

A GROWING FAMILY



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THE RAVENSBURGER YEAR 2015

The toy markets in the five leading European countries (Germany, France, the UK, Italy and Spain) again posted significant growth of +5.6 %. This development was largely thanks to licensed products, with around half of the growth in Germany attributable to the “Star Wars”, “Minions” and “Frozen” licences. In Germany, the toy market as a whole recorded the strongest growth in Europe at 7.5 %. In addition to licences, this was due in particular to the positive consumer climate and substantial retail sales.

The German-language children’s and youth book market saw a slight downturn of 1.2 % due to stock reduction programmes and conservative trade ordering.

Based on these developments, the Ravensburger Group increased its total sales by 19.0 % to € 444.0 million, thereby continuing on the steady growth path it has established over the past nine years. Almost all the subsidiaries in the Games, Puzzles and Arts/Crafts division and the Swedish toy manufacturer BRIO AB,

which was acquired in 2015, made a significant contribution to this growth. Even without the BRIO acquisition, the Ravensburger Group increased its sales by a strong 7.3 %.

The Games, Puzzles and Arts/Crafts division is Ravensburger’s largest division, accounting for three-quarters of total sales. It recorded year-on-year sales growth of 9.3 % to € 331.7 million, growing in almost all product categories.

The highest growth was generated in the traditional product categories of games and puzzles. There are two reasons for this development. Firstly, the games and puzzle market in Western Europe enjoyed even stronger performance than the toy market as a whole: the latter grew by 5.6 %, while the games market expanded by 10.0 % and the puzzle market recorded growth of 6.0 %. This is likely because, in times of change and perceived uncertainty, people tend to return to the essentials – such as playing games as a family.

Secondly, Ravensburger outperformed its competition in both segments. In terms of games, “Labyrinth” and “Buggaloop” were particularly popular, while there was strong demand for licensed “Frozen” and “Star Wars” 2D puzzles as well as 3D puzzles of illuminated buildings and “Minion” figures.

The positive business development of the Games, Puzzles and Arts/Crafts division was also driven by the US games company Wonder Forge, which has been part of the Ravensburger Group since 2013.

In early 2015, Ravensburger acquired the prestigious Swedish toy manufacturer BRIO in order to accelerate its growth abroad and advance its expansion from the games market into the toy market. The transaction brought together two companies that share a similar business and product philosophy and a long-standing tradition. In its first year as part of the Ravensburger Group, BRIO increased its sales by 20.2 % and contributed € 46.5 million to consolidated sales following initial consolidation. BRIO’s

sales growth was thanks to the establishment of a new distribution structure in Scandinavia as well as expansion in core markets such as Germany and growth markets including Asia. This positive development was also driven by new products such as “My First BRIO Railway”, a wooden railway for infants from one and a half years of age.

On the back of the downturn in the German children’s and youth book market, the sales to trade generated by Ravensburger’s Children’s and Youth Book division fell by 1.4 % to € 64.7 million. However, retail sales of Ravensburger books to consumers rose by 1.7 %. As a result, Ravensburger increased its market share to 11.1 % and extended its leading position in the German children’s and youth book market. This growth was primarily thanks to products from the “tiptoi®” audio-digital learning system, as well as children’s and young adult titles such as the “Spirit Animals” series and “The School for Good and Evil”.

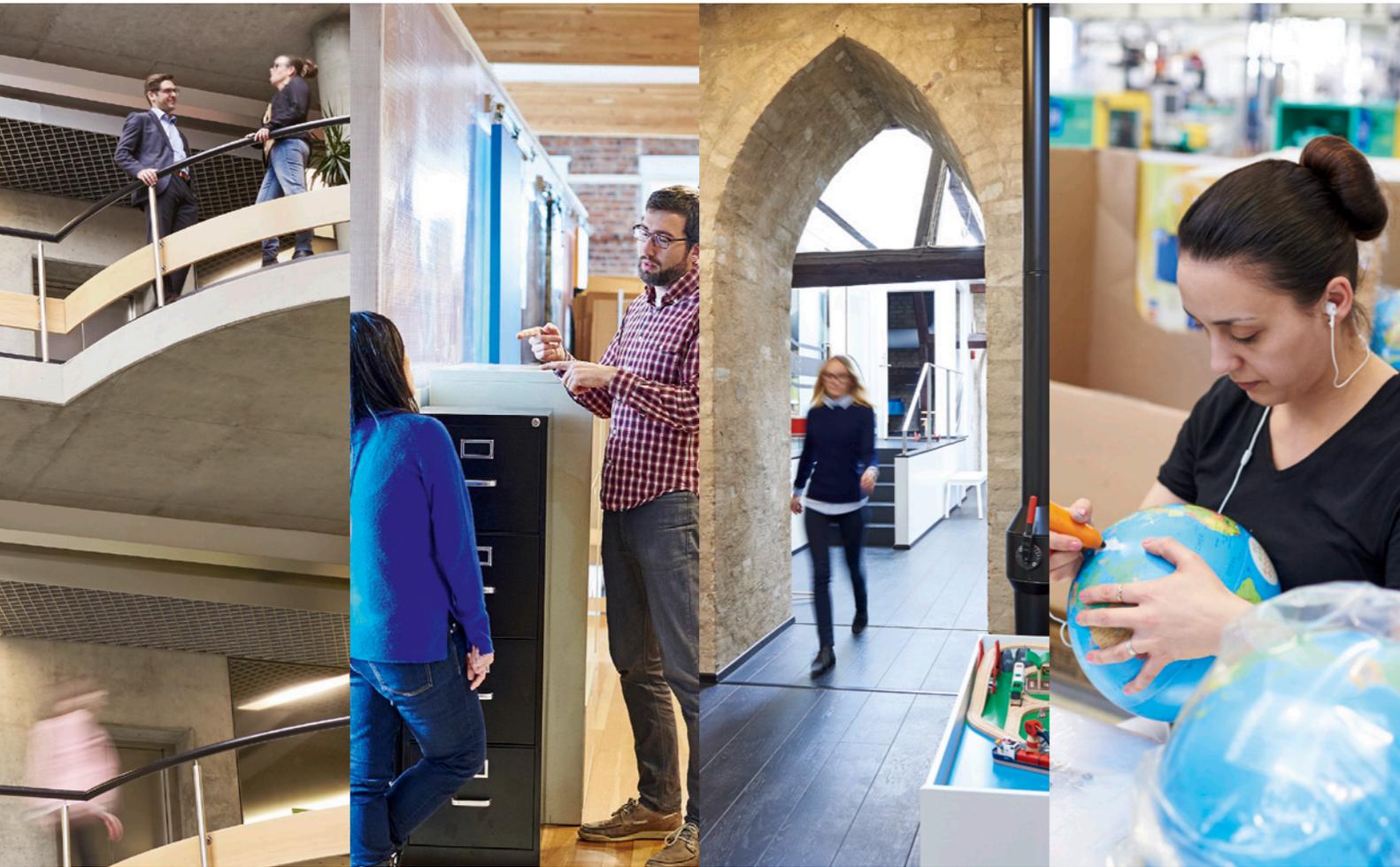
Sales in the Leisure and Promotion Service division increased by 12.0 % to € 14.9 million. Its leisure park Ravensburger Spieleland made a significant contribution to this development, closing the 2015 season with a new record of more than 400,000 visitors.

The success enjoyed by Ravensburger in 2015 was in large part thanks to the great commitment of our employees. We would like to express our thanks and appreciation to them. Our thanks also go to the members of the Works Council, our retail partners and suppliers for their outstanding cooperation.

As well as marking the start of a strategic expansion into new markets, the acquisition of Wonder Forge in 2013 and BRIO in 2015 means that the Ravensburger Group has grown considerably. We took this as inspiration to present in this annual report the new members of the Ravensburger family and take an even closer and more comprehensive look at our growing portfolio of brands and companies. To this end, we visited the new

locations in Seattle and Malmö as well as our plant in Polička, Czech Republic. No picture of this growing family would be complete without the parent, Ravensburger. Exploring four locations, four identities and the values they share was the goal of the journey that we invite you to take with us on the following pages.

