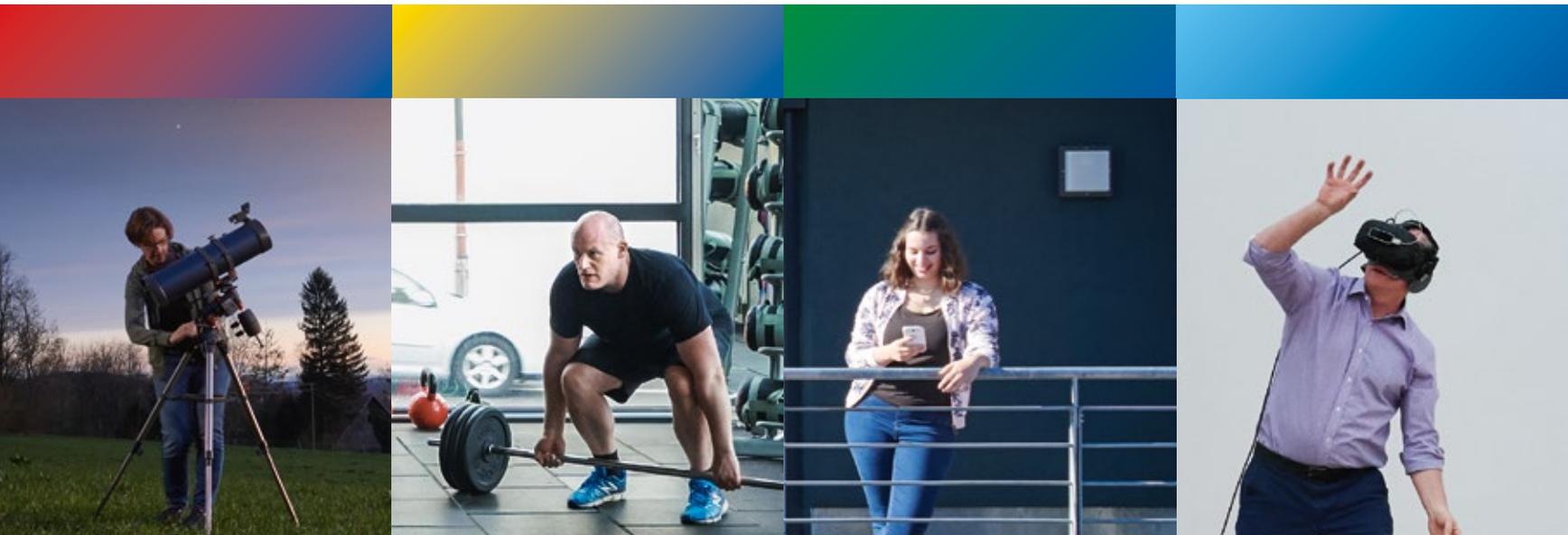


GENERATIONS



GENERATIONS



The Ravensburger Year 2017	6
Generations	8
Financial Statements 2017	67
Management Report	68
Balance Sheet	78
Income Statement	80
Multi-Year Overview	82

THE RAVENSBURGER YEAR 2017

At Ravensburger, 2017 was dominated by the continuous implementation of the new corporate strategy that we developed in the previous year. The reason behind the strategy are the changes in our customer behaviour and the resultant changes to the market environment in which we operate.

Our task is to create offers that truly resonate with customers and to help them meet the changes in the world. To this end, we have analysed how our customers play and read, shop and communicate – and adapted ourselves to this:

Since we firmly believe that haptic experiences continue to be relevant, but the digital world is becoming ever more prevalent, we are expanding our range in both areas. As our customers' shopping habits have changed significantly and will continue to do so, we have embarked on a clear omni-channel strategy and are present in all retail channels. Lastly, changed communication habits open up new opportunities to be closer to our customers and understand them better. Therefore, we have stepped up our activities in the digital communication channels.

In all of this our binding principle of “playful development” remains relevant as ever. This commitment has been in place for 135 years, spanning several generations.

In line with the internationalisation strategy in the Toys division, in autumn 2017, we acquired the US games publishing firm

ThinkFun, which develops highly acclaimed brainteasers and logic games and is a perfect addition to our portfolio.

Continuing our pursuit of innovation, 2017 saw us launch the interactive track system GraviTrax, which was a bestseller on the German-speaking market and one of the most sought-after toys in the run-up to Christmas. We also successfully enhanced the innovations of recent years. For instance, several 3D puzzles featured among our top sellers in 2017, including illuminated 3D puzzle structures and a miniature version of the legendary VW T1 camper van.

The turnover of the Ravensburger Group was on a par with the previous year, with sales of € 471.1 million. We posted gains in nearly all markets abroad thanks to a positive growth trend for games and puzzles. In Germany, sales were down compared to the previous year due to a one-off special transaction in 2016; excluding this effect, sales rose by 5.9% compared to 2016.

Toys, the largest Ravensburger division, generated sales of € 398,8 million from all brands in 2017, in line with the previous year. The division expanded its international business and grew by 5,5,% abroad, where just under two-thirds of our sales are generated. In particular, we made gains in our key markets of the USA, France, the UK and Italy. Strong demand for product lines such as “Bugs in the Kitchen” and “Labyrinth” confirmed the trend for playing games together.

BRIO also continued its innovation course, smartly combining the classic wooden railway with digital technology. The new line “Smart Tech” was launched in 2017, presenting children with new ways of playing by adding interactive RFID technology to the trains.

In the Children's and Youth Book division, consolidation of a segment caused sales to fall by 1.8% to € 63.7 million. However, the core business performed positively.

Sales of the Leisure and Promotion division rose by 16.6% to € 17,7 million, partly as a result of a major order. The new holiday village with accommodation facilities in the Ravensburger Spieloland theme park, which attracted a high level of bookings in 2017, made a significant contribution here.

We would like to express our thanks and appreciation to our employees for their huge commitment. Our thanks also go to the members of the Works Council, our retail partners and suppliers for their outstanding cooperation.

Ravensburger embodies change and continuity – and the term “generations” reflects both these qualities. With this in mind, we talked about last year with four generations from the Ravensburger Group. And so the following pages tell of our ongoing task of evolving while remaining true to our values. We hope you enjoy reading this publication.

The Managing Board

Xavensburger

Yavensburger

Zavensburger

Ravensboomer

Ravensburger

Across generations – Ravensburger

Digital, global, complex: the world is changing ever more quickly. As a company, our task is not only to keep pace, but to actively help design “tomorrow”.

In order for our products to truly resonate with consumers, it is clear that change is part of everyday business life, innovations are being developed in new ways, and we are all constantly learning. We are always on the move.

Yet change requires firm foundations. That is why one thing remains unchanged – the thing that really holds Ravensburger together: the Ravensburger gene, the company's perceived core values that are passed on from one generation to the next, that create unity and cohesion. Values that give guidance. Both inside and outside the company.

Change and new beginnings, consistency and preservation: the term “generation” embraces all these aspects. And interaction

between people of different generations is a key factor in the family company Ravensburger. What is more, the Ravensburger brand defines and has been defined by generations.

With four generations of Ravensburgers we explored what is new today and tomorrow. They represent and speak for themselves as people, their history, their work, their country and their generation – baby boomers, X, Y and Z. What do they all have in common? The importance of Ravensburger values as well as a willingness and keenness to help shape change and new beginnings.

So join us on a journey through four generations, three countries and two continents.

Renewal and preservation are all around. In the details and in the big picture.



I'm a

Xavensburger

Her doctoral thesis was entitled “Exemplary Heroism”. Even though this was several years ago – are there any parallels with her job? “Sometimes,” she says with a wink. Having worked for Ravensburger's Children's and Youth Book division since 2009, Dr. Anuschka Albertz assumed managerial responsibility for the product range in January 2016, becoming part of the company's next-generation management team. And in the broader sense of the term “generations”, she belongs to Generation X. Put simply, she is a Xavensburger.

What role do books play in this digital age?
 “That's a question that we must keep asking.”

Like many of her generation in Germany, she grew up with Ravensburger: with Ali Mitgutsch, games and puzzles; and then teenage books like “The Wave”. After studying history, history of art and classical archaeology, she did a doctorate in history before entering the world of publishing. In the Children's and Youth Book division, the core value of education is particularly close to her heart.

“Even though education may be a pretty unfashionable term these days, to us it's all about combining play and knowledge, reading and enjoyment.”

Career and family: “Whatever model you choose, it's important that everyone is comfortable with it.”

