – with a little adult help. Being internet-ready, smartphones and apps are also a publication platform. Pupils can form a company and advertise their wares in order to generate a



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The apps for children that are genuinely interesting are those that understand the smartphone and the tablet not as a consumer instrument, but as a creative medium.



bit of income. As well as breathing new life into their schoolwork, this can add some useful funds to the class kitty. Children can also learn how to program even before starting school, whether on a tablet or using one of the many robots on the market that can be programmed and controlled by an app.

In short, creative apps like these allow children to gain valuable web-oriented cultural techniques that build on their own initiative, responsibility and participation.

The smartphone as a store

How apps win children over

As well as being “always on”, there is a whole new aspect to smartphone ownership among children. When young people are given internet access, they find themselves faced with making their own purchase decisions for the very first time in the shape of digital games. They no longer have to ask for permission; instead, they can simply download games at the touch of a button. The result is that children quickly learn to become customers, with a keen awareness that smartphones are far more than just telephones that also let you play games. Above all else, a smartphone is a store. One that lets you buy things anywhere, anytime. Even downloading a free app takes the form of a normal purchase. And the problem of children not owning credit cards has a solution: gift cards.

Young children tend not to be particularly skilled at handling money at the best of times, but the virtual credit offered by gift cards makes it even harder for them to keep control of their finances. Their parents can do their best to make them aware of the issues, but dubious business practices are standard procedure when it comes to app-based gaming. “Free-to-play” games are the main culprit in this respect. Players are given virtual weapons, diamonds and other items so that they can make progress in the respective game, but also as a way of familiarising them with the game’s internal payment mechanism. Once these items are used up, new ones can be purchased for just a small amount. But small amounts can quickly add up to a whole lot more than pocket money.

Another source of stress and irritation is the messages (“Your village is under attack!”) that apps send to children in order to tempt them back to the game. All of these practices are causing substantial damage to the reputation of the games industry.



Sad to say, there is an app for almost every subject and every area of interest. We saw something similar with PC software in the past, when the shelves were clogged up with so many superfluous products that consumers ended up simply losing interest. It doesn’t help that apps are so cheap. Moreover, as children get older, they waste no time in graduating from games to apps like WhatsApp, Snapchat and Instagram – and that is where they stay.

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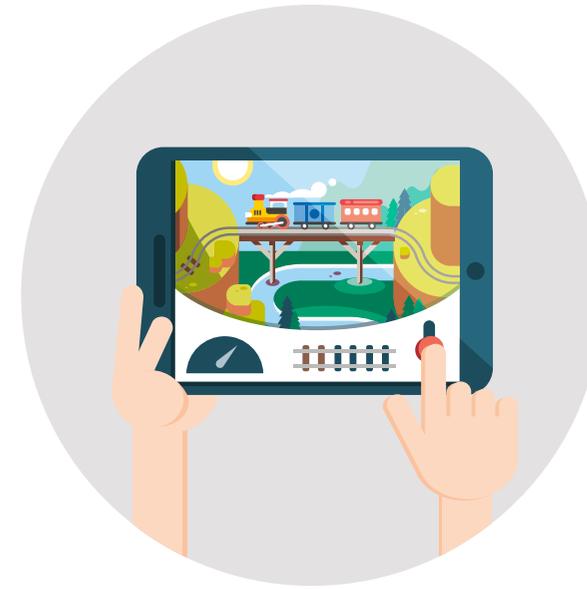
Low prices alone are not enough

A look at the app market

The state of the app market alone is reason enough to say that something needs to change in the gaming world. There has rarely, if ever, been such a clear monopoly. In principle, there are just two app stores. Just take a moment to think what that would mean for any other product. Imagine a world with only two shops where you could buy shoes or eggs!

Low prices and low margins mean that apps are no longer especially attractive for publishers either. Apps aimed solely at a German audience rarely recoup their costs, while apps aimed at the international market need to stand out from the strong competition. Furthermore, users are gradually starting to tire of apps.





Children want toys that they can touch, that look cool, and that feel good to hold. That way, they can keep playing by themselves even after their agreed screen time is over for the day.

The future of digital games

Where do we go from here?

Another current trend is hybrid toys, i.e. apps that only work in connection with a physical toy. This includes interlocking race-tracks with real toy cars that are controlled using a smartphone, with artificial intelligence that lets them gain additional skills with every new level. And then there is the small matter of drones – not to mention those life-size, programmable robots that can do a dance while telling bad jokes. Hybrid toys offer a great deal of potential as long as the price is right and the products strike a chord with consumers. Hybrid games may not be the ideal way forward for digital gaming, but they do suggest a new approach: As the digital world grows bigger and more all-encompassing, tactile experiences will become ever more important.

Hybrid games reduce the role of the smartphone or tablet to that of a mere gamepad or remote control. After all, children want toys that they can touch, that look cool, and that feel good to hold. That way, they can keep playing by themselves and without technical devices even after their agreed screen time is over for the day. And the parents who control that screen time are happy for their offspring to disappear into a decidedly un-digital world of their own imagination. This is precisely why today's hybrid games are building a bridge to the analogue world that is suddenly becoming more attractive again. Except the good old analogue world hasn't really changed at all. It is our view that has shifted.

Analogue, hybrid or digital

Quality is what counts

To borrow an example from another industry, vinyl is currently enjoying a huge revival. As a technology, it was supposed to be dead and buried, but the sales figures just keep on rising. The question is: why? Put simply, although the leading streaming services gave consumers access to the biggest, best and cheapest catalogue of recorded music, it came at a price in terms of sound and quality. Digital music often sounds thin and flat, whereas old vinyl records have a very warm and expansive sound. In other words, it is not the records themselves that have changed, but our listening habits. And there is fun to be had in rediscovering other analogue things.

The pub quiz is another example. Long familiar in the English-speaking world, pub quizzes, where groups of friends meet at a pub and compete with other guests in a hosted quiz, are increasingly also becoming popular elsewhere. Smartphones are banned from the table and Google is absolutely forbidden – the pub quiz is an opportunity to engage your brain for a change. First prize: two euros. The USA is also seeing the rise of board game cafés, a trend that has already made its way to Germany. This return to analogue pursuits has been in the offing for some time without anyone really noticing. While the smartphone dictates the rhythm of the day for the most part, a growing number of people are taking on ambitious do-it-yourself projects, crafting, sawing, recycling, and doing things with their own hands.

