



“ This year has been marked by a number of significant changes for TOP-TOY – new owners, a new board, a new CEO and a new head office. I see great potential in our organisation, and I am confident that **exciting times and growth are ahead** ”

MESSAGE FROM OUR CEO

In 2015/2016, we undertook significant changes to strengthen our organisation. The biggest was the sale to the private equity fund EQT, making them the majority owner of TOP-TOY. Looking ahead, we need to continue evolving to stay competitive. Relentless customer focus and working in a coherent and collaborative manner across TOP-TOY and with our partners are necessary to ensure our customers enjoy a great shopping experience and a strong product offering that keeps them coming back.

I would like to say a big thank you to all employees for embracing the opportunities this year's changes have brought and for welcoming me into an organisation full of dedicated people who know their business. Exciting times lie ahead as we work together to attain long-term

growth for TOP-TOY and to ensure that children across the markets we operate in get hours and hours of safe, joyful play and learning.

From family owned to private equity ownership

During the year, TOP-TOY entered a partnership with EQT. Following this change of ownership, a new board of directors was established, and I joined TOP-TOY as CEO after Peter Gjørup as the first CEO of TOP-TOY without family relations. These steps are a natural continuation of the journey that began with the launch of our new strategy in 2014/2015. Our goal is to develop and grow our company to ensure we remain the undisputed no. 1 toy retailer in the Nordic region. To achieve that, we will build on our more than 50 years of experience while adapting proactively and continuously to the dynamic toy market.

Financial performance

This year we have seen our sales increase both online and in our physical stores in total with 5.9% in constant currencies. However, following the closure of our wholesale business, our top line has, as expected, declined 2%. We have also seen a reduction in our profits, largely due to the one-off costs related to this closure and the write down of assets related to moving our Danish head office. Changes in foreign exchange ratios also had a negative impact on the operating result. We experienced a higher cost of goods sold due to a stronger USD and lower revenue due to a lower exchange rate for Norwegian and Swedish kroner. Overall our financial result this year did not meet expectations and is considered unsatisfactory.

A continuing, very competitive retail marketplace for toys calls for a lean cost structure and strong price and margin management. Our key ambition for 2016/2017 is to grow our sales and market share in all our markets. I am confident we can achieve this through a powerful selection of great new toys relevant to our two retail banners and made available through an improved online shopping experience; through successful implementation of a new ERP system and through continued development of the TOP-TOY culture. All with an ongoing focus on ensuring our stores provide great customer experiences and sell fun, inspirational and safe quality products.

Growing responsibly

Our long-term growth has to be achieved in a responsible manner. This is why TOP-TOY has been a signatory of the UN Global Compact since 2010. Our commitment is as strong as ever.

In 2015/2016, we have continued our work to ensure safe play for children, safe and responsible conditions for the workers who produce our products and an ethical approach to our product offering and marketing. It has been a great pleasure for me to find that this commitment is firmly embedded in TOP-TOY.

Søren Torp Laursen
CEO