Whether one or both parents work, balancing career and family is hugely important to Generation X. Ravensburger enables individual models with several measures. At present, things are slightly different to the traditional role model in the Albertz family: as a freelancer, the husband and father does most of the family duties. And he takes the children to the Ravensburger Spieleland theme park for holiday childcare, for example. Anuschka Albertz is keen for everyone in the family to be comfortable with the model. “To me, housework is also a kind of counterweight to my job, because I do something with my hands and see a result quickly.”



Introduced in 2017, the “campus” provides a flexible framework for generating innovative solutions and products. Over a set period, teams from different departments work intensively here to devise various approaches and test them out in the target group. Big ideas and free thinking are allowed there – in fact they’re compulsory! In the campus for the well-known book series “Wieso? Weshalb? Warum?“, the focus was on adding a digital dimension to the brand. “That was an intensive time, beneficial in terms of content and methodology.”

“The first book publishing campus was truly groundbreaking – the way of working, the dedicated space, the great ideas in next to no time!”

“If a child says: ‘Oh, that's interesting’,
the topic instantly takes root in our family in some way.”

Anuschka Albertz is a keen reader, a music lover and an all-rounder. In addition, the subjects she studied have become her hobbies, and she has taken up new interests with her children – such as astronomy. She regards time with her family as the antithesis of work. There are strict rules: home life is exactly that – with no e-mails or working from home. By the way, having the target group at home helps to understand their needs.



Change is readily apparent here. There is this modern location, of course, but also, the Generation X management team has brought along a new corporate culture: open, collaborative, international and crossing group boundaries. It encompasses spontaneous meetings over coffee as well as after-work parties and management off-sites. “My first management off-site in 2017 was a defining moment for me, as the book publishing division had never previously had any contact with Ravensburger’s international subsidiaries because it is focused on the German-speaking market.”

“The new staff restaurant benefits everyone. You get talking quickly here and can have informal chats.”

What defined last year?

One major change was the generational shift at management level. This applies to the book publishing division run by Anuschka Albertz and Urban von Melis, as well as to Ravensburger in general: on the Ravensburger Group Managing Board, in the management team of the Toys division and in further managerial roles – all of the new management team are part of Generation X. “The baby-boomer generation was hugely successful, and some of them spent a very long time at Ravensburger. They revived the commercial fortunes of the Toys and book publishing division and took them to another level of success.” Anuschka Albertz believes that the big task of her generation is “to build on this legacy with all of our strengths – reliability, clarity of the brand, the trust invested in the brand, the quality of the products. And also to find a new direction to go in.”

How does the collaboration between four generations work?

She regards it as stimulating: “I find that every generation can also learn from the other, and people from every generation can provide impetus. Along with generational identity, influencing factors such as the parental home, educational background and interests also play a part.”

Anuschka Albertz sees generational breaklines primarily in the university degrees and digital affinity: Generation X and lot of editors in the book publishing division aged around 30 did the state exam or a master's degree, while the younger ones started work in their early 20s after finishing their bachelor's degree. And: “Instead of growing up with digital technology, some of us only learned how to use it as students or when starting work.”

“In the campus, the intensive target-group surveys were also beneficial.”

What values define Generation X?

In contrast with the baby boomers, people born after 1968 grew up with an anti-authoritarian attitude to raising children. They also experienced critical questioning, new freedom and individual responsibility at school and in further education. To Anuschka Albertz, these are the roots of a different management style.

“Like the baby boomers, Generation X is relatively performance-oriented. And because jobs were quite scarce, they soon learned this 'Look after number one' philosophy.” Studies of Generation X confirm this view: today's 40-to-50-year-olds are regarded as ambitious, individualistic and aspirational. They are well educated and work in order to have materially secure lives. Although they are performance-oriented, a work-life balance and flexible working hours are important to them.

What new working methods are particularly groundbreaking?

“The first WWW campus! It was extremely strenuous on top of our normal work, but it broke new ground far beyond the tangible results.” The campus group included employees from various Ravensburger divisions and departments as well as an external trainer and a moderator. “It was an intensive time – two days a week for two months, and then one day a week for another month.” According to those who took part, it was hugely beneficial in terms of content and methodology. In terms of content, all key questions were resolved – regarding the shape and look of the digital implementation of “Wieso? Weshalb? Warum?” and parents' expectations. The extensive methodological benefits for all participants were the new form of teamwork and the experience of setting their own targets, dealing with conflict, not talking everything

through relentlessly, reaching a provisional solution, testing it and working on the findings. Intensive target-group surveys on the “Wieso? Weshalb? Warum?” product brand were also conducted among mothers and fathers, and proved beneficial in terms of content and methodology.

Finding time for the campus was also a challenge for participants, as they had to fit it around their day-to-day work. Essentially, it is also about reconciling the new, flexible method with work based on our normal procedures and processes. This is possible for employees working from home – but not in the campus. The Children's and Youth Book Division has already created new structures for conventional process-based work: a deadline-free Friday has been introduced – with no overriding deadlines so that all colleagues can use the day in the best possible way to get on with their work.

What is the Ravensburger gene?

“I think the gene is actually very closely associated with “Wieso? Weshalb? Warum?”, child learning and our commitment to education. That's why I'm still keen on 'education', even though it may be the least fashionable term in the brand values 'enjoyment, education and togetherness'. To me, this also includes enjoyment of learning to read and reading, enjoyment of discovering stories and entering new worlds.” The fact that the book publishing division mainly stands for combining education and play is important to Anuschka Albertz, particularly as it sets Ravensburger apart from competitors. “What we have to do now is pass on the gene to a new age.”

What is the biggest challenge for the next generation?

The 'not only, but also'. “We need to be present both offline and online, and offer both haptic and digital products. We need to work methodically and flexibly. This challenge has to be embraced. The Ravensburger values provide guidance here. This is important, not least in an ever-changing world.”

“I think that the Ravensburger gene is very closely associated with our commitment to education.”

“The big task of my generation is to build on the great legacy and find a new direction.”



I'm a Yavensburger

He is an all-rounder at Ravensburger UK, part of the management team and the right-hand man of Managing Director Tim Hall: Benn Bramwell has been there since 2010, currently as Marketing & New Product Development Manager of the English subsidiary. Along with product development for the English market, focusing on puzzles and games, he is in charge of marketing plans, licenses and category management for the BRIO brand. In short, he's a multitasker who typifies Generation Y: he's a Yavensburger.

Whether employees are in the office or on the move, dialogue in the Ravensburger Group is becoming ever more international and mobile: communication in motion. Via video conferences, four or five countries can go through a presentation together, inform each other about current projects and learn from each other. Even though day-to-day communication is increasingly digital, Benn Bramwell also enjoys meeting people face to face at trade fairs and conferences. The more international, the better.



“I spend fifty percent of my day networking with my international colleagues.”



As a child, he loved playing football, and spent many hours outside every day; these days, he still enjoys kickabouts with his son in the park, has a keen interest in international football, and goes to the gym because he takes his health seriously – as is typical of Generation Y. Flexible working hours and professional freedom are also important to him. But Benn's biggest hobby is his family. And he puts just as much energy into his role as a devoted father.

“Probably another symptom of modern life: I don't have the time to watch a full football match anymore. But I can watch the highlights of global football in five minutes on my mobile.”

It's vital to keep a finger on the pulse. New products for the English market are being tested with a professional agency – directly with the target group: Benn Bramwell gets spontaneous feedback at home from his children. In test games at school, his wife – a deputy head teacher – finds out directly whether a new product works and what the kids think of it. No wonder this practice is rigorously applied at Ravensburger UK.

“We take products into my wife's school, and play them with kids which gives us immediately the first-hand experience of the product.”

Ravensburger UK adapts children's games for the English market, and its children's puzzles team is also always on the lookout for the best entertainment licenses. Finding them and developing high-quality products from them is one of Benn Bramwell's main tasks. He buys and negotiates licenses mainly for the UK market with the likes of Nickelodeon – although many licenses are also used internationally. Valuable input is also provided by the sales team, which is in close contact with retailers and consumers and has sound knowledge of the market as well as the latest trends.

“Licencing is very vast now. There are so many different licences and so many different things that children are into now because they can get their input from so many different places.”



Who is learning from whom here? Take YouTube, for example: in what is now the biggest medium for kids, trends are set and intensified – and manufacturers find out about the latest developments. That is why social-media research of game and license trends is now commonplace at Ravensburger UK. Because Benn Bramwell follows his children's media use very carefully, he also knows what they don't learn there: respect, politeness, patience and appreciation. "What I don't like about the digital age is this instantaneous 'I need it now' and the whole throwaway aspect of the generation." He believes that it is always up to parents to demonstrate a different attitude here.