This desire to rediscover old-fashioned, down-to-earth pursuits has spread to different age groups and entire sections of the population. People are digging, planting and watering their gardens, harvesting the fruits of their labour, and cooking meals from scratch. They probably wouldn't think of it as a return to the analogue age, but would rather prefer terms like "slow living" and "mindfulness". These phrases used to be the preserve of more esoteric pursuits. Nowadays, though, you would struggle to find anyone who would disagree with the notion that permanent availability, the 24-hour news cycle and the feeling of being "obliged" to respond have all become a bit too much. No wonder people are on the lookout for tried-and-tested ways of doing things differently. This also explains the huge success of Zentangle books, colouring books and puzzles for

adults. People want to relax, unwind, and make the passing of time more perceptible again. None of which means the future of gaming is analogue – but it isn't solely digital either. Ultimately, there is only one answer to the question of the future: quality. On the one hand, that means well-designed concepts for digital, hybrid and analogue games; on the other, it means finding ways of letting people meet and interact with each other. We will have to keep striking a new balance between the digital and the analogue. ■



Thomas Feibel is the Director of the Office for Children's Media www.feibel.de. His journalistic work specialises in new media, and he initiated the TOMMI prize for children's software together with Family Media. He works for print media, radio and television. He also writes books for children and young people and holds readings, presentations, workshops and seminars.



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Squinting through leaves up at the sun ...
” I need to sneeze ...
it’s like a crowd of little spotlights. “

EXERCISE
IN THE
GREAT OUTDOORS



Being outdoors shivering with cold is ...

” like sitting in a fridge, like an ice cube, like an iceberg, or like the world is all frozen over.

Then it’s Christmas. “

CHRISTMAS

Being outdoors, exercise, sensory experiences and communal experiences: Physical aspects also play a part in children’s development. How can children be encouraged to do exercise, what is there to discover and what does it feel like? We let children and their imagination roam around and asked experts in the fields of sports science and sports education for their comments.

The world has stopped moving!

With this outcry back in 2014, the International Council of Sport Science and Physical Education (ICSSPE) pointed out that children are growing up in a world where exercise is limited, which is impairing their ability to develop healthily.

Is it really that bad? The world is still moving, but lots of people are getting far too little exercise, if national and international recommendations are anything to go by. This has consequences: the life expectancy of today’s 10-year-olds is lower than that of their parents, as inactivity is now “the norm”, whereas exercise activities were part of everyday life for previous generations.

Hardly anyone wants to turn the clock back 100 or 200 years. What can be done now to improve exercise, sport and play for children? I asked myself this question and concluded that we can work towards child-friendly living conditions and become politically active. I find this entirely sensible, and it can lead to wonderful facilities for children. However, it’s also important to realise that a play-friendly and exercise-friendly world goes hand in hand with a specific attitude.

If we want to do something to ensure that children grow up healthily, we need to put the emphasis on the resources and skills of children and take the focus away from the potential deficiencies. A problem-centred view of children leads to a – naturally well-intentioned – cycle of support: childhood becomes a repair job in which the problems and weaknesses of children are worked on.

Why is it important to concentrate on children's strengths? Every child has particular skills, and there are many things that they can do especially well. It is necessary to build on these, for example in order to enhance the self-concept, the body concept and self-efficacy, as well as to maintain the joy of exercise.

Parents and educators should therefore focus on the individuality and strengths of every single child and make clear to the child what they are capable of and what they are particularly good at. Of course, rather than ignoring any existing "deficiencies", this means using the strengths to make up for these weaknesses.

If a child starting school can't swim yet, many tend to see this as a problem. However, positive psychology sees a child who slowly gains the confidence to go into the water with swimming aids, who needs playful support and helpful comments: it's great to see you trying so hard. That's how children develop trust in their potential and skills, and experience themselves as learners instead of failures.

A play-friendly and exercise-friendly environment as well as parents and educators who focus on children's strengths constitute a foundation that can release unimaginable forces in children for their development and an active life. That way, the message "the world has stopped moving!" can become "... and yet it moves!" ■



Prof. Dr. Ulrike Ungerer-Röhrich is a sports scientist and psychologist. Her work is focused on sports psychology and sports education; in particular, she specialises in the health of children and young people.

U U U U U U U U H!

Standing on the three-metre diving board is like ...

” uuuuh! When you're up in the air, you feel at ease and relieved that you've done it, but it sometimes hurts when you hit the water. It feels like a waterfall, like a geyser, and then it splashes up everywhere and there's water everywhere. “



T R E E K I N G

Being in the forest feels ... ” sometimes not so great if you’ve been pushed into the mud or the thorns. We have a tree king, the tallest and thickest tree. We’ve built a cabin there. It’s a really old oak. Its trunk is so thick that four children have to stretch out their arms to be able to surround it. “

Has the tree got a crown? ” The leaves are its crown. “



Meadows, woods and water as a playing field and learning ground

Outdoors rather than indoors, exercising rather than sitting down, in the woods rather than on the tablet, barefoot rather than wearing headphones – these are just a few of the exciting experiences that outdoor activities have to offer.

It’s about actively discovering nature, exercising and acting together, experiencing adventure. Opening up meadows, woods and water to children and young people as a playing field and learning ground children are naturally curious and look for experiences; their activities in nature whet their curiosity for more.

These days, children are less connected with nature, spend less time outdoors and exercise less. Previously, “outdoors” was part of our everyday life, social experiences and contact. The children of today often don’t get enough opportunities to go outdoors. “Outdoors” is becoming an exotic space.

That makes what happens in this space all the more astounding: We experience our enthusiasm and joy of nature afresh whenever we're outdoors with children. These experiences lay the foundation for lifelong, life-enhancing enjoyment of nature.

From rope-based activities to climbing, from treasure hunts in the woods to raft-building – children gain positive impressions of meadows, woods and water at first hand. Outdoor exercise also hones sensory perception more than any other environment.

Sight, hearing, smell, taste: the senses are stimulated by countless sensations. Nature is a feast for the eyes, and endlessly diverse. The kaleidoscope of colours in a meadow or the contrast of light and shade in a forest – the eyes constantly and intensively take in the surroundings. There is an array of sounds that vary according to the time of day, the season, the weather and the environment. The smell of a May morning is different from that of fresh snow, and a fir forest smells nothing like a summer meadow. And nature itself is a unique soundscape. Here, countless sounds are perceptible even when all seems quiet: for instance, woodpeckers pecking on tree trunks, or beetles scuttling through the grass. Children learn to distinguish different things with their hands: What does sand feel like, or mud, or the surfaces of different stones, barks or leaves? Or simply what do wind, rain or the warmth of the sun feel like on the skin?

Running around, building, climbing and balancing with others helps to develop their concentration and social skills.

Why am I writing this? I have noticed that children are already becoming 'distorted' at nursery and at school. Often, they are denied the chance to flourish because they have to follow curricula and deliver or conform to set results instead of just exploring by themselves and being able to develop their social skills. ■



Ulrike Füssel is a forestry educator and outdoor trainer and the owner of Seilmobil, Ubstadt. Since 2009, her team has successfully been providing educational outdoor events on the ground, in the air and in the water for children, young people and adults in southern Germany.