The Managing Board



A GROWING FAMILY

With the acquisition of the toy manufacturer BRIO and the investment in the US games start-up Wonder Forge, the Ravensburger Group has become a growing international family. The family has long included the production site in Polička, which has established itself as a strong member of the Ravensburger supply chain. The family of companies is strategically managed from the head office in Ravensburg.

As in all families, every new member changes the face and the dynamics of the whole. New identities and facets are added and the company becomes bigger and more diverse – while continuing to be guided by shared values and the binding principle of playful development.

As a growing family, Ravensburger is also an attractive employer: international, divisional in structure, with dynamic locations and an extensive range, a growing player on the market. The interplay between the family members means that Ravensburger can offer its employees international career opportunities and perspectives in the world of games and books, and at exciting locations around the world.

This makes for a good opportunity to get to know the individual companies better. In visits to Ravensburg, Seattle, Malmö and Polička, we dive into the atmosphere of the respective companies and the environments in which they operate. We take a tour of the offices and production halls, follow the teams in their everyday working life, and ask what makes the locations particularly special and what they bring to the Ravensburger Group. Between the lines and the images, it becomes clear that the sum is even greater than the constituent parts.

Our tour begins where the family has its roots, in Ravensburg.



A good fit for the family:
Growing with foresight and clear values

The Ravensburger Group

An inspiring location

Ravensburg. Surrounded by beautiful countryside, with Lake Constance and the mountains on its doorstep. In a region that is famous for its entrepreneurial spirit – and that is well used to looking beyond borders, thanks to its location at the point where Germany, Austria and Switzerland converge.

This is where Ravensburger was founded in 1883 and where the family company has grown steadily ever since. This is the place the Ravensburger Group calls home.

Ravensburg is far more than just a lively little town with a historical centre: it is a location where a company can grow with strategic foresight and innovative strength. It provides an ideal living and working environment for young families and company families alike.



It's all about the big picture

Making sound decisions

Ravensburger's foresight and its ability to make sustainable decisions can be attributed not only to its location, but also to its more than 130 years as an independent family company, a background that provides solid foundations for growth.

The guiding principle of the Ravensburger Group is clearly defined: promoting playful development. This principle applies as much to new products as when it comes to acquiring new family members.

Guiding principles for product development

Because product development always involves balancing the demands of the market and the values of the brand, this foresight and calm – as well as a detailed understanding of the target groups and the market – help to ensure that the right

decisions are taken. The ultimate aim is for the products to be attractive and desirable in the face of changes in learning and playing habits and new media. Examples of where this balance has been successfully achieved include the action-packed children's games, electronically assisted games and classic toys in the Group's portfolio.

Successful moves into new markets

The Ravensburger Group is increasingly seeing growth opportunities in international markets, whether through the core brand or new subsidiaries. The latest subsidiaries to join the Group are making a strategically important contribution in different ways. BRIO has extended the portfolio in the internationally compatible segment of toys for infants and preschoolers, while Wonder Forge, the new subsidiary in the USA, is opening the door to large-scale retailers and expanding the field of play for Ravensburger.



The beauty of a large family

Cooperation and a sense of unity

Regular exchange and dialogue is a matter of course for many employees thanks to their extensive experience working together across many geographical locations. Each new subsidiary introduces new tasks and challenges and this gives our employees yet another chance to grow together.

Whether it is individuals or teams communicating across divisional boundaries, the Ravensburger Group's international growth is having a positive impact on every single employee, conveying a sense of confidence and encouraging openness and dynamism.



Together but independent

The family is growing thanks to shared values and strong identities. In spite of everything they have in common, the independence of the individual members is upheld and they continue to be managed by their local management teams.

International perspectives

Although personal and professional advancement has always been important at Ravensburger, the wide range of locations in Europe and North America opens up additional career and development opportunities.

In the USA, the Group is now represented on the west coast with its new location in Seattle, Washington, and, since 1999, on the east coast with Ravensburger USA in Newton, New Hampshire. In Europe, the Group's locations in France, the United Kingdom, Italy, Spain, Austria, Belgium, the Netherlands and Switzerland are now complemented by BRIO in Sweden, while the plant in Polička, Czech Republic, has belonged to Ravensburger since 1998.



Always reinventing itself: The Ravensburger brand

An established and trusted brand

At its heart, the Ravensburger Group's growth is built upon a long history of successful product development. Many of its games, books, puzzles and arts and crafts kits launched as innovative concepts and have since established themselves as classics.

Today, Ravensburger is a well-loved brand with a high degree of awareness. The blue triangle is a seal of quality when it comes to content and materials. It stands for enjoyment, education and togetherness. The main reason why the quality of the content is guaranteed is the Group's editorial teams, who take the respective target and social environment into consideration and enter into a dialogue with experts from the fields of science and education in order to develop games, books and creative products that satisfy the Ravensburger principles: age-appropriate and sophisticated in content and design.

Suitable for all ages

Ravensburger's products for infants are specifically designed for the phases of child development. Children's games encourage social skills as well as fun, educational games stimulate curiosity for knowledge, while creative products promote concentration, imagination and the enjoyment of creating something yourself.

Puzzles allow children to practice logical thought and association, while adults can relax from the stress of everyday life and train their brain.

Ravensburger books teach infants to discover the world and help young people to understand it better through fascinating non-fiction books and exciting stories.

In-house production ensures material quality

Approx. eighty-five percent of Ravensburger games, puzzles and arts and crafts kits are produced at its own plants in Ravensburg and Polička. This ensures Ravensburger quality thanks to the use of high-quality materials, careful processing, and compliance with strict safety requirements.

An international brand

Ravensburger has been playing on an international stage ever since its early days. The publisher initially had representatives and export editions of its games in various European countries. International distribution companies, subsidiaries, and production sites began to be established from the 1960s onwards.

The product range also became increasingly international. For example, language-independent products, such as puzzles and games like "memory®", helped the Group to move into new markets. Country-specific product developments and adaptations have been a feature of the portfolio for a number of years now – such as the "Ottoman Classics" puzzle series, which was designed specifically for the Turkish market. From "Labyrinth" and children's games like "Funny Bunny" to the "Wieso? Weshalb? Warum?" children's reference book series, Ravensburger quality is appreciated in many languages and countries.



Educational content, modern realisation

Haptic, hybrid or digital – the idea counts

Ravensburger's main priority is the development of new products and the evolution of existing ones. The form this takes, whether as a book made from paper and cardboard, or as a game with electronic assistance, or as an entirely digital product, is fading into the background. What counts is the idea and how it complements the core brand values of enjoyment, education and togetherness.

As well as maintaining and developing successful product brands such as "memory®", "Labyrinth", "Painting by Numbers", "ministeps" and "Wieso? Weshalb? Warum?", Ravensburger continuously innovates with new product concepts.

Intelligent electronics enhance the brand experience

In particular, innovative product categories have emerged from the integration of digital technology, such as in electronically assisted board games. The electronic component is never an end unto itself,

but rather it serves the purpose of the respective game concept. In this way, the new product categories innovatively combine traditional Ravensburger content with intelligent technology to magnify everything what the brand promises: joy, a communal experience and an educational effect.

A strategically pioneering combination

One far-reaching product innovation is the "tiptoi®" audio-digital learning system, which combines many of Ravensburger's strengths in a new form. As the "tiptoi®" pen can be used for books, games, puzzles and toys, it allows high-quality editorial content to be experienced by the target groups in different ways – and used by the company across different media.

The development teams include members from the fields of education, social education and IT, meaning that "tiptoi®" also serves as an example of the professional expertise of the editorial teams involved, as well as the successful cooperation between book and game publishing.





More than just a few streets away:
Seattle, Pacific Northwest, USA.
Our new US subsidiary has the right
drive for the American mass market.



Winning with start-up spirit
and succeeding on the US market

Wonder Forge, Seattle

A relaxed boom town

Seattle, Capitol Hill. A lively neighbourhood full of cafés, bars, music venues, charming boutiques, curious bookstores – and more than a handful of start-ups. One of them is the game developer Wonder Forge, 915 East Pine Street.

