

Tandem Group plc
(the 'Company' or 'Group')

Interim results for the six months ended 30 June 2021

The Board of Tandem Group plc (AIM: TND), designers, developers, distributors and retailers of sports, leisure and mobility equipment, announces its unaudited interim results for the six months to 30 June 2021.

Highlights

- Revenue increased approximately 14% to £19,262,000 (2020 - £16,927,000)
- Gross profit increased to £6,066,000 (2020 - £5,556,000)
- Increase in operating profit to £2,003,000 (2020 - £1,478,000)
- Profit before tax after non-underlying items was £1,907,000 (2020 - £1,409,000)
- Net profit for the period was £1,602,000 (2020 - £1,141,000)
- Earnings per share 31.2p (2020 – 22.7p)
- Net assets increased to £18,568,000 (2020 - £15,266,000)
- Cash and cash equivalents as at 30 June 2021 of £5,850,000 (2020 - £6,322,000)

Enquiries:

Tandem Group plc

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CHAIRMAN'S STATEMENT

Results

Group revenue in the six months to 30 June 2021 increased by approximately 14% to £19,262,000 compared to £16,927,000 in the six months to 30 June 2020.

There was a 9% increase in gross profit from £5,556,000 to £6,066,000. Gross profit margin decreased to 31.5% compared to 32.8% in the prior period primarily as a result of increased supplier and freight costs, not all of which could be passed onto customers.

Operating expenses decreased marginally from £4,078,000 to £4,063,000 in the six months to 30 June 2021 due to the ongoing impact of COVID-19, in particular restricting travel and exhibitions as well as reduced inventory storage costs.

As a result of the above, there was a significant increase in operating profit to £2,003,000 compared to £1,478,000 in the prior year period.

Finance costs were £96,000 in the six months to 30 June 2021. This compared to a cost of £69,000 in the prior year period.

The profit before taxation for the period was £1,907,000 compared to £1,409,000 last year, a 35% increase.

There was a tax charge of £305,000 during the period compared to £268,000 in the prior period. This reflected the increased level of profitability.

Net profit for the period to 30 June 2021 was £1,602,000 compared to £1,141,000 in the six months to 30 June 2020.

Basic earnings per share in the six months to 30 June 2021 was 31.2 pence per share compared to 22.7 pence per share in the prior period.

Net assets at 30 June 2021 increased by approximately 22% to £18,568,000 against £15,266,000 at 30 June 2020.

Cash and cash equivalents were £5,850,000 at 30 June 2021 which compared to £6,322,000 at 30 June 2020. The purchase of the land in Castle Bromwich utilised £1,425,000 of cash as previously announced. We continued to carefully manage cash and cash equivalents through the control of our working capital.

Net cash after borrowings was £2,144,000 against £5,289,000 at 30 June 2020, the movement was primarily the result of the purchase of the land at a cost of £2,850,000 in April 2021 and related development costs to date. This was coupled with the return to a more normalised level of stock holding, other than bicycles, following the lower levels held at 30 June 2020.

Trading update

To improve transparency we have divided the Group into 4 key reporting segments:

Toys, Sports and Leisure

Toys, Sports and Leisure revenue includes sales from all wheeled and other toys, outdoor sports and leisure ranges, including golf. Revenue grew by approximately 9% to £7,539,000 compared to £6,936,000 in the same period last year despite a very strong comparative during lockdown.

In our licensed property ranges, Paw Patrol, Nerf and Peppa Pig were significantly ahead of the prior period. Other licences, such as Trolls and Toy Story, reduced following movie releases in previous years.

In own brands, sales of Hedstrom outdoor play products and Kickmaster football training along with uMoVe and Stunted scooters were all ahead of the previous year to date period.

Revenue from our Ben Sayers golf business was also considerably ahead of the prior year period and the forward order book remains strong.

Bicycles

The bicycles segment comprises all bicycle turnover from independent bicycle dealer (IBD), national retailer and online customers for bicycles with a 12" wheel and above but excludes electric bicycles. Revenue of £5,489,000 (2020 - £5,550,000) was broadly in line with the prior period with the exception being our lightweight children's bicycle range Squish, which was materially ahead of the same period last year.

Both IBD and national retailer demand continued to be very strong but as we reported in our AGM statement, our greatest challenge continues to be to receive sufficient stock of bicycles to maintain timely supply to our customers.

Despite these supply chain issues the sales order book for bicycles remains exceptionally strong at over £20 million.

Home & Garden

Revenue from our Home & Garden segment, which comprises sales made predominantly by our Expressco direct to consumer business, was £4,216,000 (2020 - £3,704,000), approximately 14% ahead of the previous year period despite the relatively poor weather prior to June 2021, with May 2021 being the fourth wettest on record and coldest since 1996, supply chain issues in June and a strong comparative period. However, we performed well in a number of categories, most notably gazebos, party tents, heating, garden storage and various other home categories.