Exercise is like ... ”jumping around and feeling like a frog. Exercise feels green, like a frog that leaps away with its long hind legs, takes a jump into the water and – splash! “





F L Y I N G

Jumping on a trampoline is like ...
 ”flying. The smallest one flies the highest. You try to keep bouncing higher, and if you jump really high, you can see other houses or come across a spaceship.“



Florence Koch, aged 11, pupil, year 5. **Ben Koch**, aged 6, will be starting school in autumn 2017 and is already hugely looking forward to getting the bag of sweets traditionally given to German pupils on their first day.

GROUP MANAGEMENT REPORT OF RAVENSBURGER AG

Overview of Ravensburger AG and Group

Ravensburger AG is the management holding of the Ravensburger Group. Various functions of the Group are handled centrally by the departments of Ravensburger AG. This applies in particular to the functions Central Marketing, Public Relations, Human Resources, Finance, Tax, Group Controlling, IT, and Legal. A new addition in 2016 is the Digital function.

In addition, to performing its holding function, Ravensburger AG grants the Group companies licenses to use the Ravensburger brand, and coordinates the group-wide risk management system. Furthermore, Ravensburger AG leases land and buildings in Ravensburg to its operating subsidiaries.

The operating business of the Ravensburger Group is handled by Ravensburger AG's subsidiaries. The Group operates in five divisions: the Games, Puzzles and Arts/Crafts division, the Children's and Youth Book division, the Leisure and Promotion Service division, the Digital Products division, and the BRIO division.

The Games, Puzzles and Arts/Crafts division develops, produces, and markets its products internationally, with a focus on Europe and North America. The Group has subsidiaries in the major European markets such as France, United Kingdom, Italy, Spain, Benelux, Austria, and Switzerland, as well as in the United States. Smaller markets are supported and developed through export business and, since 2016, also through the BRIO division sales companies. The products are produced mainly at the Group's own plants in Germany and the Czech Republic.

The Children's and Youth Book division publishes and markets picture books, children's non-fiction books, and fictional children's

and youth books specifically for the German-speaking markets. Furthermore, products from the Games, Puzzles and Arts/Crafts division are also sold.

The Leisure and Promotion Service division operates the Ravensburger Spielaland theme park. Due to its varied range of child-friendly attractions, the park is popular with both parents and children. This division is also responsible for the Ravensburger Museum, a number of retail and outlet stores, and services for third parties. In fiscal year 2016, accommodation facilities were added to the theme park.

The Digital Products division develops products for strategically relevant media and gaming platforms. Moreover, it develops and markets new product ideas. Since the beginning of 2017, the development activities of the Digital Products division have been integrated directly in the Digital function of Ravensburger AG. The product-specific activities will be directly allocated to the individual divisions.

The BRIO division is known above all for its traditional wooden train sets and ranks among the most prestigious brands on the market for games and toys. Swedish toy brand BRIO develops and sells high-quality, creatively designed wooden toys on many markets. The BRIO Group operates several sales companies and uses distributors for direct exports. Since 2016, it has also increasingly used the sales subsidiaries of the Games, Puzzles and Arts/Crafts division.

Employees as a Success Factor

In the past fiscal year, an average of 2,109 fulltime employees (previous year: 2,007) worked in the Ravensburger Group. The share of female employees in the domestic companies was 56 %.

The success of Ravensburger Group is also the success of its employees. That is why apprenticeship and qualification, advanced training and talent advancement are high priorities at Ravensburger.

Apprenticeships at Ravensburger

In 2016, there were 60 apprentices with training agreements in 15 different professions in Ravensburg. Specifically, there were 27 apprentices in commercial, 19 in commercial/technical, and 14 in logistics professions. 17 of these apprentices started their vocational training with Ravensburger in fall 2016, while 12 were taken on as employees after completing their apprenticeships.

Furthermore, 27 students were employed as part of an academic course combining study and work experience in cooperation with the "Duale Hochschule (University of Cooperative Education) Baden-Württemberg Ravensburg" (DHBW). Eight of these students began their studies in 2016. Four students were also taken on in fall 2016.

Specially designed to nurture the right skills is a 24-month post-graduate trainee program which offers university and college graduates a systematic, practice-oriented qualification through targeted on-the-job training. In April 2016, six trainees started their trainee programs in the fields of logistics, production, supply chain management, product management, and finance and controlling. Right at the start of their trainee program, all trainees receive an unlimited-term contract. After completing the program, they are taken on in a responsible job in their specialist area.

Over a period of 18 months, the editorial team interns are prepared for future editing jobs by means of an extensive, specially developed qualification program. Last year, 16 editorial team interns were trained in the Games, Puzzles and Arts/Crafts division as well as the Children's and Youth Book division.

International Competencies

To actively promote the international qualifications of the DHBW students, the company sends three or four of them to the subsidiary Ravensburger USA, Inc. each year. The period abroad calls for the ability to act independently and fosters linguistic, intercultural and specialist skills. High potentials also have the opportunity to display their current know-how and skills in various functions at the subsidiaries Wonder Forge, Inc. in Seattle, USA as well as at BRIO AB in Malmö, Sweden.

The employees' international expertise and foreign language skills are continuously developed through in-house training courses in English and French. In addition, they gain a deeper understanding of various cultures and languages through individual training measures and language study trips. In 2016, 58 employees took part in the in-house language courses.

Advanced Training and Development at Ravensburger

The quality of the management is a key factor in the success of the company. In 2016, a total of 80 managers (26 of them female) took advantage of the management development program devised in 2014. The program runs for 18 months. An integral feature is the 360-degree feedback for every manager. It was developed especially for Ravensburger based on the Ravensburger principles of leadership and cooperation. Training during four modules includes topics such as team and leadership behavior, own location determination, entrepreneurial thinking, and change management.

A 24-month training program comprising 15 extensive modules has been established specifically for Ravensburger editors. Creative/design expertise, soft skills, and business know-how are taught on the basis of specially developed modules. 43 editors participated in this program.

In January 2015, the "Ravensburger Academy" was launched. It presents an open seminar catalog with offers employees can choose from on agreement with their superiors. Prominent topics here are IT, work methods (e.g. creativity techniques, design thinking, speed reading), personal and social competencies, legal cases, human resources and business studies. A total of 173 employees chose to attend the "Ravensburger Academy" in 2016.

Once a month at “Lunch & Learn” events, employees have the opportunity to attend talks on a wide range of topics, followed by a chat together. The purpose of the program is firstly to give employees insights into other fields, and secondly to provide a platform for networking and talking to colleagues. Last year, a total of 2,089 employees registered for “Lunch & Learn” events.

