

MESSAGE FROM OUR CEO



Søren Torp Laursen
CEO

As the Nordic leader in the dynamic retail market for toys our ambition is to grow and bring great experiences to children and their families when they shop in our stores – online and offline. In 2016/2017, we have faced challenges and our unsatisfactory financial performance has highlighted several improvement areas. The launch of new concepts and implementation of a new ERP system are key steps in our efforts to make the necessary changes. We will continue to modernise our business to ensure we always offer great play experiences.

A challenging year

Our financial performance has not been satisfactory this year, showing a decline in both revenue and profit. The implementation of a new ERP system has occupied many key resources both before and after go-live and has had a direct impact on financial results. Furthermore the important Christmas season in 2016 also delivered slightly below our expectations and the bad weather this spring and summer had a negative impact on sales of outdoor products, which is an important category for TOP-TOY.

We remain determined to further improve our operations and achieve a higher level of agility while serving our customers with the best assortment at highly competitive prices. Going forward we will be even more agile and market-driven in our pricing and marketing.

In light of the changes in our markets and the less than satisfactory results, we have adjusted our organisation to keep our business agile, competitive and efficient and to prepare for the future. This unfortunately meant that we in August 2017 had to say goodbye to a number of employees across our office locations. I would like to thank our former colleagues and wish them the best of luck in their future careers.

The journey ahead

This year's performance should be viewed in broader context. We are on a journey to fundamentally change TOP-TOY and build the foundation for our future growth. Here are a few of the initiatives I expect to have a positive impact on TOP-TOY's growth:

- We are investing in new store concepts. This includes a new in-store design for our TOYS"R"US stores and an upgrade of our BR stores
- We are testing a new BABIES"R"US concept in two TOYS"R"US stores in Sweden

- We are strengthening our omni-channel approach to give customers the best possible experience, whether they shop in our physical or online stores or both
- We are strengthening our pricing with initiatives such as price match and everyday low prices
- We have invested in a new ERP system to help us create even better customer experiences and enhance our efficiency

All of this will make us even better at giving children and their families special experiences and expert advice. I am confident that this is the path to future growth for TOP-TOY.

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.

Especially close to TOP-TOY's heart – and to my own – is the commitment to ensuring safe play for children, safe and responsible conditions for those who work in the factories that produce our products, and an ethical approach to our product offering and marketing.



Søren Torp Laursen
CEO