Seattle in a nutshell: a very young, very active city. The birthplace of Nirvana, grunge, and the coffee chain Starbucks. Seattle is progressive, highly educated, and one of the fastest-growing cities in the USA. Rainbow-coloured pedestrian crosswalks brighten the streets. Amazon, Microsoft and Boeing call Seattle their home, while Google and Facebook are opening branches. Names like these and a good university make the city a magnet for people from around the world. Seattle is booming while staying perfectly relaxed.



Welcome to the west coast

Clear goals, plenty of scope

Appropriately enough for a creative start-up, Wonder Forge is based in a former theatre hall. Although there are partition walls between the desks, openness is at the heart of the company's approach. Paths are short, communication is uncomplicated and the atmosphere is relaxed.

A surfboard leans against the exposed brick wall, a treadmill sits under the desk. An oversized illuminated sign shows the way to the long kitchen table. A later start in the morning, a later finish in the evening, working from home, bringing your children or your dog to work – laptops, mobile phones and cloud computing make it all possible. The main thing about Wonder Forge's corporate culture is that everyone is aware of their goals, their responsibility and scope of work.



Let's do it!

Entrepreneurial thinking, a proactive approach, rapid action – the culture at Wonder Forge is characterised by the American can-do mentality of optimism and risk-taking. There's an opportunity for a new project? Then let's get to work!

After briefly weighing up the pros and cons, the project is tackled with a systematic focus on the opportunities. The advantage is that things happen very quickly. Of course, this approach requires greater flexibility when the parameters change but it also opens up a lot of possibilities. And the next project is always just around the corner.

Wonder Forge is home to a dynamic fusion of the start-up and west-coast mentalities.



Forging successful games

Wonder Forge develops traditional board games for children and families. It positions its products for “dynamic and thoughtful play” – and realises them with the greatest of care. Founded in 2007, the brand has established a relevant position on the market. In 2015, for example, Wonder Forge was ranked third among manufacturers of games for children and preschoolers.

The company's games are well-loved, well-reviewed and many of them enjoy an enthusiastic fan community. It is easy to see why Wonder Forge has won a number of awards from consumer associations, as well as retailers and industry.



Close to retailers and the consumer

Wonder Forge's business model is retail-oriented. More specifically, the company addresses the American mass market with customers including US giants such as Target, Walmart and Toys "R" Us, as well as medium-sized regional retail chains.

In other words, when developing products, Wonder Forge thinks in terms of what will work on the mass market shelves. It actively engages with retailers, asks them about their demand situation, discusses sales opportunities, seeks out gaps in the product range and price segments. Then the development process begins, accompanied by continuous testing with children and parents. This dual strategy – close coordination with retailers and consumers – is one of the main factors in Wonder Forge's success. Rapid and efficient development times are another.

Bringing licences to life

The second keyword is "licences". Wonder Forge is a licensee of high-profile US media groups and rights holders like Disney and Dr. Seuss; licensed products make up a large proportion of its portfolio. When Disney shares plans for their newest blockbuster film, for example, Wonder Forge's ideation process begins.

Wonder Forge primarily works with two game concepts. "Signature games" are games that are newly developed for a licence, while "platform games" describe existing game principles that are combined with a licence. The goal for Wonder Forge is to bring the essence of a licence or a character to life and draw children into the world of the game through unique details.



Making the USA a little bit more colourful

Two subsidiaries for all channels

Wonder Forge has been part of the Ravensburger Group since 2013, with the local team continuing to manage the business. The Seattle-based subsidiary is driving the parent company's growth strategy by opening the door to the US mass market.

At the same time, Wonder Forge complements the activities of Ravensburger USA, which has established a strong reputation on the US market with its high-quality puzzles and educational games. As the older subsidiary primarily distributes its products via specialty and online retailers, the Group now has a presence in all of the relevant channels and has significantly expanded its reach in North America.

The start-up mentality, proactive focus on retail and dynamic realisation make for an exciting addition to the culture of the Ravensburger family.





Back to Europe, where we expand further into the toy market with our Swedish subsidiary.



Bringing joy with Swedish design
and inviting you to come and play

BRIO, Malmö

A perfect set-up

Wherever you look in the company's offices, you see railways. Track diagrams on the floors and glass partition walls, a model train on a timber beam, colourful BRIO figures at every turn, both large-scale and play-sized – even the cloakroom is designed to look like a train compartment. Wooden clowns, pull-along dachshunds and racing cars invite visitors into the world of BRIO. All of this is accompanied by open doors and open-plan rooms with transparency throughout.

This makes it all the more apt that BRIO has been based in a historical railway building since 2013: Malmö central station. Upstairs, the famous wooden railways; down below, real-life rail traffic.



Bringing core values to life

Openness at every step

This coincidence of office design and location is a charming yet persuasive example of one of the central aspects of BRIO's corporate culture. Everything has to fit together and play its part within the whole: the brand values, the corporate culture, the attitudes of the people involved, and the product philosophy.

There are around 40 employees in open-plan offices on the same floor: this comfortable size and proximity helps to promote a team spirit and close cooperation, as well as an appreciation of the bigger picture when it comes to the brand.

At BRIO, however, openness is about more than just open doors – it is a question of attitude.



Open discussions. Decisions that everyone can get behind

Decision-making processes at BRIO are driven by a culture of open discussion with a pronounced business focus. Issues and topics are analysed, the pros and cons are weighed up, and every voice is heard. Once all of the arguments are on the table, it is up to the managers to decide. One of the long-term benefits of this collaborative process is that it helps to ensure that decisions are supported by everyone involved.

The spirit of openness is also reflected in a way of thinking that goes beyond organisational boundaries, with many ideas being discussed and advanced at cross-departmental meetings, always with an eye on the bigger picture.



Trust and joy

“Trust and joy” are the core values of the BRIO brand. Trust stands for quality, safety, responsibility and empowerment. “Trusted by parents, loved by children” is one of the key sentences in the BRIO brand book. This also encompasses the second core value: BRIO’s aim is to bring children joy and make them smile with playful details.

Trust and joy also shape the corporate culture and the day-to-day working environment. After all, openness works only if there is trust. And joy is reflected in the fun of the creative process, play afternoons with children, and shared meals in the open kitchen.



Creating happy childhood memories

Scandinavian design language

BRIO design combines form and function. It is minimalistic, simple and clear. Take the ant with an egg, for example. A beautiful, solid, wooden toy, smooth and round, shiny and colourful – your first impulse is to touch it. It doesn't only look good, there's an added benefit. If you pull the cord, the yellow egg rotates on the ant's back. The result: a surprise and a learning effect for children.

Beautiful and functional at the same time. BRIO has stayed true to this approach, with its unmistakably Swedish flavour, since the company's earliest days. It is no wonder that many of the BRIO products designed in the 1950s have become classics.

Clear rules for product development

Creating a high-quality, timeless toy that captures children's imagination and helps them to develop – that is the standard that BRIO seeks to attain with every product it develops, from the first sketch right through to the finished product. Everything is guided by the brand promise: to create happy childhood memories.

BRIO also has four golden rules for product development. A toy must be safe, meet the company's high quality standards, be intuitive and easy for the child to understand and support his or her development. The close cooperation between the design team, engineers and the production, packaging and sales teams also helps to ensure that the end result is a perfectly delightful BRIO toy.



It's lovely to share so much good

Complementary playmates

BRIO and Ravensburger share a special bond thanks to their similar corporate and product philosophies, the high level of brand awareness they enjoy, and their long-standing tradition. Ravensburger was founded in 1883, while BRIO was founded one year later.

With its origins in craftsmanship and its portfolio of products, the Swedish subsidiary is enriching the Ravensburger Group's product range in the segment of toys for infants and pre-schoolers, and hence playing a major role in its expansion from the games market into the toy market.

Making the world a little bit bigger

BRIO also benefits from having Ravensburger as its parent company on account of the latter's international presence and the resulting sales opportunities.