“Förderkreis” (International Talent Program)

Within the scope of the Ravensburger “Förderkreis”, selected candidates attend six practice-oriented seminar modules to learn key competencies over a period of around two years. In addition, work on a challenging operational project provides the high potentials in the Ravensburger Group with training for complex project management functions. In 2014, eleven young employees started on a new “Förderkreis”. During the 2015 project phase, the Förderkreis developed an online portal for employees which was launched in 2016 as the “Ravensburger Freizeitportal” (Ravensburger Leisure Portal). This Förderkreis ended with the completion of the “Ravensburger Freizeitportal” in 2016.

Health Promotion for Ravensburger Employees

With its “Ravensburger aktiv” program, Ravensburger offers its employees health-promoting benefits including a company sports group, rest areas, motivational talks, cooperation with a local sports club, and free, anonymous psychological advice. Especially popular are the exercise and relaxation courses that take place at the Ravensburg location. In each of spring and fall 2016, more than 200 people registered for these courses. The program “Ravensburger runs in the Ravensburg Run” attracted 44 highly motivated employees, who enjoyed professional support with their training.

Family and Career

Ravensburger’s goal is to leverage opportunities available within the company to make it easier to reconcile the demands of family and career. At Ravensburger, this includes not only making working hours more flexible, but also offering various measures specially designed to promote work-life balance. For instance, in 2016 Ravensburger again provided a childcare service during the Easter, Whitsun, summer, and fall breaks. A total of 119 children were looked after during the school breaks last year. In cooperation with

local children’s daycare centers and kindergartens, the company offers a total of 15 half-day and full-day places as well as an emergency childcare service.

In addition to family-friendly general conditions and ancillary offerings, supervisors play a key role. Employees and managers can approach each other openly, actively address their needs in a spirit of partnership, and work together to find solutions that are both family-friendly and in line with the company’s requirements.

Development and Innovation

Every year, the Ravensburger Group invests € 20 million to € 30 million in the development of new product offerings and concepts. Some 2,600 new products appear annually, with which the Ravensburger Group generates approx. 23 % of its sales.

Ravensburger regards the development of these new products as an open process and collaborates closely with authors, illustrators, and designers from all over the world.

The Games, Puzzles and Arts/Crafts division operates a general innovation management system, designed in collaboration with an institute of the University of St. Gallen, Switzerland, in the areas of product development and supply chain management. In a multistage model, customer requirements are examined, trends reviewed to determine their relevance for Ravensburger, areas of action specified, and ideas generated and developed into concepts. To this end, the Group works with a growing network of external partners from research institutes, technology companies, innovation agencies, and inventors.

Within the scope of these research activities, Ravensburger has, among other things, made use of OID technology and implemented it in the successful tiptoi® product series.

Situation and Development of Business in 2016

Again, the past fiscal year was dominated by the fact that the markets for games and toys in the five most important European countries grew in single percentage figures (+4.4 % / source: NPD EPoS panels).

In contrast to recent years, the book markets also grew slightly, by 0.9 % (source: Media Control).

On average over the year, the exchange rate of the euro to the US dollar matched the level in 2015. The euro gained slightly against the Swiss franc (+2.1 %) and significantly against the British pound (+12.9 %).

Under these conditions, the Ravensburger Group was able to increase net revenue by 6.6 % to € 473.5 million.

The proportional consolidated net income of the Group was € 32.1 million, which was below that of the previous year (€ 33.5 million).

Business Development of the Operating Divisions

The largest division of the Ravensburger Group is the Games, Puzzles and Arts/Crafts division, which accounts for 75.6 % of consolidated net revenue and a significant portion of the Group operating result. This is followed by the Children’s and Youth Book division which is responsible for 13.7 % of consolidated net revenue and a corresponding share of the Group operating result. The BRIO division contributed 11.4 % of the consolidated net revenue and had an equally positive impact on the Group operating result.

Games, Puzzles and Arts/Crafts Division

Overall, the large European markets for games and toys expanded in 2016 by 4.4 %.

The markets for games and toys in Germany (+5.0 %), the United Kingdom (+6.3 %), Spain (+6.1 %), France (+1.0 %), and Italy (+4.8 %) all developed positively. Most of this growth was achieved by the top 10 manufacturers of the respective country. Following a very successful year in 2015, license business developed negatively. Most toy categories achieved growth, above all up to the end of September. The crucial Christmas business started off sluggishly in October and November in all major European countries, but a good December ensured it was ultimately positive.

Against the background of this market development, the net revenue of the Ravensburger Games, Puzzles and Arts/Crafts division in the year under review increased by 8.0 % to € 358.1 million. This is above all due to the positive development especially in Germany as well as the increased distribution of BRIO products via the subsidiaries. Net revenue grew by 13.9 % in Germany, and by 3.9 % abroad. This resulted in net revenues of € 139.7 million in Germany (39.0 %) and € 217.1 million abroad (60.6 %). With three exceptions, the net revenue development of all foreign subsidiaries compared to the previous year was positive or equal. Net revenue by the export business was 18.1 % up on the previous year. This is attributable above all to very positive net revenue development in the Nordic regions, in the Czech Republic, and in Australia. Net revenue of the division to the BRIO Group was € 1.2 million (0.3 %).

Children’s and Youth Book Division

A comparison of market development with the previous year is currently only possible to a limited extent. This is because in the e-commerce sales channel, the data from one very important online dealer is only available from 2016 on. The analysis provided by Media Control without the e-commerce sales channel indicates growth of the book market of +0.9 % compared to the previous year. Overall, fewer books were sold than in the previous year (-1.3 %); the slight increase in sales was achieved due to on average higher prices (+2.2 %). Due to the data situation already mentioned, no statements on the book markets in Austria and Switzerland are possible at present.

Up on the previous year by +4.8 %, the children’s and youth book market was a particularly strong growth engine. The significant increase was essentially down to the market success of the title “Harry Potter and the Cursed Child” (Carlsen). It can be assumed

that without this title the children's and youth book market would only have been slightly above or on a level with previous year. In this market environment, net revenue by the Children's and Youth Book division increased by 0.2 % on the previous year. In the overall analysis including e-commerce, Ravensburger Buchverlag Otto Maier GmbH achieves a market share of 9.7 % behind the new market leader Carlsen (13.4 %), which was able to significantly boost its position above all due to the success of the Harry Potter titles (Source: Media Control).

Against this background, the Children's and Youth Book division achieved a successful result in the market environment.

Leisure and Promotion Service Division

The division is split into the areas Ravensburger Spieleland theme park, agency business, outlet stores, and the Ravensburger Museum. Furthermore, the company operates two Ravensburger stores at Stuttgart and Nuremberg Airports. The theme park was expanded with the new Ravensburger holiday village. It combines holiday homes, family tents, and caravan spaces with a modern restaurant concept.