“So, giving a 4-year-old an iPad to watch a television show from, my mum and dad would say: Why are you doing that?”

“We've become a lot more strategic with what we do from a marketing point of view.”

What was new last year?

In 2017, Ravensburger UK put its strategic planning on a new five-year horizon. It now extends to 2022 instead of 2018. Ravensburger UK is thinking further, and defining the specific steps for achieving its set targets in five years and growing the Ravensburger Business in the UK. “We've become a lot more strategic with what we do from a marketing point of view, so we're investing more money in BRIO, and we're investing money in ThinkFun. We are changing our strategies, and we're doing a lot more online. We're more active on social media, which certainly wasn't the case two years ago. Now, we're communicating with our end users a lot more through Instagram and Facebook. In addition, Twitter plays a big part in direct engagement with the target group, especially in the UK.”

Between children and parents: what are the characteristics of Generation Y?

His digital-native kids at one end, his parents at the other – and Generation Y in between. Benn Bramwell is well aware of the differences between the generations. He grew up in a traditional family, and spent lots of time playing football outdoors. Meeting friends meant talking to arrange a time and place in advance. His children do this digitally. It's all about media use: while he had to learn how to use a computer and the internet at university and at work, his children grew up taking iPads and smartphones for granted. At the other end of the generational spectrum, his father only recently started using a computer, and every e-mail is an event for both of them. At the same time, his parents recognise that his four-year-old daughter watches films on the iPad.

His and his parents' generations also differ in terms of family and gender roles: his mother worked hard as a “stay at home mum” and didn't go to work until Benn was older, and his father worked six days a week from early in the morning till late in the evening. By contrast, Benn Bramwell and his wife, who also has a demanding job as deputy head of a school, are much more involved in their children's lives. They play with their children more and do more together – and not just in the holidays and at weekends. “I think one of the more important things that needs to be pushed with Generation Y is the fact that families have mums and dads. Mum and dad go off to work. It's 2018. If your child is sick, or your child has something, it's not the mum that does all the work any more. I think there needs to be an absolute mixture of the family to make it work and to get your family to succeed.”

How to bridge the generation gap at work?

At Ravensburger UK, some employees are in their early 20s, while others are over 50. This means that in addition to Generation Y, the current majority, a young generation starting their careers and a generation with more than 30 years under their belts at Ravensburger work together here. Benn Bramwell sees a good balance of opposites as a recipe for success. “I think, especially with a company like Ravensburger, you have to have a respect at the core and traditionalism, but you also have to understand that there needs to be a new, innovative, digital aspect of what you're doing.” Where different attitudes collide – the impatience and critical demands of younger people, and the older generations who know roughly how long product develop-

ment takes and are used to waiting for things – Benn Bramwell believes it is important to understand both attitudes and find the right balance: “One thing that is interesting about Ravensburger is that you have to have a mix of both. I think, as a company, they have a balance of traditionalism, which is really nice, and they have this whole new innovative arm to them, which they are developing now.”

Was there a next-generation moment in 2017?

It was about the way in which children communicate these days: a colleague in the industry bemoaned the fact that children only seem to interact digitally these days and hardly ever talk to each other properly. He questioned the value of this communication as a whole here. Yet Benn Bramwell sees it differently: the kids of today do

“The Ravensburger Gene? First and foremost it is the family values.”

What is the Ravensburger gene?

“I think first and foremost it is the family values of that.” And Benn Bramwell lists further aspects that he identifies as the core of Ravensburger: the strong sense of family embodied in the brand, the sense that children learn with the products, and a range that brings the generations together. For instance, the recently released Gravi-Trax is a product for children and adults alike. Benn Bramwell regards this as one of the major values of working for a company like Ravensburger, a value that sets Ravensburger apart from other toy providers. He also likes the emphasis on playful development: “I think it's very important, I think it's quite cunning because children don't realise that they're learning from what they're doing.” Particularly for a child in the UK, something too obviously educational can be something of a turn-off.

seem to be on their smartphones and social media all the time, but that means they communicate a lot. He strongly urges the older generation to accept how young people communicate these days. It's just different.

What form will communication take in the future?

Watching how kids communicate today mainly leads Benn Bramwell to conclude

how important it is to be present not only in the digital world, but also at all touch points of the target groups. After all, they also read magazines, they watch TV, they are on YouTube, on social media, they are exposed to all these things, and they are part of them. “You have to be where they are. And the difficulty with that is the target group is in so many different places now, you have to be in those places too.”

“The Challenge: You have to be where the kids are.”



I'm a

Zavensburger

Confident, decisive, always online, highly connected: Generation Z has to be really smart to keep up with the constant change. Ultimately, this is expected of the “digital natives”. One representative of the youngest generation in the company is Daniela Leutenmaier. After taking her university entrance exams in 2017, she moved from her village of 900 inhabitants to Ravensburg, “to the big city”, to study at Ravensburg University of Cooperative Education. Her subject is business studies with media and communications, majoring in advertising and market communication. She alternates between the university and Ravensburger every three months. What particularly stands out is the way she is deeply attached to the digital world while also appreciating analogue things. That makes her a Zavensburger.

“Despite being the youngest in my department, I feel able to put forward my opinion and ideas.”

At Ravensburger, Daniela Leutenmaier spends time in various departments that are relevant to her course. How would she describe the corporate culture? “People are always willing to listen. Whoever you go to, if you have something to tell them, you can tell them.” Even if it concerns general training or company matters, she can always go to her training manager: “You never feel alone here.” This isn't always the case, as she knows from fellow students at other companies. In short, Daniela Leutenmaier feels comfortable as a young person at Ravensburger “because you have freedom and opportunities.”



She had her first mobile phone aged ten, then a smartphone, along with warnings from her parents; however, Daniela Leutenmaier only recently joined Facebook and Instagram. “Of course, I’m well into WhatsApp, Snapchat and Pinterest.” But contrary to the cliché of the always-on generation, she isn’t constantly online: she enjoys the occasional “live” stroll through the city and is keen on reading. And: she loves musicals – “the full package, so the scenery, the music, the story, the atmosphere – you just have to experience it live, no live stream can match it, and of course it’s fun to dress up for the occasion!” Then it’s all recorded with selfies and phone pictures.

Always online?
“Not always. I do switch my mobile phone off sometimes.”

“Family company’ – that sounds to me like a community, you sense that in the friendly way in which people work together, and that's extremely important to me.”

There are lots of opportunities to be part of a community at Ravensburger, such as Lunch & Learn, a monthly series of informative events on interesting subjects – followed by snacks and discussion. Or after-work parties or courses on sport and relaxation. Daniela Leutenmaier thinks this is “great, because you get to know new people there too.” Of course, “community” has a predominantly digital dimension: on the new intranet or – typical of her generation – through networking with the other cooperative university students via Facebook and WhatsApp groups.

Previously, Daniela Leutenmaier didn't have enough money or time for big trips, so she mainly went to festivals and musicals with friends. "But travelling is definitely on my to-do list. A semester abroad at Ravensburger in Sweden or the USA would be great." Ultimately, travel is extremely important to Generation Z. Daniela Leutenmaier currently gets views from all over the world online and often skypes with her best friend, who is in Australia at the moment. Ravensburger aims to introduce a sabbatical system that lets employees take lengthy breaks, giving them more flexibility for travel or hobbies. "That is ideal for my generation."



"Many of the people in my last year at school have done an internship or gone abroad for now."

“When you buy a board game, you buy it deliberately and don't just download an app.”

What essentially typifies Ravensburger? The social value of its games. “Because you're doing something together, because you can communicate and learn a lot about life.” A light-hearted game with friends, says Daniela Leutenmaier, “is even more fun than a game on your mobile phone.” Asked what Ravensburger products should be like from the perspective of a future mother, Daniela Leutenmaier replies: “They don't need to change much at all. Of course, it's necessary to keep evolving and respond to trends, but haptic experiences are extremely important to babies and toddlers.” In her view, there's no need to mix everything with technology: “A game is just something different from an app that you download.”

What typifies Generation Z?

Typically, those born around 2000 draw a strict line between work and personal life, their career doesn't come first, and self-fulfilment tends to be sought in the personal domain. Daniela Leutenmaier also values having time for herself and her friends, and being happy and content with her life.

They are regarded as 'digital natives' – especially the younger ones. Those born in or after 2005 don't know a world without smartphones and the internet. To sum up the media habits of Generation Z, they are always online, they use, share and produce content, and they filter information expertly. YouTube is huge, and they hardly ever watch conventional TV.

