

19 April 2016

Dear Shareholder

My name is Peter Scott. I was invited to become Chairman of Ludorum in the autumn of last year and felt that it was now appropriate to write to bring you up to date with recent developments at the company.

I succeeded Dick Rothkopf who served as non executive Chairman for many years. I am happy to report that Dick agreed to continue as a non executive director and remains on the board: his experience as co-founder of Chuggington together with his wide experience and knowledge of the toy industry and broadcast continue to prove invaluable to us.

At the same time Nick Lewis - representing Downing - joined the board.

Since then there have been a number of developments at the company.

In February we ended our relationship with Tomy as the Master Toy Licensee. Sales continued to disappoint through 2015 and the board felt that Chuggington would benefit from a new Toy Partner as we looked to re-focus the brand and content towards a younger target market.

At the same time we have looked to create modified broadcast content from our existing library and after consultation with our broadcast partners have come down in favour of a new, short-format, content which is being well received internationally. The board has therefore committed to developing 52 x 4.5 minute shorts which are currently in production.

These and other initiatives needed to reinvigorate the Chuggington brand will require additional working capital and investment. It has been clear to me for some time that the company would require additional funds in 2016 to enable the planned relaunch of Chuggington to take place.

I am pleased to report that then existing loan note holders have indicated their willingness to make additional funds available to the company whilst a longer term financial restructuring is investigated. We expect that existing equity holders will be given the opportunity to participate in any further equity financing of the company.

Finally Rob Lawes has left Ludorum. Natalie Setton has been promoted from Commercial Director to Managing Director. Nat has many years' experience of Chuggington and knows the brand and its various broadcast and licensing partners extremely well. We welcome her to her new role at this most interesting time for the company.

I expect to be in a position to write to shareholders again within the next 3 months but will happily make myself available for discussions in the interim.



Peter Scott
Chairman