In the year under review, Ravensburger Spieleland theme park attracted 411,893 visitors (+2.5 %) and Ravensburger Museum counted 40,402 visitors (+12.8 %).

Net revenue by the entire division reached € 18.1 million (including internal sales totaling € 3.4 million). The result exceeded the previous year's figure by 21.8 %.

Digital Products Division

The focus in this division was on ongoing support for and optimization of the existing digital and hybrid product portfolio.

The group-wide corporate strategy was further developed in 2016, also taking into account the increasing significance of digitization for all business areas. As a result, the division increasingly took on internal competency and service functions. Totaling € 0.6 million, net revenue was 44.0 % down on the previous year's figure. This is because the focus on internal functions meant that no relevant new products were released in 2016.

Since the beginning of 2017, the development activities of the Digital Products division have been integrated directly in the Digital function of Ravensburger AG. In contrast, the productspecific activities will in the future be directly allocated to the separate divisions.

BRIO Division

In its second year within the Ravensburger Group, the new division generated a total net revenue of € 53.8 million, which corresponds to growth of 15.6 % compared to the previous year. Adding sales of BRIO products through the Games, Puzzles and Arts/Crafts division reveals that net revenue from the BRIO brand increased by 19.3 % to a total of € 55.3 million.

The strong growth is firstly due to positive developments in the core markets of the Nordic region, Germany, and China. Secondly, sales synergies contributed to the result. In almost all markets with Ravensburger subsidiaries, business has been taken over from existing distributors. This provided an exceptional growth surge especially in the UK and North America. Furthermore, new products were launched very successfully and marketed internationally. For the first time TV campaigns in Germany and the Nordic region supported this launch.

Integration into the Ravensburger Group, which started in 2015, was largely completed by the end of the year.

Situation of the Ravensburger AG Group

Income Situation

In the fiscal year 2016, the Ravensburger Group achieved consolidated net revenue for all divisions of € 473.5 million (+6.6 %).

Other operating income amounted to € 8.6 million, which was at the same level as in previous year (€ 8.5 million).

Operating expenses increased by 6.6 % to € 429.7 million.

The material usage ratio increased by 0.3 % to 32.0 %.

Personnel expenses increased to € 109.6 million. The rise is primarily due to an increase in employees (an average over the year of 102 full time employees) as well as cost increases in wages and salaries.

Depreciations of property, plant and equipment and intangible assets rose by € 1.8 million to € 14.5 million due to higher investment compared to previous year.

Other operating expenses increased by € 8.3 million to € 154.1 million. Above all, sales-dependent selling costs as well as higher advertising expenses and project costs for the digital strategy were responsible for this.

Operating result (EBIT) amounted to € 56.6 million, which was € 4.5 million higher than the previous year's figure.

At € -1.0 million, financial result was higher than previous year's figure by € 1.3 million (previous year: € -2.3 million). The main reason for this was a statutory change in the way the average interest rate is calculated (extension from seven to ten years) for discounting pension provisions.

Tax expenses increased by € 7.9 million. This is above all due to additional tax payments paid following an external audit.

On balance, the proportional consolidated net income after tax was, at € 32.1 million, € 1.4 million below previous year.

Financial Situation

The Group balance sheet total on December 31, 2016 was, at € 461.9 million, € 24.2 million above previous year (€ 437.7 million). In particular, investments in property, plant and equipment as well as an increase in current assets used in operations are responsible for this.

Fixed assets rose on balance by € 12.2 million to the present figure of € 183.8 million. Opposite effects are responsible for this:

Intangible assets declined by € 6.0 million to € 37.0 million, especially due to the depreciation of the goodwill and brand values of Wonder Forge Inc. and the BRIO Group.

At € 22.0 million, investments in property, plant and equipment were higher than previous year (€ 15.1 million) and also higher than depreciation of property, plant and equipment (€ 7.9 million). The value of property, plant and equipment therefore rose, taking exchange rate differences into account, by € 14.2 million.

Fixed financial assets increased by € 4.0 million to € 71.0 million. This results from equity investment in a venture capital fund for start-ups and from the reinvestment of income in the special funds.

Current assets increased by € 12.0 million to € 276.8 million.

Inventories as of the balance sheet date were € 55.2 million, or € 3.1 million above the figure for the previous year (€ 52.1 million).

Due to higher sales, trade receivables increased to € 136.8 million, higher by € 11.7 million than previous year (€ 125.1 million).

At the same time, free liquidity decreased by € 1.9 million.

Liquidity / Cash Flow

The cash flow from operating activities in 2016 amounted to € 43.4 million (previous year: € 22.3 million).

Cash flow from operating activities consists of the net income before depreciation and changes in long-term provisions minus cash affecting increases of net current assets.

Investment activities led to a cash outflow of € 26.5 million (previous year: € -23.9 million). Liquid assets decreased by the already mentioned net investments as well as investments in fixed financial assets.

The dividend distribution and the repayment of a bank loan resulted in a negative cash flow from financial activities to the amount of € 18.3 million (previous year: € +7.4 million).

Cash and cash equivalents therefore fell, taking exchange rate differences into account, by a total of € 1.9 million. The Ravensburger Group records liabilities to banks as of year-end totaling € 19.1 million.

Financing Structure

Equity of the Ravensburger Group increased in the past fiscal year from € 270.4 million to € 287.6 million. This is essentially due to the net income of € 32.1 million, less the dividend distribution of € 14.4 million.

The equity ratio as of year-end is 62.3 % (previous year: 61.8 %).

At € 27.3 million, pension provisions were at almost the same level as in the previous year (€ 27.4 million).

Tax provisions, at € 8.7 million, were € 4.3 million above previous year (€ 4.4 million). This is attributable to the lower advance tax payments made during the year compared to the anticipated tax payment due as well as a subsequent payment made in 2017 for the year 2015.

Other provisions totaled € 56.6 million, which was slightly above previous year (€ 56.2 million).

Scheduled repayments reduced bank loans and overdrafts to € 19.1 million (previous year: € 22.2 million).

Trade payables rose by € 1.2 million compared to previous year, reaching € 32.8 million.

At € 7.9 million, liabilities to Ravensburger Holding GmbH & Co. KG were exactly the same as in the previous year. This liability was paid out in full at the beginning of 2017.

Other liabilities increased as of balance sheet date by € 4.3 million to € 14.3 million.

Deferred taxes as of balance sheet date totaled € 5.6 million, resulting largely from continued deferred taxes on the capitalized brand from the initial consolidation of the BRIO Group in fiscal year 2015.

Business Development Compared to the Outlook in 2015

The modest sales increase expected in the management report of the Ravensburger Group in 2015 was exceeded. The proportional net income of the Group is € 32.1 million, or € 1.4 million below the previous year's figure and therefore in line with expectations.