Her statement is indicative of the challenges facing the young generation: they need to keep up with the ever-growing pace of technological change and constantly readjust. Things move so quickly that an age gap of just a few years can cause a dividing line within the generation. It is also noticeable that the younger ones are setting the pace, not only as digital experts, but also as pioneers of social change.

What image does Ravensburger have among Generation Z?

As a child, Daniela Leutenmaier played with Ravensburger products a lot, so she has a strong emotional attachment to the brand. "These days, it makes me extremely happy when I walk through our reception area

love playing and that I personally can really trigger something by doing this." The response was entirely positive, including her parents' generation. And since she has been working at Ravensburger, she is often asked about certain products, or it rekindles awareness of the brand among those who know her, encouraging them to take up puzzles or games again.

Wouldn't the coolness factor of a dual-study programme at somewhere like adidas be higher? Daniela Leutenmaier believes that in her generation, the coolness factor no longer matters so much and that she would receive no more admiration from her friends if she had started at adidas rather than Ravensburger. "It's not about envy.

Typical of Generation Z: there's a strict line between work and personal life.

Daniela Leutenmaier readily uses digital media – but with a nuanced view: as she is one of the older members of Generation Z and spent most of her childhood without a smartphone, she has mixed feelings about early and extensive digital media consumption by children.

At the same time, she is worried about losing touch with the younger digital natives. "There are sixth-formers who can operate a smartphone far better than I can. That's frightening, but it's also progress."

where all the puzzles, games and toys are set out." She knows that she could earn more in a company in the metal industry, but it is more important to her that she can trigger something with the products and that the products are meaningful.

How did her friends react when Daniela Leutenmaier told them she was starting at Ravensburger? "Oh my goodness, to the puzzles and games! Yes, how cool" – that was a typical reaction. She qualifies this a little. "Well, they know me and know that I

“It's good that Ravensburger also communicates with consumers via social media.”

“The Ravensburger gene? Social responsibility! And I think that we fulfil it really well.”

Instead, they're simply pleased for me that I've found something that I enjoy a huge amount." Two important statements: she clearly sees that her generation has a certain dependence on brand images; they clearly buy trainers or an item of clothing now and then because they're bang on trend and present on all digital channels and people think they're cool. "But as far as major life decisions are concerned, I'd say, this doesn't matter much to me and my friends."

What is the Ravensburger gene?

To Daniela Leutenmaier, it's social responsibility. Games always have a social value, simply because you get together, do something together, communicate with each other. "I find that you can learn a huge amount from games." Daniela Leutenmaier gives an example: "If someone is a really bad loser, for instance, then I think that they could have played more from an early age, then they automatically have lost more and learned how to deal with it." In her eyes, Ravensburger's responsibility is very important, "and I find that we also fulfil it really well." Which products does that apply to?

"Memory®, for example: it teaches children to sit down quietly, concentrate and think for themselves. Or Make'n'Break, that's about haptic experiences. You need to work quickly, concentrate and perform a precise task."

Is Ravensburger digital enough?

As far as the products are concerned: yes. And what about communication? Daniela Leutenmaier thinks that Ravensburger's current website is pretty good. Ultimately, it is essential for her generation that a website has an appealing design and they enjoy spending time on it. It is also important that Ravensburger also communicates with consumers via influencers, Instagrammers, bloggers and YouTubers, particularly with regard to products for Generation Z.

And internally? The intranet was extensively revised in 2017, but initially, some content still had the old look, which Daniela Leutenmaier thinks really draws attention to the change. "To me, they are worlds." The new intranet has a contemporary layout with lots of pictures, news and information – from the menu and the sports schedule to

events. "I thought it was great when a TV station had shot a film about Ravensburger, and then there was an announcement on the intranet: public viewing in the staff restaurant, with snacks." So the intranet also helps foster the sense of community. To Daniela Leutenmaier, one particularly exciting thing about the new intranet is how it increases awareness of digital communication. "Maybe even through our generation."



I'm a

Ravensboomer

"I think baby boomers grew up thinking that they were the most important people in the history of the world, and so we grew up thinking that our ideas were the most important ideas." In 1985, Bill Ritchie and his wife Andrea Barthello established a company that developed a new product category: brainteasers and logic games. It became a success story, and the ThinkFun range won multiple awards. Ravensburger acquired the brand in 2017. Consequently, thoughts of retirement could not be further from Bill's mind. Ultimately, it is typical of baby boomers that their work is a vocation. So the youngest member of the family is a Ravensboomer. Or quite simply: a Ravensburger.

“ThinkFun and Ravensburger: It's been such a smooth transition.”

From Alexandria, Virginia, USA, to Ravensburg in Upper Swabia: with ThinkFun, the Group has added a new member. With this acquisition, Ravensburger is further building out its position in the US toy market and gaining new expertise in brainteasers. The ThinkFun founders were looking for new prospects with an internationally strong partner, and found them with Ravensburger.



“It feels not like we gave our baby away
but more like our daughter got married.”

Welcome to Ravensburger! The new member fits in so well with the growing family because both companies share the same values: fairness, belief in the family, a commitment to education, and making real games with meaning and heart. “Playful development is a Ravensburger phrase but I myself take it more and more to heart, it’s what we believe too.” From President to Chief Creative Officer and Team Mentor: Bill Ritchie enjoys his new role as the creative head of ThinkFun and the freedom to contribute new ideas.



Ever since 1985, Bill Ritchie has been on the lookout for new ideas that can be turned into toys. This has resulted in products that promote creative thinking and development in children through play. He also believes that the concept of changing the world through play stems from the confidence of his generation. His pioneering spirit is inexhaustible, and he embraces new technologies wholeheartedly. He finds inspiration everywhere. In the Zeppelin Museum in Friedrichshafen, for instance.

“Our mission statement is ‘to translate the brilliant ideas of the craziest mathematicians, engineers and inventors into simple toys that can be appreciated by boys and girls around the world.’”



They have written toy history together with ThinkFun: Bill Ritchie and Andrea Barthello, who was the operational head and cultural heart of the company. They raised two sons, and both of them are soon to become fathers. Andrea Barthello was recently inducted in the Toy Industry Hall of Fame – a huge recognition of her achievements, which are also appreciated in Ravensburg, the town of games. The acquisition by Ravensburger also marks the start of a new phase of life for the founders. The baby boomers are looking forward to playing their games with their first grandchildren soon.

“It's time to relax as we moved into our sixties and we are going to be grandparents.”

The Ravensburger children's room has gotten bigger: new brands, categories and products have moved in. Product developments that respond to the change in the world and current trends, such as the ThinkFun Yoga Spinner, which trains body and mind. Or the Ravensburger GraviTrax, the interactive track system that encourages play-based experience of gravity. And of course, lots of Ravensburger classics have retained their place in the playroom. All for playful development. No wonder this extends beyond the children's room.

“I believe in the power of a great game to prepare kids for the challenges of the 21st century.”

Digital or analogue: How does learning work best?

ThinkFun has always looked closely at how play can influence education and learning, often in collaboration with schools, foundations and research institutions. A recent school project explored experiences of analogue games and online games. The overall experience was that each component has its own learning strength which can't be duplicated by the other component, and together they can form a stronger learning experience than is otherwise not possible. "Very exciting for the future!"

How did the game for two-year-olds come about?

The story of Roll & Play® is a clear illustration of Bill Ritchie's pioneering spirit. While visiting his brother in Massachusetts, he went to the local toy shop and asked the owner: "What is it that people come in and ask for that you don't have?" He said: "Games for two-year-olds. But there is no such game." That set the ball rolling. Ritchie's explanation was that there is no such game because no-one had ever tried to think like a two-year-old. His approach was to develop a concept based on what a two-year-old likes doing, and focused on having fun

"You have a feeling that Ravensburger believes in family, believes in games and toys that have purpose, sort of having a higher meaning and this resonates very well with me."

and receiving praise. Simple, little things like clapping three times, shaking the head, or roaring like a lion. That is how Roll & Play®, the first game for children aged 18 months and over, came about.

What typifies baby boomers?

