

Tandem Group plc

(the "Company")

ACQUISITION OF FREEHOLD PROPERTY AND TRADING UPDATE

Acquisition of freehold property

Tandem Group plc (AIM: TND), designers, developers and distributors of sports and leisure equipment, announces that it has completed the acquisition ("Acquisition") of the freehold on its property in Castle Bromwich, Birmingham for cash consideration (before expenses) of £2.6 million ("Consideration").

The Consideration was satisfied by means of a new 5 year term loan of £1.6 million provided by the Company's bankers and the balance from existing cash resources. Interest on the term loan will be charged at a rate of 2.5 per cent above base rate.

Following the Acquisition, the Company expects to save approximately £0.3 million per annum net of interest payments.

Trading update

The Company also announces a trading update ahead of its annual results for the year ended 31 December 2012 which are due to be announced in April 2013.

Revenue for the year ended 31 December 2012 was similar to the prior period at approximately £29 million and profit was ahead of the previous period.

As we reported in the half yearly report, revenue in the bicycle & accessories businesses continued to be behind the prior year. This was as a result of weaker performance from our lower price point and promotional products, inclement weather and a particularly poor Christmas for sales of BMX bicycles.

Notwithstanding this, revenue from our flagship brands, Claud Butler and Dawes, increased.

Performance in our sports, leisure & toys businesses was similar to the prior year despite the challenging retail environment. Peppa Pig proved to be a strong licence in its first year and revenue from the London Olympic and Paralympic Games made a valuable contribution.

The generic range of scooters under the 'Stunted' brand also performed well ahead of expectation.

Outlook

Our January cycle road shows were successful with both customer attendances and order intake significantly ahead of last year. There has, however, been some reticence by customers to take delivery of stock during the poor weather which has meant the year has started behind expectation.

This year's range of bicycles has been extensively redesigned, particularly our touring and road bikes, and we have further product development plans in the pipeline to enhance our cycle offering. Despite the challenging retail climate, we remain cautiously optimistic for the year ahead.

The 2013 sports, leisure and toy product ranges were showcased at the recent Toy Fair exhibition in London and feedback was positive. Although trading in the first quarter is expected to be behind the prior year we anticipate that this position will be recovered as our new ranges are delivered.

New licenses, including One Direction and Batman, have been secured. Reaction to these products from our customers has been promising. We are also encouraged by the potential of our Skylanders and Tree Fu Tom licenses, both of which are showing good potential for the forthcoming year.

We have also increased the 'Stunted' generic range of extreme scooters for 2013 and will support the range with an extensive TV campaign throughout the Summer.

Enquiries:

Tandem Group plc

Steve Grant, Chief Executive

Jim Shears, Group Finance Director and Company Secretary

Telephone 0121 748 8075

Nominated Adviser

Cairn Financial Advisers LLP

Tony Rawlinson

Telephone 020 7148 7901

6 February 2013