Statement by the Managing Board on the Economic Situation 2016

Overall, business activities of the Ravensburger Group developed positively in the reporting year. Therefore, the Managing Board is satisfied with the result of the fiscal year.

Outlook at the Beginning of Fiscal Year 2017

Assuming stable overall economic development, the Managing Board expects the games and children's and youth books markets relevant to the Ravensburger Group to continue to be stable or to decline slightly in fiscal year 2017. Provided that the company continues to successfully position new product concepts in existing and new segments, a slight rise in sales in the coming year is expected for the Ravensburger Group. This will be supported by the group-wide "Ravensburger 360°" strategy launched in 2016. It focuses especially on the digitization of products, sales channels, and marketing. Against this background, a net income for the Ravensburger Group of slightly above or equal to the previous year's level is expected.

However, the Managing Board points out that the current unstable political situation, due e.g. to Brexit or threatened trade barriers in the USA, presents high risks. These include risks relating to currency parity. These risks could have extraordinary impacts on sales and profitability of the Ravensburger Group.

Games, Puzzles and Arts/Crafts Division

The new products and relaunches developed in the Games, Puzzles and Arts/Crafts division for 2017 were warmly received by retail. This is especially true for the following innovations that will be launched in fall: "GraviTrax" (an intelligent marble track system), "Safe Breaker®", and "Break Free®" (toy-oriented children's games) as well as the relaunch of the Mandala machine. Apart from innovations in 3D puzzle buildings, the 3D innovation "VW Bus T1" attracted a very favorable response, as did innovations in the areas puzzles, arts & crafts, and new role-play sets for tiptoi®.

In 2017, there will be a continued focus not only on implementing "Ravensburger 360°", but also on investments in innovative products and technologies within the scope of innovation management.

Children's and Youth Book Division

Since expectations were achieved in previous year, the division expects a slight downturn in the current year. The restructuring of the program organization in 2016 will generate initial stimulation in the 2017 program. Furthermore, the establishment of product management will further bolster market and target-group-orientation. Against the background of a slightly decreasing children's and youth books market, a slight increase in market shares is expected.

Leisure and Promotion Service Division

Requests and sales figures for fiscal year 2017 which the division has received so far for the various areas indicate a continued positive development of the division. This means it will probably be possible to achieve the strategic goal of moderate, steady growth in sales and net income in 2017.

BRIO Division

Due to good development in 2016 and positive sales synergies, the BRIO division achieved a very high sales level. For this reason, the Managing Board is cautiously optimistic that sales will continue to rise in 2017.

BRIO will continue to build on the proven growth pillars innovation, sales, and brand.

Opportunities and Risk Report

Risk Management and Internal Control System

The environment in which entrepreneurial activity takes place is characterized by the interplay of risks and opportunities. The responsible management of risks is a basic prerequisite for sustainable business success. Risks can arise not only from internal processes and activities, but also and in particular from operative business.

The task of the internal control system is to ensure compliance with all legal requirements, internal regulations, and instructions, and to prevent losses due to fraud. The procedural regulations, instructions and guidelines are systematically documented and largely available online. Compliance with statutory provisions as well as company rules is regularly reviewed, partly through the company's own investigations and partly by contracting external consultancy firms.

The task of the risk management system is to identify all operating risks at an early stage in order to avert potential losses for the Group and preclude risks to the Group's ability to continue as a going concern by means of appropriate measures. This makes it possible to identify risks in good time, analyze them, and take countermeasures. The company is willing to take manageable risks that do not outweigh the expected benefits of the respective business activity.

In addition to regular risk assessments and audits, the risk management system is based on ongoing reporting of monthly key figures and analyses of deviations from plans and comparative periods.

Significant Opportunities and Risks

The following significant risks for Ravensburger were identified within the scope of risk reporting.

Sales Markets

The risk management system of the sales markets is based on systematic analyses of consumer behavior, the sales channels, and the retail environment. Market opportunities are identified and developed using the systems that are in place.

Change and concentration in the retail landscape as well as the increase of internationalization of price levels continue. This is associated with greater pressure on higher trade incentives and improved services as well as with increased cluster risks. Ravensburger is working pro-actively to manage these risks. The development of innovative and attractive products, sales work tailored to the retail landscape, a model for international price harmonization, development of the necessary know-how for online trading, and modern, highly efficient production and logistics result in growth opportunities Ravensburger exploits.

Despite demographic changes in core countries, the relevant sales markets are not declining overall. However, they are demonstrating structural shifts to which the Ravensburger Group has successfully adapted by changing the structure of the offering. This was achieved not least by introducing a new strategy ("Ravensburger 360°") in 2016.

Considering the decline in the book market and progressive switching to online shopping, a further market contraction in brick-and-mortar retailing must be expected in the coming years, especially in this market segment.

Procurement Markets

The risk of currency fluctuations on the procurement markets was low in 2016. The US dollar was largely stable against the euro, only gaining in strength in November. However, this barely affected procurement costs in 2016. Against the background of stable exchange rates, the introduction of a strategic purchasing process for purchases in China resulted in cost-savings. The main production location Polička means that the exchange rate of the Czech koruna, currently supported by the Czech central bank, represents a further risk. To ensure raw materials availability, Ravensburger is looking for and qualifying alternative sources to replace critical suppliers. There were cost increases especially in the paper/pasteboard segment. These could be partly offset by using new, alternative suppliers. Professional purchasing, avoiding dependence on individual suppliers, thinking in terms of technical alternatives, and considering alternative regions remain the preconditions for successful risk management in the procurement markets. In an industry comparison the relatively high percentage of production handled in-house in the Games, Puzzles and Arts/Crafts division

and an independent quality assurance organization minimize product quality risks and enable a rapid response to market changes.

Location risks

The Games, Puzzles and Arts/Crafts division produces approx. 85 % of its products itself at the Ravensburg (Germany) and Polička (Czech Republic) production facilities. For cost and efficiency reasons, shipments for the division have been combined at the main location in Ravensburg. Production capacities are being expanded and adapted to growth rates through corresponding investments. Modern technology and regular maintenance as well as constant investments in replacements and rationalization protect the locations as far as possible against natural hazards. Insurance cover is provided by a modern insurance policy.

Information Technology

To support its operative business with efficient information technology, Ravensburger uses a centrally administered standard software throughout the Group. Current standards are ensured by updating hard- and software to the latest versions.

Strategic developments of processes and IT applications are implemented together with internal IT experts, if necessary supported by external consultants. Particularly important here is the digitization of currently not or only insufficiently digitized processes. This applies above all in data recording and analysis.

Current benchmarking ensures quality at usual market costs for the hard- and software used. External audits of IT security as well as IT authorization and data security systems ensure organizational and process-related as well as software currentness, quality, and sustainability. An internal data protection organization is responsible for data protection and IT compliance.