First and foremost, real self-confidence. The baby boomers in the USA grew up believing that they were the most important people with the most important ideas in the world history. Bill Ritchie thinks this stems from the extent to which parents

spoiled their children after the Second World War and gave them lots of freedom. In the late Sixties, during the protests against the Vietnam War, the young generation believed they could change the world. Long hair, drugs, rebellion against parents – there was a blossoming counter-culture. To Bill Ritchie, "this was one of the most glorious, liberating, amazing periods of all times." He dropped out of school and spent a year hitch-hiking through the country. At 16 or 17, he felt grown up and ready for life and right decisions. In his late 20s, he set up his

"Digital or hands-on? Each component has its own learning strength which can't be duplicated by the other."

company and launched a new genre of games. With a certain degree of amazement, he looks back at how, over so many years, he has always remained confident that new ideas would keep coming and there would always be a next creative point. And what was the source of this creativity? Once again, the confidence of the baby boomers to know how things work and to shape the world in line with their vision.

What typifies the other generations?

"So Generation X was a little bit of a lost generation," says Ritchie, "feeling like their parents ignored and kind of abandoned them."

With a hint of irony, he describes Generation Y, the millennials, as totally organised, everything in their lives is programmed, there is no time to play outdoors, their parents are afraid they could be kidnapped. And the younger millennials: a difficult generation. They don't want to face up to things, want nothing to do with complicated things, they need safe spaces that protect them against shocking ideas, and don't even want to hear anything about them at college; they don't want to dress up at Halloween because the costumes might be politically incorrect. "They are now called snowflakes, they might melt. It's a generation that has been overprotected and so they are overly tender."

And of today's younger children, he says: "Generation Z is a generation that's coming up, and these are children who are negotiators, so there now is a situation where no longer the parents say: 'Okay, get in the car, we're going to grandmother's house.' It's: We're thinking it's time that we might want to go to grandmother's house, how do you feel about that?"

How does collaboration between the various generations work?

In the course of ThinkFun's history, there have certainly been occasional conflicts between the generations. However, they have soon blown over as a result of shared values. So how important are corporate values to collaboration between the generations? "It feels like values can bond between generations."

What is the Ravensburger gene?

"Ravensburger, it's about genuine games that have a heart, they are about values, purpose, a higher meaning, and this resonates very well with me. With the games that we develop at ThinkFun," Bill Ritchie explains, "our team will spend months refining it, improving it, working at it, trying to massage it to just make it be the play experience that when a parent takes it home it has quality." He quotes Andrea Barthello: "With the ThinkFun product, we want when someone takes it home and opens it up they feel that they got more than they thought that they got. If you ask would that be the case about Ravensburger I would say yes, same thing." Both companies are about values, not fast trends or making a fast buck. Looking back, he sees it like this: "If you were to have asked us anytime over the years, 'Is there an international company that you would say resembles ThinkFun?', I think our answer would be Ravensburger". What does he think of 'playful development'? "I find myself taking it more and more to heart, it's what we believe too. 'Education' is included. It's our job to bring the secret source that can make learning fun. You have to have the heart as well as the head of the toy."

"It feels like values can bond between generations."

I'M A RAVENSBURGER



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, Treasury, Group Controlling, IT, Legal and Corporate Development as well as – since January 2017 – Digital.

For this purpose, Ravensburger Digital GmbH was incorporated into Ravensburger AG with effect from January 1, 2017. The development activities of the Digital Products division were integrated directly into the function Digital of Ravensburger AG. The product-specific activities are directly allocated to the separate divisions.

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 three divisions: the Toys division, the Children's and Youth Book division, and the Leisure and Promotion Service division.

In view of the internationalization of the Group and the increasing cooperation between various areas, the Games, Puzzles and Arts/Crafts division and the international brands such as BRIO and Wonder Forge were grouped together in the Toys division. This division develops, produces, and markets its products internationally, with a focus on Europe and North America. The Group has

subsidiaries in major European markets such as France, the United Kingdom, Italy, Spain, Benelux, Austria, and Switzerland, as well as in the United States, Japan, and the Scandinavian countries. Smaller markets are usually developed and managed through export business. The products are produced mostly at the Group's own plants in Germany and the Czech Republic. Newly acquired in 2017 was ThinkFun, Inc., a market leader in brain games based in Alexandria, Virginia/USA. ThinkFun also belongs to the Toys division.

The Children's and Youth Book division publishes and markets in particular picture books, children's non-fiction books, and fictional children's and youth books specifically for the German-speaking markets. Furthermore, products from the Toys division are sold.

The Leisure and Promotion Service division is segmented into the areas Ravensburger Spieleland theme park including Holiday Village, Agency Business, the Ravensburger Museum, and Ravensburger Retail Stores.

Employees as a Success Factor

In the past fiscal year, an average of 2,133 full-time employees (previous year: 2,109) worked in the Ravensburger Group. The share of female employees in the domestic companies was 56 %.

The company's success is in particular 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 2017, there were 60 apprentices with training agreements in 16 different professions in Ravensburg. Specifically, there were 24 apprentices in commercial, 20 in commercial/technical, and 16 in logistics professions. 20 of these apprentices started their vocational training with Ravensburger in fall 2017, while ten were taken on as employees after completing their apprenticeships.

Furthermore, 26 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). Seven of these students began their studies in 2017. Five students were also taken on in fall 2017.

Specially designed to nurture the right skills is a 24-month post-graduate trainee program which offers university and college graduates a comprehensive, practice-oriented qualification through targeted on-the-job training. The basis of the program is an unlimited-term contract as well as the prospect of gaining a responsible position after these 24 months. In 2017, two trainees completed this program successfully. In October 2017, a new trainee started the program specializing in product management.

Over a period of 18 months, the editorial and design team interns are prepared for future editing or design jobs by means of an extensive, specially developed qualification program. In 2017, 14 editorial team interns were trained in the Toys division as well as the Children's and Youth Book division, and six interns successfully completed their internships.

International Competencies

To actively promote international qualifications of the DHBW students, the company sends up to five students to the international subsidiaries 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 Ravensburger North America, Inc. in Seattle, USA as well as in Newton, USA, and 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 2017, 67 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 2017, a total of 45 managers took advantage of the 18-month management development program. 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 qualification program comprising 15 extensive modules is offered specifically for Ravensburger editors. Creative/design expertise, soft skills, and entrepreneurial know-how are taught on the basis of a specially developed skills module. 42 editors participated in this program.

A total of 122 employees chose to attend the “Ravensburger Academy” in 2017. The academy 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. open creativity techniques or design thinking), personal and social competencies, legal cases, human resources, and business studies.

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, the events offered in the first half of the year attracted a total of 842 registrations. The focus in the second half of the year was on digitalization in order to support the Ravensburger corporate strategy. Speakers talked about various aspects of digitalization during the series of lectures. A total of 1,202 employees registered for this topic area.

“International Talent Program”

Within the scope of the Ravensburger “International Talent Program”, selected participants attend six practice-oriented seminar modules to learn key competencies. In addition, work on a challenging project provides the high potentials in the Ravensburger Group with training for complex project management functions within the company. For the first time, an international program started in 2017. It involves 15 participants from five countries. Also new is that the seminar modules and project work take place at various Ravensburger Group locations in Germany and abroad. The goal of this year’s program is to further expand internal communications within the Ravensburger Group by summer 2018.

Health Promotion for Ravensburger Employees

With its “Ravensburger aktiv” program, Ravensburger offers its employees health-promoting benefits including a sports group, rest areas, motivational talks, cooperation with a local sports club, and free, anonymous psychological counseling. Very popular are the courses at the Ravensburg location, including yoga, Pilates, back training and ergo-fitness as well as Nordic walking. More than 300 employees took part in these courses in 2017.

An “Eye Health Day” took place for the first time in 2017. Employees were able to have their eyes tested and attend a motivational talk on “Eye Fitness”. Due to the high demand, the event was followed by monthly eye tests which attracted a total of 190 employees.

The health protection program was extended to include the subject of “Psychological Risk Assessment”. This involves moderated workshops in the commercial area or observational interviews in

the technical area which identify potential psychological stresses in the workplace. The aim of this risk assessment is to reduce psychological stress factors. To ensure the sustained success of the process, Ravensburger emphasizes the active involvement of employees and superiors. In 2017, two pilot workshops took place in different departments.

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, at the end of 2017 the option of saving credit hours on a time account was created. This enables employees to convert e.g. ongoing salary payments so that they can take sabbaticals.

Furthermore, in 2017 Ravensburger again provided a childcare service for employees’ children in the Spieleland during the Easter, Whitsun, summer, and fall breaks. A total of 137 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 20 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 € 30 million to € 40 million in the development of new product offerings and concepts. Some 1,800 new products are launched annually, with which the Ravensburger Group generates approx. 24 % 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.