This means advantages for both parties as employers. As a renowned brand, BRIO makes the Ravensburger Group more international and gives it a new and exciting address, while BRIO can offer new career options thanks to the Ravensburger Group's global locations. In other words, there are open doors wherever you look.





From the world of Swedish design to the Ravensburger production floor in the Czech Republic. Machines are running, boxes are being transported along conveyor belts, pallets and trucks are being filled. Polička is delivering.



Delivering on Ravensburger's promises and strengthening the supply chain

Ravensburger Polička

From a joint venture to the leading Ravensburger plant

The site in Polička boasts an impressive growth story. From small beginnings with cardboard packaging, it has developed into the Group's leading plant, making it the key player in the Ravensburger supply chain alongside the main plant. Today, the Polička plant covers a production area of 12,000 square metres and some 22,000 pallet bays.

Games, 2D puzzles, 3D puzzles, frame puzzles, advent calendars, products for painting, drawing and crafting, science kits, figurines and more – a large proportion of the products designed, developed and distributed by Ravensburger are manufactured in Polička.

The workforce in Polička is getting things done. Quickly, efficiently, proactively, flexibly and reliably.



Variety in three shifts

Multitude of materials and a big vertical range

The employees of the plant are veritable all-rounders. At Ravensburger Polička, cardboard, paper and film are used to make puzzles, boards, inlays and boxes; 3D puzzles are made using plastics and innovative technologies; and many products are made from numerous components and various materials – such as the creative and science products.

This mastery of different production processes and materials is just one of the reasons for Polička's success story. Reliable delivery and careful workmanship are another.

Quick and hands-on, from manual to high-tech

All of this is not a matter of chance: the pace is high, discussions are concise and goal-oriented, decision-making paths are short. The search is always on for the better solution and the more efficient implementation. What makes the 600 employees so special is their hands-on approach, their flexibility and speed.

Some production processes are fully automated, while some are purely manual; often, the process involves a combination of the two. The activities involved are similarly varied, from handicraft through to operating high-tech machinery. Always accompanied by systematic quality controlling. After all, as well as getting things done, the employees are working to guarantee Ravensburger quality.

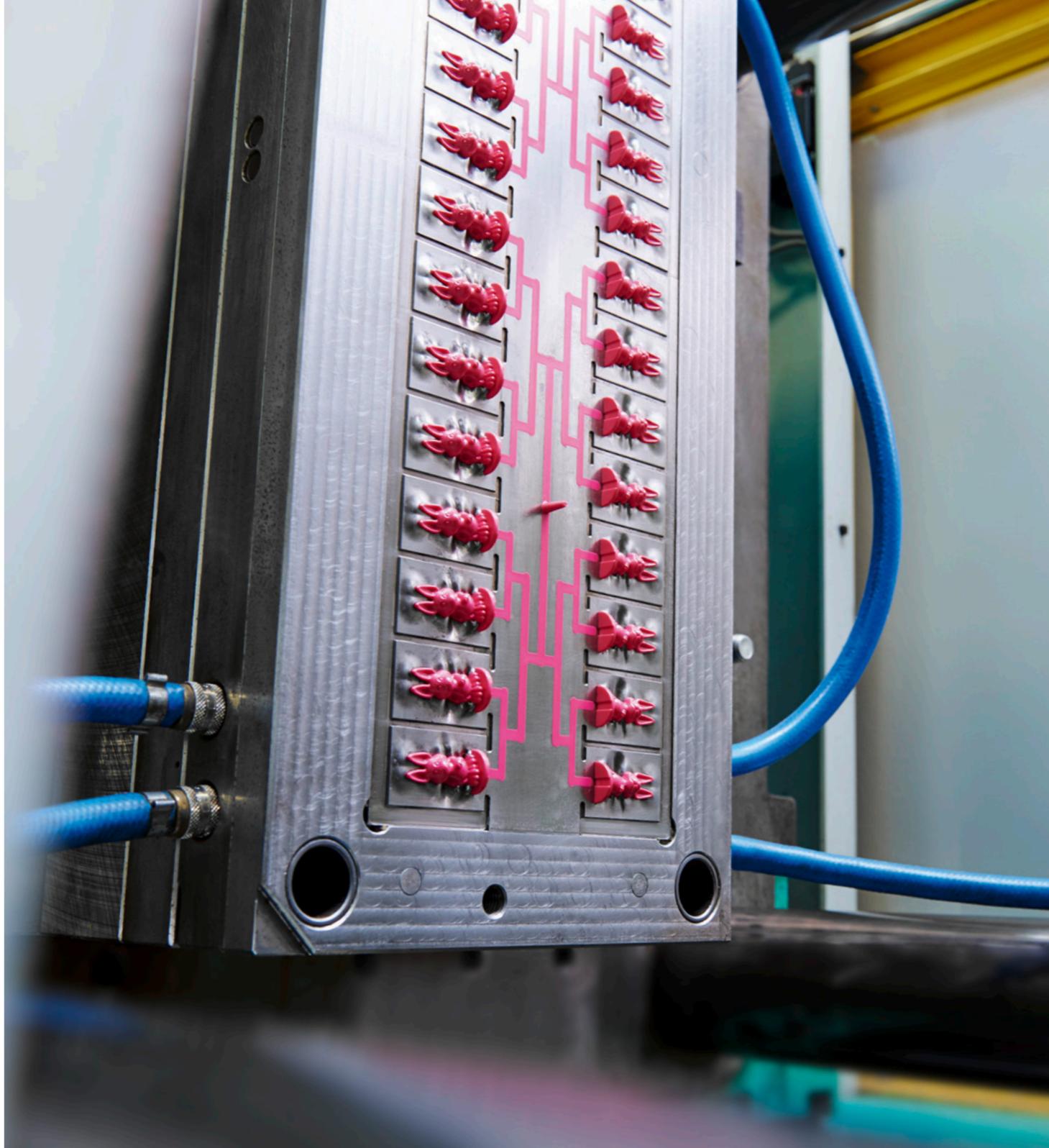


Where high-tech comes into play

Making injection-moulded rabbits

As well as cardboard, plastic parts have their part to play in Ravensburger's products. This is why the injection moulding shop with its 26 machines is an important area at the Polička plant. The employees here are primarily involved in controlling and monitoring, with production as a whole performed by high-tech machines using intelligent gripper technology and – depending on the product – fully automated pouch packaging, including quantity control and correction as required. Even the sprue – excess material that accumulates in the injection moulding process – is separated, reground and fed back into the machine.

The children's game "Funny Bunny" is one example of a product that uses a combination of high-tech machinery and handicraft. The injection-moulded rabbits in four colours are sorted and packaged by hand.





Women at the forefront

Remarkable careers

At the same time as writing its own growth story, the plant in the Czech Republic has played a part in some personal success stories. In addition to the managers who moved from Ravensburg to Polička, the plant has given a career to lots of local workers – including many women.

Thanks to their aptitude, commitment and communication skills, they have advanced to leadership roles as heads of departments, master craftswomen and belt and machine supervisors. Middle management at the plant is also largely female, whether in administrative functions or the management team of the second plant in Hedva.

Polička: a good place to work and live

Ravensburger Polička cares. The plant offers a pleasant working environment and training opportunities such as German and English language courses. The company also supports employees in achieving a healthy work-life balance with flexible working hours and assistance in finding kindergarten places.

Just like Ravensburg, Polička is a good place for families. The historic town with 10,000 inhabitants is surrounded by charming countryside and unspoilt nature – another aspect which is very comparable to Upper Swabia and Ravensburg.

With around 600 employees, Ravensburger is also the biggest employer in Polička.



A strong team. A strong contribution to the bigger picture

High product quality, delivery at short notice

Polička is Ravensburger's second major European production site. Although some 750 kilometres separate the main plant and its younger sibling in the Czech Republic, what really counts is the contribution to the bigger picture.

Firstly, the Polička plant meets one of the key brand promises with its consistently high quality of materials and processing. Secondly, the location's proximity to the relevant sales markets makes the Ravensburger Group even more adept at supplying its customers, thereby strengthening one of the key pillars of its business model: service quality. Ravensburger Polička has continued to improve in this area of late, with successful insourcing projects

putting it in a position to deliver – especially 3D puzzles – at even shorter notice. The innovative production technology is symbolic of the joint development work performed by the strategists from Ravensburg and the can-do team in Polička.