Financial Risks

Financial risks are managed by central treasury and accounts receivable management. This primarily involves centrally analyzing, evaluating, and hedging liquidity, currency, investment, credit, and insurance risks.

Risks of non-payment are normally covered by insurance policies. Exchange rate risks are systematically hedged. Derivative financial

instruments are used solely to hedge operative underlying transactions. Currency risks are hedged on a rolling basis especially using forward exchange contracts.

To optimize controlling of the Group's liquidity, this is managed centrally in a cash pool at Ravensburger AG. If short-term liquidity surpluses are invested, only investments with excellent credit ratings are used. Long-term liquidity surpluses are administered in special funds in order to ensure professional management of the investments.

Product Safety

Product safety is a top priority for Ravensburger. That is why all products are tested by renowned, independent testing organizations and in Ravensburger's own laboratories.

In 2016, TÜV Rheinland LGA Products GmbH re-audited the Ravensburger laboratory to check it against international requirements of test laboratory competence, and confirmed its compliance. Similarly, the chemical test laboratory successfully passed an audit conducted by the laboratory for environmental and product analysis of DEKRA Automobil GmbH. Here again, Ravensburger testing complied in a reproducible way with the wider and stricter test requirements and limit values according to the new Toy Safety Directive.

Constant changes in legislation in Europe and the USA have led to further restrictions and supplements. Ravensburger's pro-active approach means its products usually comply with new standards even before they come into force. Ever stricter regulation of chemical substances continues to present challenges for the supply chain and takes up resources.

In 2016 the decision was taken to sell a limited scope of products which are developed and manufactured externally under the Ravensburger brand. For this purpose, a product qualification and quality assurance process was developed, and is partly already in use.

Under their own management, the subsidiaries Wonder Forge, Inc. and BRIO A.B, which each have a separate supply chain, also adhere to the strict guidelines and regulations of the laws that apply to them.

Overall Risks and Opportunities

The Ravensburger Group has all the systems and internal regulations required to identify and manage major risks. The costs of the risk management system are commensurate with this.

Both the development and launch of new products and product categories and the geographical expansion of sales activities will open up growth opportunities.

Ravensburg, March 29, 2017

Karsten Schmidt

Clemens Maier

Hanspeter Mürle

Ravensburger AG Group, Ravensburg

Balance Sheet as of December 31, 2016

ASSETS		31.12.2016	31.12.2015
	€	€	T €
A Fixed assets			
I. Intangible Assets			
1. Purchased software, licenses, and similar rights	27,388,343.92		28,624
2. Goodwill	9,655,910.74		13,965
3. Prepayments	1,972.40		374
		37,046,227.06	42,963
II. Property, plant and equipment			
1. Land and buildings	39,338,052.25		30,068
2. Plant and machinery	15,690,069.88		11,517
3. Other equipment, furniture, and fixtures	20,104,198.59		15,453
4. Prepayments and assets under construction	632,623.19		4,621
		75,764,943.91	61,659
III. Financial assets			
1. Shares in affiliates	25,436.84		26
2. Equity investments	3,007,621.00		7
3. Securities classified as fixed assets	67,987,966.12		66,988
		71,021,023.96	67,021
		183,832,194.93	171,643
B Current assets			
I. Inventories			
1. Raw materials, consumables, and supplies	11,200,922.42		11,083
2. Work in progress	4,809,805.03		4,569
3. Finished goods and merchandise	38,182,507.04		34,905
4. Prepayments	1,012,751.02		1,407
		55,205,985.51	51,964
II. Receivables and other assets			
1. Trade receivables	136,805,978.82		125,176
2. Other assets	10,689,201.19		11,645
		147,495,180.01	136,821
III. Cash on hand and bank balances		74,065,939.70	75,920
		276,767,105.22	264,705
C Prepaid expenses		1,319,448.77	1,309
		461,918,748.92	437,657

EQUITY AND LIABILITIES		31.12.2016	31.12.2015
	€	€	T €
A Equity			
I. Subscribed capital	12,480,000.00		12,480
II. Capital reserves	39,050,000.00		39,050
III. Other revenue reserves	81,650,412.31		78,789
IV. Currency translation differences	5,068,899.75		5,503
V. Net retained profit	149,341,367.50		134,527
		287,590,679.56	270,349
B Provisions			
1. Pension provisions	27,250,818.61		27,378
2. Tax provisions	8,706,789.05		4,395
3. Other provisions	56,620,198.73		56,253
		92,577,806.39	88,026
C Liabilities			
1. Liabilities due to banks	19,127,625.00		22,188
2. Prepayments received on account of orders	941,002.63		584
3. Trade payables	32,759,070.40		31,602
4. Payables to affiliates	8,026,928.83		8,035
5. Other liabilities	14,233,846.16		9,945
		75,088,473.02	72,354
D Deferred income		1,042,652.88	1,036
E Deferred tax liability		5,619,137.07	5,892
		461,918,748.92	437,657

Ravensburger AG Group, Ravensburg Income Statement for fiscal year 2016

		2016	2015
	€	€	T €
1. Net revenue	473,543,967.67		443,998
2. Increase in finished goods and work in process	1,111,483.99		1,990
3. Other own work capitalized	3,122,217.00		749
4. Other operating income	8,559,661.33		8,539
		486,337,329.99	455,276
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	130,262,488.49		121,594
b) Cost of purchased services	21,254,397.01		19,224
		151,516,885.50	140,818
		334,820,444.49	314,458
6. Personnel expenses			
a) Wage and salaries	90,014,809.07		85,187
b) Social security	17,352,595.20		16,514
c) Pension costs and other benefit costs	2,266,016.05		2,156
	109,633,420.32		
7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	14,534,944.20		12,738
8. Other operating expenses	154,049,254.92		145,797
		278,217,619.44	
		56,602,825.05	52,066
9. Income from other securities and long-term loans including gains on disposal and income from write-ups	1,008,579.70		1,347
10. Other interest and similar income	114,384.30		162
	1,122,964.00		
11. Write-downs of financial assets and securities classified as current assets including losses on disposal	0.00		145
12. Interest and similar expenses	2,161,009.34		3,624
	2,161,009.34		
		-1,038,045.34	-2,260
		55,564,779.71	49,806
13. Income taxes	22,860,731.34		14,961
14. Net income after taxes		32,704,048.37	34,845
15. Other taxes		628,489.23	621
16. Net income of the Group		32,075,559.14	34,224
17. Alloted net income of minority interest		0.00	704
18. Group proportion of net income		32,075,559.14	33,520
19. Profit carryforward from the prior year		120,127,466.93	104,352
20. Allocations to revenue reserves		2,861,658.57	3,345
21. Net retained profit		149,341,367.50	134,527