For many years, the Toys division has operated a general innovation management system. During 2017, it was increasingly applied in selected projects. Applying various agile methods such as the Design Thinking approach and the SCRUM and Kanban methods, inter-departmental teams worked on new innovation projects. These approaches involve a multi-stage model. First, customer requirements are examined, trends reviewed to determine their relevance for Ravensburger, ideas generated, and prototypes created. Next, the prototypes are tested on the target group at an early stage of development. That ensures iterative further development. To this end, the Group works with a growing network of external partners from research institutes, technology companies, innovation agencies, and designers.

Situation and Development of Business in 2017

For the first time since 2013, the past fiscal year was characterized by the fact that the markets for games and toys in the five most important European countries failed to grow (-1.0 % / source: NPD EPOS panels).

While the games and toys markets in the UK (-2.8 %) declined, the markets in Germany (-0.1 %), Italy (-0.2 %), and France (-0.8 %) remained largely as in previous year. Spain achieved a modest increase of +1.7 %.

The book market in Germany was down on previous year by -1.5 %. Similarly, sales on the children’s and youth book market fell below 2016, with a decline of -1.8 %. One main factor here was the market success of the title “Harry Potter and the Cursed Child” (Carlsen) in the previous year. There was similar negative development on the book markets in Austria and Switzerland. The Swiss book market weakened the most (approx. -6 %).

On average over the year, the exchange rate of the euro to the US dollar increased slightly compared to 2016, by 2.0 %. The euro also

gained against the Swiss franc (+2.0 %) and the pound sterling (+7.0 %).

Under these conditions, the Ravensburger Group was able to hold net revenue to € 471.1 million, a level slightly below previous year (-0.5 %). Adjusted for exchange rates, net revenue was exactly on 2016 level.

The consolidated net income of the Group was € 23.7 million, which was below previous year (€ 32.1 million).

Business Development of the Operating Divisions

The largest division of the Ravensburger Group is the Toys division, which accounts for 84.7 % 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 13.5 % of consolidated net revenue and a corresponding share of the Group operating result. The smallest division, Leisure and Promotion Service, contributed a net revenue share of 3.8 %, and also closed the year with a positive operating result.

Toys Division

The Toys division generated a net revenue of € 398.8 million in 2017 with all its brands, matching the previous year’s result.

This division expanded international business and achieved growth (after exchange rate adjustment) of 5.5 % abroad, where just under two-thirds of sales are generated. Ravensburger gained above all on its most important markets, the USA, France, the UK, and Italy. Especially sales of games and puzzles increased business. High demand for product families such as “Kakerlakak” or “Labyrinth” underlined consumers’ love of playing together.

In the US market, which is strategically important for Ravensburger, the Ravensburger and BRIO brands achieved strong growth. The Canadian market also developed positively. Furthermore, both ThinkFun and BRIO generated growth in other international markets such as China.

On the domestic market, the division's net revenue was 10.0 % down on previous year, which had benefited from a unique, major one-time business. Without this one-off effect, sales compared to 2016 increased by 5.9 %.

Newly launched in the German-speaking markets was the Gravi-Trax product family. The interactive track system exceeded the high sales expectations and was sold out at the end of last year. The company plans to sell GraviTrax on further markets in 2018.

Children's and Youth Book Division

The children's and youth book market in Germany (-1.8 %), in line with the overall book market (-1.5 %), declined slightly on previous year. Also in Austria (-0.7 %) and Switzerland (-4.7 %), the market development compared to 2016 was negative. These developments are attributable in particular to the lack of a mega-best-seller like "Harry Potter and the Cursed Child" in 2016.

The Children's and Youth Book division also closed the year slightly down (-1.8 %), which reflected general development on these markets. However, the decrease in net revenue to € 63.7 million across all three markets is also due to special factors. For example, overstocking in the previous year led to lower restocking orders in 2017. The returns volume was significantly above previous year.

Individual publishing groups such as co-productions/licenses and children's non-fiction books developed especially positively. Titles in the tiptoi® range continue to be very popular.

Leisure and Promotion Service Division

The leisure market offers a counterweight to the ever-accelerating pace of daily life. This positive trend is reflected in the share of the leisure industry in GDP, which has been increasing for years. It also offers growth opportunities for leisure facilities.

Under these circumstances, the Leisure and Promotion Service division achieved net revenue of € 17.7 million in fiscal year 2017. Neutralized by internal sales with attractions, this is equivalent to an increase on previous year of 16.6 %.

In the year under review, Ravensburger Spieleland theme park attracted a total of 391,581 visitors (-4.9 % compared to previous

year). However, it is significant here that there were 17 fewer opening days in 2017 compared to previous year. Despite the shorter opening time, net revenue reached € 11.4 million, as in previous year. Above all the holiday village integrated in the theme park was able to generate significantly higher net revenue.

Business at the retail stores and an airport store resulted in net revenue of € 1.9 million last year, which represents strong growth.

Situation of the Ravensburger AG Group

Income Situation

In 2017, ThinkFun, Inc. was included in the income statement for the first time, for the period from October 1, 2017 to December 31, 2017. This consolidation affected the income statement items. In the following, these influences are pointed out where there are significant deviations.

In the fiscal year 2017, the Ravensburger Group achieved consolidated net revenue for all divisions of € 471.1 million (-0.5 %).

Other operating income amounted to € 6.6 million, which was € 2.0 million below previous year (€ 8.6 million).

Operating expenses increased by 4.2 % to € 447.7 million.

The material usage ratio increased by 0.5 percentage points to 32.5 %.

Personnel expenses increased by € 3.2 million to € 112.8 million. The rise is primarily due to an increase in employees (an average over the year of 24 full-time employees) as well as higher pension expenses.

Depreciation of property, plant and equipment, and intangible assets rose by € 1.5 million to € 16.0 million, including for the first time depreciation of the ThinkFun brand as well as goodwill depreciation from the initial consolidation of ThinkFun, Inc.

Other operating expenses increased by € 11.8 million to € 165.9 million. Responsible for this are above all sales-dependent selling costs, higher currency losses and allocations to value adjustments on receivables as well as higher expenses for uncertain risks.

Operating result (EBIT) amounted to € 35.6 million, which was € 21.0 million lower than previous year's figure.

At € -0.9 million, the financial result was as in previous year (€ -1.0 million).

Tax expenses decreased by € 12.5 million compared to previous year. This is above all due to a tax rebate on the closing date based on an audit for the years 2011-2013 (additional tax payment in previous year) and a lower result compared to previous year.

On balance, the proportional consolidated net income after tax was, at € 23.7 million, € 8.4 million below previous year.

Financial Situation

The Group balance sheet total on December 31, 2017 is, at € 500.0 million, € 38.1 million above that of previous year (€ 461.9 million). Responsible for this in particular are the higher balance sheet values due to the initial consolidation of ThinkFun, Inc., plus an increase in current assets used in operations.

Fixed assets rose by € 22.3 million to the present figure of € 206.1 million.

Intangible assets increased by € 19.4 million to € 56.4 million. The brand value and goodwill resulting from the initial consolidation of ThinkFun, Inc. is largely responsible for this.

At € 6.8 million, investments in property, plant and equipment were lower than previous year (€ 22.0 million due to very high investment in expansion of the Policka plant) and therefore also lower than depreciation of property, plant and equipment (€ 8.7 million). The value of property, plant and equipment therefore fell by € 0.8 million, taking exchange rate differences and the initial consolidation of ThinkFun, Inc. into account.

Fixed financial assets increased by € 3.7 million to € 74.7 million.

This results from equity investment in a publishing start-up and from the reinvestment of income in a special fund.

Current assets increased by € 15.5 million to € 292.3 million.

Inventories as of the balance sheet date were € 60.4 million, or € 5.2 million above the figure for previous year (€ 55.2 million).

Trade receivables increased to € 168.2 million, higher by € 31.4 million than previous year (€ 136.8 million). This was due to a changed maturity structure. Another factor that increased receivables was the later supply to retailers during Christmas season compared to previous year.

As a result, free liquidity decreased by € 26.8 million.

Liquidity/Cash Flow

The cash flow from operating activities in 2017 amounted to € -3.8 million (previous year: € +43.4 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. Especially the above-mentioned change in the maturity structure of receivables as well as the later supply to retailers in the Christmas season resulted in a negative cash flow from operating activities on the closing date this year. However, these receivables became due at the beginning of 2018, and were paid for the most part.

Investment activities led to a cash outflow of € 36.9 million (previous year: € -26.5 million). Liquid assets decreased by the already mentioned investments in intangible assets (including ThinkFun) as well as in financial assets and property, plant and equipment.

The dividend distribution and the take-up of further bank loans, taking into account repayments, resulted in a net positive cash flow from financial activities to the amount of € 13.2 million (previous year: € -18.3 million).