Joint forces for a common goal

Close cooperation has long been part of the partnership between both parties. For more than twenty years, many projects have brought the parent and the subsidiary closer together. The result is a sense of unity, characterised by mutual respect and driven by the awareness of working together for a common goal as a supply chain team. Day by day, product by product, both here and there.





GROUP MANAGEMENT REPORT OF RAVENSBURGER AG

OVERVIEW OF RAVENSBURGER AG AND THE 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, Corporate Controlling, IT and Legal.

In addition, to perform 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, the United Kingdom, Italy, Spain, Benelux, Austria and Switzerland, as well as in the United States. Smaller markets are supported and developed through export business. The products are produced mainly at the Group's plants in Germany and the Czech Republic.

The Children's and Youth Book division focuses on the German-speaking markets and publishes and distributes picture books, children's non-fiction books, and fictional children's and youth books and sells products from the Games, Puzzles and Arts/Crafts division.

The Leisure and Promotion Service division targets children and parents via Ravensburger Spieleland. It is offering a wide range of attractions suitable for children. Additionally it is operating the Ravensburger Museum and managing retail and outlet stores. Moreover the division offers services for third parties such as the Ravensburger Kinderwelt in Kornwestheim, promotions and other events.

The Digital Products division develops products for strategically relevant media and gaming platforms. Moreover, it develops and markets new product ideas in line with the brand. This includes mainly products for mobile devices such as smartphones

and tablets as well as hybrid products, a combination of digital and haptic products.

The BRIO division was initially consolidated as from 01.01.2015. Above all, it is known for its traditional wooden train sets and ranks among the most prestigious brands on the market for games and toys. Swedish toy brand BRIO was founded in 1884. It 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.

Employees as a Success Factor

In the past fiscal year, an average of 2,007 full-time employees (previous year: 1,838) worked in the Ravensburger Group. The share of female employees was 57 %.

The Group's success 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 2015, there were 57 apprentices in 15 different professions in Ravensburg. Specifically, there were 28 apprentices in commercial, 18 in commercial/technical, and eleven in logistics professions. 18 of these apprentices started their vocational training with Ravensburger in fall 2015, while six 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). Six of these students began their studies in 2015. Seven students were also taken on in fall 2015.

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 2015, nine trainees were employed in the fields of logistics, production, product management, IT, finance and controlling, as well as the sales department of the Games, Puzzles and Arts/Crafts, and the Children's and Youth Book division.

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, 22 editorial team interns were trained in the Children's and Youth Book division as well as the Games, Puzzles and Arts/Crafts division.

International Competencies

To actively promote the international qualifications of the DHBW students, the company sends three to four of them to the subsidiary Ravensburger USA Inc. each year. This time abroad supports 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 subsidiary Wonder Forge Inc. in Seattle, USA as well as in the BRIO division in Malmö, Sweden.

The employees' international expertise and foreign language skills are continuously developed through inhouse training courses in English and French. In addition, they gain a deeper understanding of various cultures and languages through individual trainings and language study trips. In 2015, 52 people took part in the inhouse language courses.

Advanced Training and Development at Ravensburger

The quality of the management is a key factor in the success of the company. In 2015, a total of 64 managers (21 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, personal position determination, entrepreneurial thinking, and change management.

A 24-month qualification program comprising 15 extensive modules has been established specifically for Ravensburger editors. Creative/design expertise, soft skills, and entrepreneurial know-how are taught on the basis of a specially developed skills module. 39 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 in agreement with their superiors. Key topics are IT, management methods (e.g. creativity techniques, design thinking, speed reading), personal and social competencies, legal issues, human resources and business studies. A total of 151 employees chose to attend the "Ravensburger Academy" in 2015.

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 2,007 employees registered for "Lunch & Learn" events.

"Förderkreis" (Management Training 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 will be launched in 2016 as the "Ravensburger Freizeitportal".

Health Promotion for Ravensburger Employees

In September 2015, Ravensburger added a new element to its company health promotion program called "Ravensburger aktiv". The program started in fall and features various exercise and relaxation courses. All this supplements existing opportunities including cooperation with a local sports club, company sports groups, quiet zones, motivational talks and free, anonymous psychological advice. The response was extremely positive, with more than 200 employees signing up for the courses in fall 2015.

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 2015 Ravensburger again provided a childcare service during the Easter, Whitsun, summer, and fall breaks. A total of 132 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 eleven half-day and full-day places as well as an emergency childcare service. In addition to family-friendly general conditions and support offerings, the management plays 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 to 30 million in research and development of new product offerings and concepts. Some 2,500 new products appear annually, with which Ravensburger generates approx. 28 % 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.

Since 2008, the Games, Puzzles and Arts/Crafts division has been operating an innovation management. It was designed in collaboration with an institute of the University of St. Gallen, Switzerland, and focusses product development and supply chain management. In a multi-stage 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.

Last but not least, Ravensburger has a dedicated division that ensures the company's content and product offerings are also available on digital devices. Included here are products on all three standards for mobile devices as well as on social networks.

SITUATION AND DEVELOPMENT OF BUSINESS 2015

Once 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.

However, development of the book markets was slightly negative.

On average compared to 2014, the exchange rate of the euro to the US dollar declined significantly by 16 %. Similarly, the euro weakened noticeably against the British pound (-10 %) and the Swiss franc (-12 %).

Under these conditions as well as with the initial consolidation of the BRIO Group acquired in 2015, the Ravensburger Group was able to increase net revenue by 19.0 % to € 444.0 million.

At € 33.5 million, the Group proportion of net income was lower than in the previous year (€ 37.6 million).

Business Development of the Operating Divisions

The largest division of the Ravensburger Group, the Games, Puzzles and Arts/Crafts division, accounts for 74.7 % of consolidated net revenue and a significant portion of the Group operating result. Followed by the Children's and Youth Book division, which is responsible for 14.6 % of consolidated net revenue and a corresponding share of the Group operating result. Right away, in the first year of consolidation, the new BRIO division contributed 10.5 % of the total 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 2015 by approx. 5.6 %.

The markets for games and toys in Germany (+7.5 %), the United Kingdom (+5.9 %), Spain (+5.8 %), France (+3.4 %) and Italy (+6.0 %) all developed positively. Half of this growth came from the successful toy licenses Disney Frozen, Star Wars and Minions. Most toy categories achieved growth. The important Christmas business developed positively in all major European countries, and for the first time did not shift further towards the end of the year.

Against the background of this market development, net revenue of the Ravensburger Games, Puzzles and Arts/Crafts division in the year under review increased by 9.3 % to € 331.7 million. This was due on the one hand to the positive development abroad, with growth of 9.8 % including Wonder Forge Inc., and on the other hand to excellent business in the German-speaking markets.

At € 137.1 million, net revenue in Germany was up 8.5 % on previous year (€ 126.4 million). This includes all products delivered to Germany. Particularly worth mentioning here are very good sales of games and puzzles as well as the sustained success of tiptoi®.

58.7 % of net revenue was generated abroad. With two exceptions, net revenue development of all foreign subsidiaries compared to previous year was positive, both in euro and in local currencies. Lower net revenue than in the previous year was booked in Austria (due to vigorous growth of German companies) and Switzerland (due to the stronger Swiss franc). At € 17.4 million,

net revenue from export business was 9.4 % down on previous year. This is attributable above all to re-grouping net revenues of Canada from export business into the North America business.

Children's and Youth Book Division

The development of the German book market was once again slightly negative compared to previous year, down by -1.7 %. Almost all merchandise groups were affected by this. Only the market for science books achieved growth of +1.6 % compared to previous year on the back of a number of bestsellers. Similarly, the book markets in Austria (-1.1 %) and Switzerland (-5.7 %) declined compared to previous year. Crucial in Switzerland was the development of the exchange rate of the Swiss franc, which impacted on sales prices in Switzerland compared to the eurozone. This resulted in significant price reductions in Switzerland, reflected in lower revenues.