Supervisory Board

Prof. Dr. Dieter Kurz

Lindau, Germany
Chairman

Albert Hess

Munich, Germany
Vice chairman

Dr. Wolfram Freudenberg

Stuttgart, Germany

Claus-Dietrich Lahrs

Stuttgart, Germany

Dr. Valerie Maier

Hafnarfjörður, Iceland

Dr. Thomas Vollmoeller

Hamburg, Germany

Managing Board

Karsten Schmidt

Ravensburg, Germany
Chairman

Clemens Maier

Langenargen, Germany

Hanspeter Mürle

Neu-Ulm, Germany

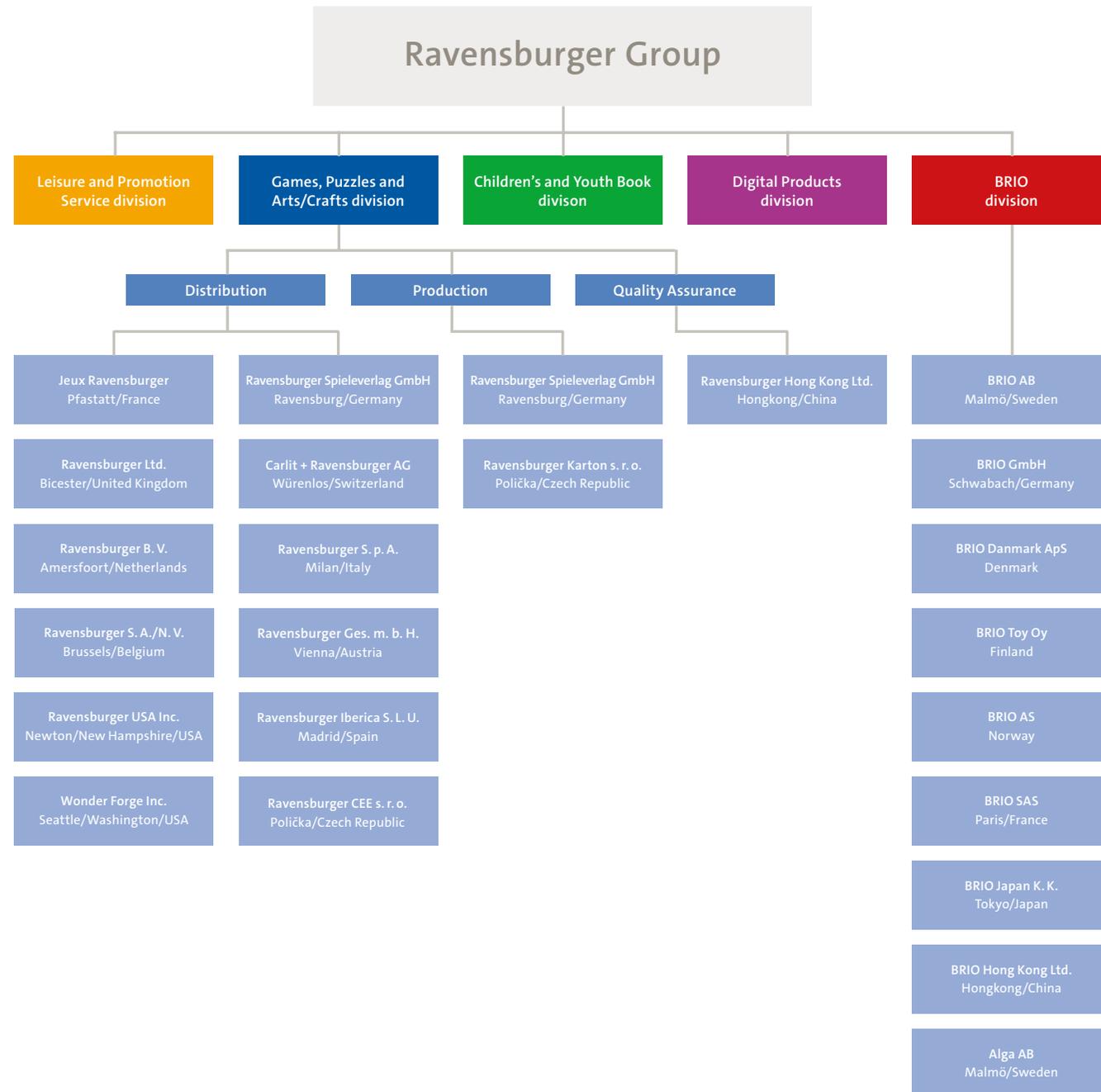
Multi-Year Overview of the Ravensburger AG Consolidated Group

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	T €	T €	T €	T €	T €	T €	T €	T €	T €	T €
Net revenue	285,761	287,768	293,255	311,660	319,521	329,873	358,676	373,153	443,998	473,544
Results from ordinary activities (from 2016 on net income before taxes) as a percentage of sales	39,993 14.0 %	33,575 11.7 %	44,662 15.2 %	45,928 14.7 %	31,913 10.0 %	47,863 14.5 %	46,181 12.9 %	53,069 14.2 %	49,806 11.2 %	55,565 11.7 %
Net income for the year * after tax margin as a percentage of sales	25,838 9.0 %	24,318 8.5 %	34,027 11.6 %	35,250 11.3 %	24,659 7.7 %	33,537 10.2 %	33,156 9.2 %	37,565 10.1 %	33,520 7.5 %	32,076 6.8 %
Net income * before depreciation of goodwill/brand	25,838	24,318	34,027	35,250	24,659	33,537	34,790	39,199	39,829	38,385
Cash flow ** as a percentage of sales	32,237 11.3 %	30,967 10.8 %	38,247 13.0 %	39,817 12.8 %	31,168 9.8 %	40,077 12.1 %	41,695 11.6 %	46,843 12.6 %	22,332 5.0 %	43,386 9.2 %
Balance sheet total	257,758	239,099	261,877	289,928	299,143	332,834	353,015	384,965	437,657	461,919
Shareholder's equity as a percentage of balance sheet total	131,704 51.1 %	142,400 59.6 %	161,897 61.8 %	183,689 63.4 %	193,918 64.8 %	213,823 64.2 %	230,111 65.2 %	255,357 66.3 %	270,350 61.8 %	287,591 62.3 %
Number of employees (year-end) ***	1,356	1,383	1,405	1,471	1,640	1,667	1,719	1,838	2,007	2,109
Investment in property, plant and equipment	5,812	4,515	5,108	11,300	8,003	6,907	3,700	8,942	15,083	22,001
Depreciation of property, plant and equipment	6,444	5,278	5,060	5,476	6,309	6,549	5,681	5,681	6,110	7,882

* Group proportion of net income

** Operating cash flow without working capital and provisions
until 2014 established in accordance with DRS 2 (German Accounting Standards No. 2)
from 2015 on established in accordance with DRS 21 (German Accounting Standards No. 21)

*** in full-time equivalents



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