Cash and cash equivalents therefore fell, taking exchange rate differences into account, by a total of € 26.8 million. The Ravensburger Group records liabilities to banks as of year-end totaling € 47.1 million.

Financing Structure

Equity of the Ravensburger Group increased in the past fiscal year from € 287.6 million to € 295.8 million. This is essentially due to the net income of € 23.7 million, less the dividend distribution of € 14.4 million.

The equity ratio as of year-end is 59.2 % (previous year: 62.3 %).

At € 28.3 million, pension provisions were € 1.0 million above previous year (€ 27.3 million) due to the further decline in the applicable discount rate.

Tax provisions, at € 3.5 million, were € 5.2 million below previous year (€ 8.7 million). The main reason for the decrease is a tax payment in 2017 for the year 2015.

Other provisions totaled € 59.3 million, which was € 2.7 million above previous year (€ 56.6 million). Responsible for this are in particular provisions for uncertain risks.

Taking up further long-term loans increased bank loans and overdrafts to € 47.1 million (previous year: € 19.1 million).

Trade payables, at € 33.2 million, were slightly higher compared to previous year (€ 32.8 million).

At € 7.9 million, liabilities to Ravensburger Holding GmbH & Co. KG were exactly as in previous year. This liability was paid out in full at the beginning of 2018.

Other liabilities were € 14.6 million, as in previous year (€ 14.3 million).

Deferred tax liabilities increased by € 2.7 million to € 8.3 million. This results largely from the initial consolidation of ThinkFun, Inc.

Business Development compared to the Outlook in 2016

The modest sales increase expected in the management report of the Ravensburger Group in 2016 was not achieved. The proportional net income of the Group is € 23.7 million, or € 8.4 million below previous year and therefore short of expectations. The decrease in net income is in particular due to provisions set aside for

uncertain risks as well as allocation of value adjustments for customer default risks.

Statement by the Managing Board on the Economic Situation 2017

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

Outlook at the Beginning of Fiscal Year 2018

Assuming stable overall economic development, the Managing Board expects the toys and children's and youth books markets relevant to the Ravensburger Group to decline slightly in fiscal year 2018:

The changes in the international retail landscape increase pressure especially on brick-and-mortar retailers. This means individual customers could come into financial difficulties, or even face insolvency. Therefore, despite extensive credit insurances, those customers present a higher risk of lost sales and receivables.

Furthermore, the Managing Board points out that the current unstable political situation, due e.g. to the imminent 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.

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 acquisition of ThinkFun, Inc., whose games will be sold as from 2018 by the relevant subsidiaries of the Ravensburger Group. Against this background, a net income for the Ravensburger Group of slightly above or equal to the previous year's level is expected.

Toys Division

The new products and relaunches developed in the Toys division

for 2018 were warmly received by the retail trade in Germany and internationally. Alongside the planned international launch of GraviTrax the interactive track system, retailers also welcomed the new 3D puzzles in the form of buildings as well as vehicles, and the portfolio for the World Cup 2018 soccer championship. Another major topic is the upcoming introduction of the further development of the tiptoi® Create audio-digital learning system.

The division will continue to focus on its proven growth drivers innovation, marketing, and brand. There will also be continued international expansion as well as more intensive marketing activities on important markets such as the planned TV campaign for “Bugs in the Kitchen” on the US market.

Higher replacement and maintenance investments will again be made in 2018, which will go significantly beyond the average of previous years.

Children's and Youth Book Division

The outlook for 2018 for the Children's and Youth Book division is hallmarked by careful optimism. The division expects to generate sales growth above all due to the 20th anniversary of Wieso?Weshalb?Warum? and the launch of tiptoi® Create. Furthermore, the division will sell the Guinness World Record® books as from 2018. The prerequisite for sales growth is a stable market environment and retail landscape.

Leisure and Promotion Service Division

With the general overhaul of the theme park, including the complete replacement of some equipment as well as new attractions, the company intends to present a vastly upgraded Spieleland to mark its 20th birthday and to increase the number of visitors. Positive visitor development is expected for the retail area. Two further locations will open in 2018.

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 re-

sponsible 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 operating 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 landscape. 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.

The relevant sales markets in the core countries declined slightly in 2017. They are demonstrating structural shifts to which the Ravensburger Group has successfully adapted by changing the structure of the offering. This was supported 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. These developments are being closely observed, and the company is working on stabilization strategies together with brick-and-mortar retailers. Moreover, support for online retailing is being intensified in order to exploit further potentials here.

Procurement Markets

Currency fluctuation risks in the supply chain/procurement areas developed diversely in 2017.

Over the year, the value of the US dollar dropped significantly against the euro. This had a positive effect on costs for purchases in China.

The development of the Czech koruna had a negative impact on costs at the main production location Policka in 2017. In April 2017, the Czech central bank ended its pegging of the koruna to the euro. This resulted in an increase in production costs. The costs for paper and pasteboard as well as plastic granulates on the raw materials markets increased substantially. These could be partly offset by qualifying and using new, alternative suppliers. Corresponding projects will be systematically continued in 2018. To ensure raw materials availability, Ravensburger continues to look for and qualify alternative sources for critical suppliers and critical segments. Professional purchasing, avoiding dependence on individual suppliers, thinking in terms of technical alternatives (cost engineering), 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 Toys division and an independent quality assurance organization minimize product quality risks and enable a rapid response to market changes.

Suppliers to the children's and youth book market are under increasing economic pressure due to the overall market downturn. This is reflected in rising procurement prices.

Logistics costs are increasing, also due to growing online trade. This has a strong effect on the Toys and the Children's and Youth Book divisions. Increasing logistics costs must be expected here.

Location Risks

The Toys division produces a major share of its products itself at the Ravensburg (Germany) and Policka (Czech Republic) production facilities. Production capacities are being expanded and adapted to growth rates through corresponding investments. In 2017, an air-conditioning system was installed at the puzzle production in Ravensburg. This makes the production capacities independent of weather and humidity. At the Policka location, the production areas created in 2016 were used in 2017 for both paperboard and injection molding production through expansion investments in machinery. Especially injection molding production capacities are being expanded to meet rising demand, while cautious outsourcing will prevent overcapacities.

For supplies to the Ravensburg location, a plan was developed in 2017 designed to ensure further development in the coming years.

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 operational business with efficient ICT infrastructure, Ravensburger largely uses centrally administered standard software throughout the Group.

Strategic further development of the ICT infrastructure and ongoing optimization of processes are implemented by internal IT experts, if necessary supported by external consultants.

Particularly important is the digitization of currently not or only insufficiently digitized processes. This applies above all in data recording and analysis supported by Smart Data projects.

Current benchmarking ensures quality at competitive market costs for the hardware 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. The IT and Legal departments are responsible for data protection and IT compliance. The new EU General Data Protection Regulation provides the legal framework for this and defines the interface between data protection and IT data security. With the support of professional external consultants, a project was launched to implement the EU General Data Protection Regulation in the company.

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 a special fund 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 well-known, independent testing organizations and in Ravensburger's own laboratories.

The Ravensburger laboratory passed its annual audit by TÜV Rheinland and DEKRA again in 2017. Furthermore, a project to up-

grade the laboratory to the latest safety and technology standards was launched in 2017. It will be completed in 2018.

Constant changes in legislation in Europe and the USA have led to further restrictions and supplements. Ravensburger's pro-active approach assures that 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.