The children's and youth book market developed in line with the overall book market. Here, Germany achieved the best development with -1.2 % compared to the previous year, while Austria with -3.0 % and Switzerland with -2.4 % declined significantly on the previous year. The more moderate decline in Switzerland compared to the overall book market is explained by a lower price sensitivity due to the already low price level for children's books.

The division was able to resist this general trend on the children's and youth book market. As a result, it slightly improved its market-leading position. Net revenue of the division was -1.4 % down on previous year. In particular the tiptoi® product brand, but also other areas, stabilized the overall development with further growth in net revenue.

Leisure and Promotion Service Division

The Leisure and Promotion Service division is split into the areas Ravensburger Spieleland theme park, agency business, outlet stores and the Ravensburger Museum. Furthermore, the company operated two Ravensburger stores at Stuttgart and Nuremberg Airports as pilot projects. Ravensburger Kinderwelt in Kornwestheim was operated independently under the management of the town of Kornwestheim and continued to develop positively.

In the year under review, Ravensburger Spieleland theme park attracted 401,716 visitors (+1.9 %) and Ravensburger Museum counted 35,816 visitors (+8.2 %).

Sales by the overall division, at € 14.9 million, were the highest since its foundation. The result exceeded the previous year's figure by 12.0 %.

Digital Products Division

As in the previous year, the focus within the division was on developing content and processes for the new generation of digital and hybrid products. There was high investment in the development of a new product in the interactive toy sector, which was released at the end of the year under the name "Space Hawk". Simultaneously, the existing app-store range of game and learning content for children was updated and expanded by a large number of new titles.

Moving beyond its own product development activities, the division increasingly also took on internal service functions to provide technical support for the growing number of projects in the Group with digital elements.

Totaling € 1.1 million, the net revenue achieved was down on the previous year by -13.5 %. This was due to growth in the hybrid area was not able to compensate for the decline in the online and mobile app areas.

BRIO Division

In its first year within the Ravensburger Group, the new division generated a total net revenue of € 46.5 million, which corresponds to (pro forma) growth of +20.2 % compared to the previous year.

This strong growth is attributable firstly to the establishment of a dedicated sales organization in the Nordic market. The second factor here was the positive development of marketing and sales of innovations such as “My First” in markets like Germany and France. There is also pleasant growth on markets ready for development, such as the USA and China.

The BRIO Group, which comprises companies in Sweden, Norway, Finland, Denmark, Germany, France, China and Japan, operates as an independent division run by the existing management in Malmö.

The focus in the past fiscal year was on integrating this new division into the Ravensburger Group together with its financial and IT systems. The first synergies were achieved in sales by Ravensburger subsidiaries in countries where BRIO previously worked with distributors, for instance in the UK.

Situation of the Ravensburger Group

Income Situation

The BRIO Group was included in the income statement of the Ravensburger Group in 2015 for the first time, influencing various items. In the following, these influences are pointed out where there are significant deviations.

In the fiscal year 2015, the Ravensburger Group achieved consolidated net revenue for all divisions of € 444.0 million (+19.0 %). Without the BRIO Group, sales would have increased by 7.3 %.

Other operating income amounted to € 8.5 million, which meant the figures were € 2.5 million above those of the previous year (€ 6.0 million), especially due to higher exchange rate gains.

Operating expenses increased by 21.7 % to € 403.2 million. Without the BRIO Group, the increase was only 7.6 %.

The material usage ratio increased by 2.4 percentage points to 31.7 %. Without the BRIO Group, this ratio was slightly below the previous year's figure.

Personnel expenses increased to € 103.9 million. The rise is primarily due to an increase in employee numbers (an average over the year of 169 full-time employees, of which 88 in the BRIO Group) as well as wage and salary increases.

Depreciation of property, plant and equipment, and intangible assets rose by € 5.1 million to € 12.7 million, including for the first time depreciation of the BRIO brand as well as depreciation of the goodwill from the initial consolidation of the BRIO Group. Depreciation of property increased slightly due to the higher investments compared to the previous year.

The other operating expenses increased by € 21.7 million to € 145.8 million. Above all, royalties and selling costs as well as higher advertising expenses in connection with sales were responsible for this. The operating expenses for the BRIO Group amounted to € 10.9 million.

At € -2.3 million, the financial result was € 4.0 million below previous year (€ 1.7 million), in particular due to lower payouts from the special funds as well as higher discounting of provisions.

The result from ordinary activities amounted to € 49.8 million, € 3.3 million lower than previous year's figure.

Tax expenses increased by € 0.5 million as the taxable result was higher than in the previous year.

At € 33.5 million, the net income of the Group, taking into account the result from shares held by external partners, was over all below the figure for the previous year by € 4.1 million.

Financial Situation

The Group balance sheet total on December 31, 2015 is, at € 437.7 million, € 52.7 million above previous year (€ 385.0 million). Responsible for this are the higher balance sheet values due to the first consolidation of the BRIO Group, as well as an increased working capital.

Fixed assets rose on balance by € 14.4 million to the present figure of € 171.6 million. Opposite effects are responsible for this:

Intangible assets increased by € 37.3 million to € 43.0 million. The brand value and goodwill resulting from the initial consolidation of the BRIO Group are largely responsible for this.

At € 15.1 million, investments in property, plant and equipment were higher than in the previous year (€ 8.9 million) and therefore also higher than depreciation of property, plant and equipment (€ 6.1 million). The value of property, plant and equipment therefore rose, taking exchange rate differences and the initial consolidation of the BRIO Group into account, by € 9.8 million.

Fixed financial assets fell by € 32.7 million to € 67.0 million, above all due to the maturity of securities classified as fixed assets.

Current assets increased by € 40.2 million to € 264.8 million.

Inventories as of balance sheet date were € 52.1 million, or € 13.4 million above the figure for the previous year (€ 38.7 million). Included here for the first time is the BRIO Group, with an amount of € 6.6 million.

Trade receivables increased to € 125.1 million, higher by € 16.5 million than in the previous year (€ 108.6 million). This is due not only to the increase in sales, but also to the initial consolidation of the BRIO Group.

At the same time, liquidity increased by € 7.4 million.

Liquidity/Cash Flow

The cash flow from operating activities in 2015 amounted to € 22.3 million.

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

Investment activities led to a cash outflow of € 23.9 million. On the one hand, liquid assets were reduced by not only the aforementioned net investments in fixed assets, but also by the acquisition of the residual 32 % share in Wonder Forge Inc. as well as the acquisition of 100 % of the shares in BRIO AB. On the other hand, liquid funds increased by the securities classified as fixed assets which matured in 2015.

The dividend distribution and the take-up of a bank loan resulted in a net positive cash flow from financial activities to the amount of € 7.4 million.

Cash and cash equivalents therefore rose, taking exchange rate differences into account, by a total of € 7.4 million. The Ravensburger Group records liabilities to banks as of year-end totaling € 22.2 million.

Financing Structure

The equity of the Ravensburger Group increased in the past fiscal year from € 255.4 million to € 270.4 million. This is due to the net income achieved of € 33.5 million, less the dividend distribution of € 14.4 million. There were also profit and loss neutral changes shown in equity, such as the acquisition of the remaining 32 % share in Wonder Forge Inc. as well as exchange rate differences. The equity ratio as of year-end is 61.8 % (previous year 66.3 %).

At € 27.4 million, pension provisions were € 1.8 million higher than in previous year (€ 25.6 million), in particular due to the further decline in the applicable discount rate.

Tax provisions, at € 4.4 million, were € 1.1 million below previous year (€ 5.5 million). This is attributable to the higher advance tax payments made during the year compared to the anticipated tax payment due.

Other provisions increased in the past fiscal year by € 3.1 million. Responsible for this are in particular provisions for uncertain risks as well as the initial consolidation of the BRIO Group.

Bank loans and overdrafts amounted to € 22.2 million (previous year: € 0.0 million) due to a long-term loan taken out to finance the acquisition of BRIO AB, Malmö.

Trade payables rose by € 3.8 million compared to previous year, reaching € 31.6 million.

