

Tandem Group plc

AGM Statement

Chairman, Mervyn Keene, will make the following statement at today's AGM:

"Trading in the first part of the year has been difficult, with revenue for the 25 week period to 24 June approximately 30% behind the prior year period for a number of reasons.

National retailer overstocks that were carried forward from the previous year in both toys and outdoor product categories have reduced order intake this year. The well documented issues in a number of national retailers, most significantly Toys R Us who were one of our top five customers and an outdoor specialist, have also impacted on the sector.

Although the May retail sales numbers showed some improvement, retail sales were weak in the preceding months. Lengthy spells of cold weather and periods of heavy rain coupled with cautious national retailer buying and a lack of confidence in consumer spending was acutely reflected in toy industry data with a significant year to date decline in sales reported.

Both national retailer and independent dealer bicycle sales during the period were generally disappointing. However, we continue to see strong growth in our Squish lightweight junior range.

In licensed products, PJ Masks continued to grow and Disney Princess was ahead of the previous year. Early signs for LOL Surprise!, a new licence this year, are encouraging with the property occupying five out of the top six toy sales rankings to the end of May this year.

In own brands, following further investment in product development, Ben Sayers was ahead of the prior year.

Our direct to consumer sales channels delivered growth and we continue to invest in this area with additional product development and digital marketing recruitment. Most importantly, through a combination of improved sourcing and disciplined price management, gross margin improved.

We are delighted to announce that we have reached agreement, subject to contract, with The Walt Disney Company to significantly expand our portfolio of licenses for 2019 and 2020 to incorporate their major properties, including Disney, Marvel and Lucasfilm. This will now encompass highly successful entertainment and consumer product franchises such as Frozen, Toy Story, Spider-Man, Lion King, Disney Princess, Avengers and Star Wars.

In 2019 Disney's theatrical and consumer products range is second to none and we anticipate that all of these properties will make a significant contribution to future revenue.

In accordance with our announcement on 11 April 2018, a resolution to pay a final dividend of 2.75 pence per ordinary share to be paid on or around 4 July 2018 to shareholders on the register on 18 May 2018 (ex-dividend date 17 May 2018) will be put to the AGM."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (MAR).

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