Under their own management, the subsidiaries Ravensburger North America, Inc., ThinkFun, 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, 2018

Clemens Maier Hanspeter Mürle

Ravensburger AG Group, Ravensburg

Balance Sheet as of December 31, 2017

ASSETS	2017-12-31	2016-12-31
	€	T€
A Fixed assets		
I. Intangible assets		
1. Purchased software, licenses, and similar rights	35,017,776.98	27,388
2. Goodwill	21,359,801.00	9,656
3. Prepayments	0.00	2
	56,377,577.98	37,046
II. Property, plant, and equipment		
1. Land and buildings	38,585,877.41	39,338
2. Plant and machinery	15,436,071.94	15,690
3. Other equipment, furniture, and fixtures	19,588,154.90	20,104
4. Prepayments and assets under construction	1,379,617.18	633
	74,989,721.43	75,765
III. Financial assets		
1. Shares in affiliates	25,436.84	26
2. Equity investments	5,672,393.82	3,007
3. Securities classified as fixed assets	68,987,959.87	67,988
	74,685,790.53	71,021
	206,053,089.94	183,832
B Current assets		
I. Inventories		
1. Raw materials, consumables, and supplies	12,942,497.95	11,201
2. Work in progress	6,966,039.15	4,810
3. Finished goods and merchandise	39,459,728.31	38,183
4. Prepayments	1,044,848.19	1,013
	60,413,113.60	55,207
II. Receivables and other assets		
1. Trade receivables	168,246,920.27	136,806
2. Other assets	16,396,103.32	10,689
	184,643,023.59	147,495
III. Cash on hand and bank balances	47,314,804.57	74,066
	292,370,941.76	276,768
C Prepaid expenses	1,549,203.79	1,319
	499,973,235.49	461,919

EQUITY AND LIABILITIES	2017-12-31	2016-12-31
	€	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	78,678,227.45	81,651
IV. Currency translation differences	3,949,341.63	5,069
V. Net retained profit	161,657,949.59	149,341
	295,815,518.67	287,591
B Provisions		
1. Pension provisions	28,334,005.37	27,251
2. Tax provisions	3,498,414.53	8,707
3. Other provisions	59,325,192.32	56,620
	91,157,612.22	92,578
C Liabilities		
1. Liabilities due to banks	47,067,205.00	19,128
2. Prepayments received on account of orders	763,165.20	941
3. Trade payables	33,181,288.75	32,759
4. Payables to affiliates	8,030,666.97	8,027
5. Other liabilities	14,622,016.16	14,234
	103,664,342.08	75,089
D Deferred income	1,090,141.33	1,042
E Deferred tax liabilities	8,245,621.19	5,619
	499,973,235.49	461,919

Ravensburger AG Group, Ravensburg Income Statement for fiscal year 2017

	2017	2016
	€	T€
1. Net revenue	471,059,440.86	473,544
2. Increase in finished goods and work in progress	5,308,242.22	1,111
3. Other own work capitalized	251,647.26	3,122
4. Other operating income	6,635,372.07	8,560
	483,254,702.41	486,337
5. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	132,648,116.16	130,262
b) Cost of purchased services	20,325,651.77	21,254
	152,973,767.93	151,516
	330,280,934.48	334,821
6. Personnel expenses		
a) Wages and salaries	91,105,197.56	90,015
b) Social security	17,860,490.24	17,353
c) Pension costs and other benefit costs	3,779,925.38	2,266
	112,745,613.18	109,633
7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	16,023,552.15	14,535
8. Other operating expenses	165,872,347.74	154,049
	294,641,513.07	278,218
	35,639,421.41	56,603
9. Income from other securities and long-term loans including gains on disposal and income from write-ups	1,000,008.53	1,008
10. Other interest and similar income	889,527.19	115
	1,889,535.72	1,123
11. Interest and similar expenses	2,826,575.08	2,161
	-937,039.36	-1,038
	37,702,382.05	55,565
12. Income taxes	10,269,911.29	22,861
13. Net income after taxes	24,432,470.76	32,704
14. Other taxes	688,073.19	628
15. Net income of the Group	23,744,397.57	32,076
16. Profit carryforward from the previous year	134,941,367.50	120,127
17. Withdrawals from (previous year: allocation to) revenue reserves	2,972,184.52	-2,862
18. Net retained profit	161,657,949.59	149,341

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 until March 31st, 2017

Clemens Maier

Langenargen, Germany
Chairman since April 1st, 2017

Hanspeter Mürle

Neu-Ulm, Germany

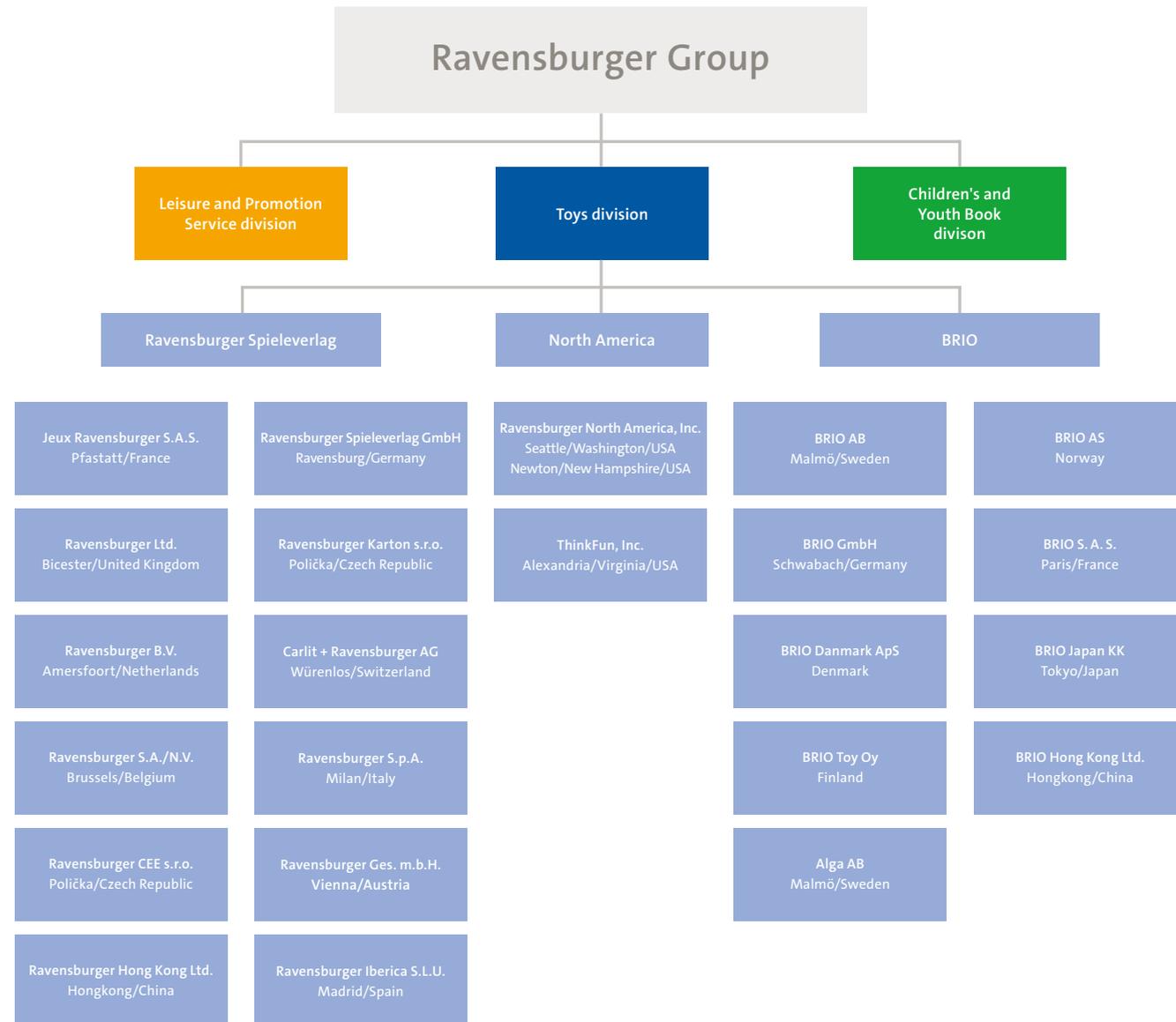
Multi-Year Overview of the Ravensburger AG Consolidated Group

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	T€									
Net revenue	287,768	293,255	311,660	319,521	329,873	358,676	373,153	443,998	473,544	471,059
Results from ordinary activities (from 2016 on net income before taxes) as a percentage of sales	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 %	34,702 7.4 %
Net income for the year * after tax margin as a percentage of sales	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 %	23,744 5.0 %
Net income * before depreciation of goodwill/brand	24,318	34,027	35,250	24,659	33,537	34,790	39,199	39,829	38,385	30,715
Cash flow** as a percentage of sales	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 %	-3,796 -8.1 %
Balance sheet total	239,099	261,877	289,928	299,143	332,834	353,015	384,965	437,657	461,919	499,973
Shareholder's equity as a percentage of balance sheet total	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 %	295,816 59.2 %
Number of employees (year-end) ***	1,383	1,405	1,471	1,640	1,667	1,719	1,838	2,007	2,109	2,133
Investment in property, plant and equipment	4,515	5,108	11,300	8,003	6,907	3,700	8,942	15,083	22,001	6,792
Depreciation of property, plant and equipment	5,278	5,060	5,476	6,309	6,549	5,681	5,681	6,110	7,882	8,653

* 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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Publisher:
Ravensburger AG
P.O.B. 18 60
88188 Ravensburg
Germany

presse@ravensburger.de