At € 7.9 million, liabilities to Ravensburger Holding GmbH & Co. KG were the same as in the previous year. This liability was paid out in full at the beginning of 2016.

Other liabilities increased by € 1.8 million to € 10.0 million.

Deferred tax liabilities as of balance sheet date totaled € 5.9 million, resulting largely from the initial consolidation of the BRIO Group.

Business Development compared to the Outlook in 2014

The modest sales increase expected without the BRIO Group in the management report of the Group in 2014 was exceeded, supported in part by exchange rates. Furthermore, the initial consolidation of the BRIO Group significantly increased overall sales. The net income is € 4.1 million below the previous year's figure and therefore in line with expectations.

As anticipated, group net liquidity decreased by € 14.8 million. As described in the 2014 outlook, this was caused by the outflow of funds for acquiring BRIO.

Statement by the Managing Board on the Economic Situation 2015

Overall, the 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.

Subsequent Events

No events, in particular those which could have a significant impact on the financial statements of the Ravensburger Group, have occurred since the balance sheet date.

OUTLOOK AT THE BEGINNING OF FISCAL YEAR 2016

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 2016. 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. The development of currency parities as well as instability on the financial markets will probably have a negative effect on the profit of the Ravensburger Group. Against this background, a net income for the Ravensburger Group of slightly below or equal to the previous year's level is expected.

Games, Puzzles and Arts/Crafts Division

The new products and relaunches developed in the Games, Puzzles and Arts/Crafts division for 2016 were warmly received by the retail trade. These were above all "Bunny Hop Party", a line extension of Ravensburger's most successful children's game "Funny Bunny", that will be introduced in fall. Additionally the children's activity game innovation "Flappy Batty" is scheduled for international launch in fall 2016. Apart from other innovations in 3D puzzle buildings, the 3D innovation "Sneaker" attracted a very favorable response, as did innovations in the segments puzzles (new children's puzzle licenses and wood structure puzzles), arts & crafts, and role-play sets for tiptoi®. The full takeover of US toy and games producer Wonder Forge Inc. in 2015 will significantly strengthen the market position of the Ravensburger Group on the world's largest market for games and toys again in 2016.

There will be a continued focus in 2016 on investments in innovative products and technologies within the framework of innovation management.

Children's and Youth Book Division

Despite recent difficult market and trade development as well as increasing market risks, sales in 2016 are expected to match the previous year's level. The company's sights remain firmly on growth in the future. This will be built on stable and expandable product brands as well as a determination to grasp market opportunities in fictional children's and youth books plus digital products. In the forefront is optimal market and target-group orientation, which was professionalized by the introduction of product management and will now be anchored even more solidly.

Leisure and Promotion Service Division

Enquiries and sales figures for fiscal year 2016 which the division has so far received for the various areas indicate a continued positive development of the division. This means it will probably be possible to achieve the strategic corporate goal – moderate yet steady growth in sales and net income – again in 2016.

BRIO Division

Considering the positive results from 2015 and the broad program of innovations, the Managing Board is quietly optimistic that sales will grow again in 2016. Furthermore, BRIO benefits from sales synergies in the Ravensburger Group in the USA and the UK as well as in other countries.

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 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 environment. Market opportunities are identified and developed using the systems that are in place.

Change and concentration in the retail landscape continues. 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, acquisition of the necessary know-how for online trading and modern, highly efficient production and logistics resulted in growth opportunities Ravensburger fully exploited.

Despite the demographic change in the 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.

Considering the decline in the book market and ongoing 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

There were two main risks on the procurement markets in 2015. They consisted of currency fluctuations and raw materials availability. Although the US dollar gained in value against the euro in 2015, cost increases were partly offset by sourcing from China thanks to the introduction of exchange rate contribution clauses with key suppliers. Considerable wage increases in China were balanced out by the falling renminbi/dollar exchange rate. 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. Professional purchasing, avoiding dependence on individual suppliers, and thinking in terms of technical alternatives, also in alternative regions, remain the preconditions for successful risk management in the procurement markets. 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, flexible response to market changes.

Both a shrinking book market and the digitization of contents are diminishing the demand for printed books, putting book

printing companies out of business. However, sales shortfalls were avoided by adhering to a multiple-supplier strategy. Nevertheless, this development makes it necessary to acquire new core suppliers.

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 upgraded 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 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 centrally administered standard software throughout the Group. Current standards are ensured by updating hardware and software to the latest versions. This also applies to the BRIO Group, which joined the Ravensburger Group on 01.01.2015.

Strategic developments of processes and IT applications are implemented by internal IT experts, if necessary supported by external consultants.

Ongoing benchmarking ensures quality at usual 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 and quality. 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 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. However, in the past fiscal year, a new strategy was established.

To optimize management 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.

Over the course of the fiscal year, the BRIO Group was successively integrated into the financial processes of Ravensburger AG.

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 2015, 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 proactive 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.

Under their own management, the recently acquired subsidiaries Wonder Forge Inc. and BRIO 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. In terms of new product categories as well as geographical expansion, BRIO represents an excellent addition to the Ravensburger Group.

Ravensburg, March 23, 2016

Karsten Schmidt

Clemens Maier

Hanspeter Mürle

Ravensburger AG Group, Ravensburg
Balance Sheet as of December 31, 2015

ASSETS	€	€	T€
			31.12.2014
A FIXED ASSETS			
<i>I. Intangible Assets</i>			
1. Purchased film rights, software, licenses and similar rights	28,623,966.88		649
2. Goodwill	13,964,341.49		4,904
3. Prepayments	374,238.01		143
	42,962,546.38		5,696
<i>II. Property, plant and equipment</i>			
1. Land and buildings	30,068,109.88		29,557
2. Plant and machinery	11,517,430.66		9,369
3. Other equipment, furniture and fixtures	15,453,221.39		12,642
4. Prepayments and assets under construction	4,620,468.11		231
	61,659,230.04		51,799
<i>III. Financial assets</i>			
1. Shares in affiliates	25,436.84		26
2. Equity investments	7,621.00		160
3. Securities classified as fixed assets	66,988,030.51		99,513
	67,021,088.35		99,699
	171,642,864.77		157,194
B CURRENT ASSETS			
<i>I. Inventories</i>			
1. Raw materials, consumables and supplies	11,083,222.96		10,399
2. Work in progress	4,569,120.52		4,249
3. Finished goods and merchandise	34,904,688.04		23,041
4. Prepayments	1,407,616.27		981
	51,964,647.79		38,670
<i>II. Receivables and other assets</i>			
1. Trade receivables	125,176,349.41		108,605
2. Other assets	11,644,910.98		8,749
	136,821,260.39		117,354
<i>III. Cash on hand and bank balances</i>			
	75,919,723.39		68,564
	264,705,631.57		224,588
C PREPAID EXPENSES		1,308,903.56	1,073
D DEFERRED TAXES		0.00	2,110
	437,657,399.90		384,965

EQUITY AND LIABILITIES	€	€	T€
			31.12.2014
A EQUITY			
<i>I. Subscribed capital</i>	12,480,000.00		12,480
<i>II. Capital reserves</i>	39,050,000.00		39,050
<i>III. Other revenues reserves</i>	78,788,753.83		81,360
<i>IV. Currency translation differences</i>	5,503,367.60		2,256
<i>V. Net retained profit</i>	134,527,466.93		118,752
<i>VI. Minority interest</i>	0.00		1,459
	270,349,588.36		255,357
B PROVISIONS			
1. Pension provisions	27,378,410.08		25,625
2. Tax provisions	4,394,799.43		5,512
3. Other provisions	56,253,018.43		53,123
	88,026,227.94		84,260
C LIABILITIES			
1. Liabilities due to banks	22,188,045.00		0
2. Prepayments received on account of orders	584,362.45		394
3. Trade payables	31,601,694.14		27,784
4. Payable to affiliates	8,034,623.76		8,003
5. Other liabilities	9,944,558.86		8,209
	72,353,284.21		44,390
D DEFERRED INCOME		1,036,385.86	958
E DEFERRED TAX ASSETS		5,891,913.53	0
	437,657,399.90		384,965

Ravensburger AG Group, Ravensburg
Income Statement for fiscal year 2015

	€	€	2014 T€
1. Net revenue	443,997,874.81		373,153
2. Increase in finished goods and work in process	1,989,960.71		3,055
3. Other own work capitalized	748,979.00		465
4. Other operating income	8,538,684.83		6,055
		455,275,499.35	382,728
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	121,594,412.78		93,207
b) Cost of purchased services	19,223,998.81		16,180
		140,818,411.59	109,387
		314,457,087.76	273,341
6. Personnel expenses			
a) Wage and salaries	85,186,859.70		74,401
b) Social security	16,513,593.06		13,948
c) Pension costs and other benefit costs	2,156,294.60		1,865
	103,856,747.36		
7. Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	12,738,107.12		7,628
8. Other operating expenses	145,796,661.39		124,106
		262,391,515.87	
		52,065,571.89	51,393
9. Income from other securities and long-term loans including gains on disposal and income from write-ups	1,346,773.90		3,525
10. Other interest and similar income	162,684.52		279
	1,509,458.42		
11. Write-downs of financial assets and securities classified as current assets including losses on disposal	144,999.00		25
12. Interest and similar expenses	3,624,086.42		2,103
	3,769,085.42		
		-2,259,627.00	1,676
13. Result from ordinary activities		49,805,944.89	53,069
14. Income taxes	14,961,354.67		14,606
15. Other taxes	620,552.20		529
		15,581,906.87	15,135
16. Net income of the group		34,224,038.02	37,934
17. Alloted net income of minority interest		704,052.49	369
18. Group proportion of net income		33,519,985.53	37,565
19. Profit carryforward from the prior year		104,352,061.29	88,723
20. Allocations to revenue reserves		3,344,579.89	7,536
21. Net retained profit		134,527,466.93	118,752

Supervisory Board

Prof. Dr. Dieter Kurz
Lindau
Chairman

Dorothee Hess-Maier (until July 29, 2015)
Ravensburg
Vice chairwoman

Albert Hess (since July 29, 2015)
Munich
Vice chairman

Dr. Wolfram Freudenberg
Stuttgart

Carel Halff (until July 29, 2015)
Augsburg

Claus-Dietrich Lahrs
Stuttgart

Dr. Valerie Maier
Hafnarfjörður, Iceland

Dr. Thomas Vollmoeller (since July 29, 2015)
Hamburg

Managing Board

Karsten Schmidt
Ravensburg
Chairman

Florian Knell (until December 31, 2015)
Eberhardzell

Clemens Maier
Langenargen

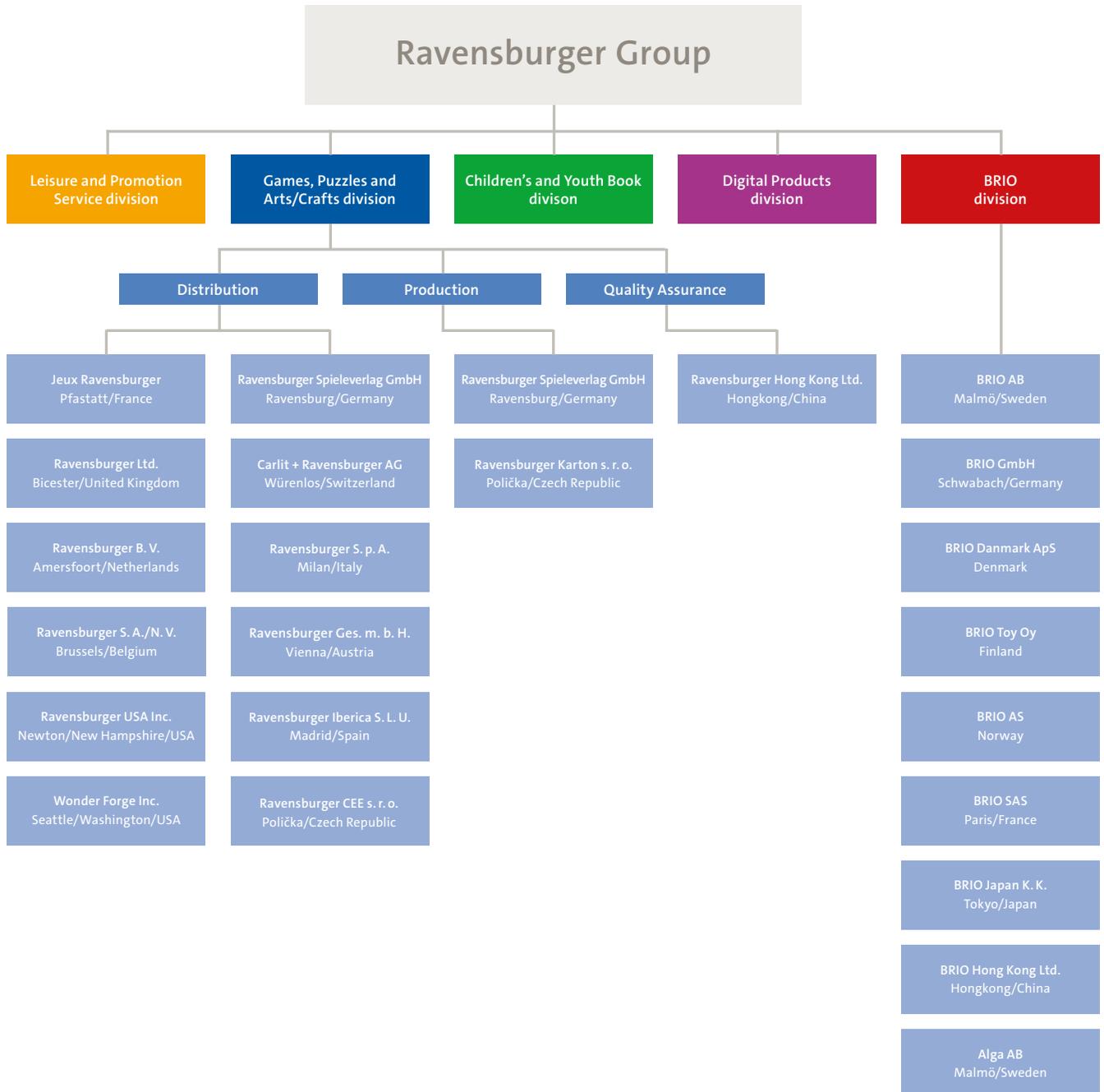
Jörg-Viggo Müller (until March 31, 2015)
Reutlingen

Hanspeter Mürle (since May 1, 2015)
Neu-Ulm

Multi-Year Overview of the Ravensburger AG Consolidated Group

	2006 T€	2007 T€	2008 T€	2009 T€	2010 T€	2011 T€	2012 T€	2013 T€	2014 T€	2015 T€
Net revenue	281,505	285,761	287,768	293,255	311,660	319,521	329,873	358,676	373,153	443,998
Results from ordinary activities as a percentage of sales	45,623 16.2 %	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 %
Net income for the year * after tax margin as a percentage of sales	30,883 11.0 %	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 %
Net income * before depreciation of goodwill/brand	30,883	25,838	24,318	34,027	35,250	24,659	33,537	34,790	39,199	39,829
Cash flow** as a percentage of sales	41,400 14.7 %	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 %
Balance sheet total	237,055	257,758	239,099	261,877	289,928	299,143	332,834	353,015	384,965	437,657
Shareholder's equity as a percentage of balance sheet total	121,244 51.1 %	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 %
Number of employees (year-end) ***	1,310	1,356	1,383	1,405	1,471	1,640	1,667	1,719	1,838	2,007
Investment in property, plant and equipment	3,282	5,812	4,515	5,108	11,300	8,003	6,907	3,700	8,942	15,083
Depreciation of property, plant and equipment	6,889	6,444	5,278	5,060	5,476	6,309	6,549	5,681	5,681	6,110
<p>* 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</p>										

Activities of the Ravensburger AG Group



2015 Annual Report
Ravensburger AG Group
Ravensburg, June 2016

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