We continue to invest in our key home & garden websites; Garden Comforts by Garden & Camping (www.garden-camping.com) and At Home Comforts by Jack Stonehouse (www.jackstonehouse.com) and have recruited additional digital marketing and product development/buying resources for the second half of the year which we expect to have a positive impact in 2022 and beyond.

eMobility

The eMobility segment includes revenue derived from sales of ebicycles (Falcon, Dawes, Claud Butler and Elswick), scooters (Li-Fe and Wired) and mobility scooters (Pro Rider). There was significant revenue growth of approximately 174% during the period with revenue of £2,018,000 to 30 June 2021 compared to £737,000 in the prior year period.

We have been very pleased with the growth in both ebikes and scooters and, subject to changes in Government legislation with regards to scooters, anticipate further growth in this area.

Mobility scooter revenues were approximately 16% behind the prior year and continued to be most impacted by the COVID-19 pandemic.

Outlook

The challenges previously reported have continued over the last two months since our AGM update. Global demand remains high with shipping containers still in short supply. Input costs, having risen significantly during the year to date, have yet to return to more reasonable levels.

We continue to manage these challenges well, where necessary deferring shipments and seeking alternative shipping routes to minimise cost whilst seeking to maintain timely supply of product.

Group revenue to 31 August 2021 was approximately £27.6 million compared to £24.2 million for same period in the prior year.

Therefore, the outlook for the remainder of 2021 remains positive and the Board are confident that with revenue to 31 August 14% ahead of the prior year and a current sales order book of approximately £30 million (2020 - £11.9 million), the Group will deliver another strong year.

Dividend

Due to the strong performance of the Company in the first half of the year we are declaring a 10% increase in the interim dividend to 3.43p per share (2020 – 3.12p per share) payable on or about 15 November 2021. We will continue to review our dividend strategy and pay a progressive dividend where profits permit. The ex-dividend date will be 7 October 2021 and the record date 8 October 2021.

Board update

As previously announced, the Company are actively seeking an additional Non-Executive Director who will enhance the existing skills of the Board.

Property update

Following the acquisition of land adjacent to the Company's Birmingham premises in April 2021, we are pleased to report that the existing buildings have been demolished and the site cleared. Planning permission is shortly expected to be granted and the tender process is nearing conclusion. Construction works are expected to commence thereafter, we expect the construction cost to be in the region of £4m due to rising material costs and we are aware that there is currently a delay in sourcing certain building materials, particularly steel and cladding. The Board will keep investors informed of future developments.

Investor presentation

The interim results presentation for investors will be posted on the Company's website. Investors are encouraged to contact the Company with any questions about the business by telephone, using the website or by emailing our dedicated shareholder email address investorrelations@tandemgroup.co.uk.

Shareholder benefits

There is a facility for shareholders to benefit from an exclusive 10% discount code on our garden, home and leisure websites www.garden-camping.com, www.athomecomforts.co.uk and www.proriderleisure.com by entering the discount code "SH10" on the checkout page.

Steve Grant
Chairman
14 September 2021

CONDENSED CONSOLIDATED INCOME STATEMENT
For the 6 months ended 30 June 2021

	6 months ended 30 June 2021 Unaudited £'000	6 months ended 30 June 2020 <i>Unaudited</i> £'000	Year ended 31 December 2020 <i>Audited</i> £'000
Revenue	19,262	16,927	37,056
Cost of sales	<u>(13,196)</u>	<u>(11,371)</u>	<u>(24,864)</u>
Gross profit	6,066	5,556	12,192
Operating expenses	<u>(4,063)</u>	<u>(4,078)</u>	<u>(8,097)</u>
Operating profit	2,003	1,478	4,095
Finance costs	(96)	(69)	(91)
Profit before taxation	<u>1,907</u>	<u>1,409</u>	<u>4,004</u>
Tax expense	(305)	(268)	(546)
Net profit for the period	<u><u>1,602</u></u>	<u><u>1,141</u></u>	<u><u>3,458</u></u>
	Pence	Pence	Pence
Earnings per share			
Basic	2 <u><u>31.2</u></u>	<u><u>22.7</u></u>	<u><u>68.5</u></u>
Diluted	2 <u><u>29.6</u></u>	<u><u>22.0</u></u>	<u><u>64.7</u></u>

All figures relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 June 2021

	6 months ended 30 June 2021 Unaudited £'000	6 months ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Profit for the period	1,602	1,141	3,458
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit and loss:</i>			
Foreign exchange differences on translation of overseas subsidiaries	(11)	50	(28)
Forward foreign exchange contracts	78	—	(410)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment	—	—	1,141
Actuarial gain on pension schemes	—	—	(1,982)
Movement in pension schemes' deferred tax provision	—	—	474
Other comprehensive income for the period	67	50	(805)
Total comprehensive income attributable to equity shareholders of Tandem Group plc	1,669	1,191	2,654

All figures relate to continuing operations.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2021

	At 30 June 2021 <i>Unaudited</i> £'000	At 30 June 2020 <i>Unaudited</i> £'000	At 31 December 2020 <i>Audited</i> £'000
Non current assets			
Intangible fixed assets	5,483	5,532	5,481
Property, plant and equipment	7,717	3,536	4,624
Deferred taxation	1,761	1,931	1,761
	14,961	10,999	11,866
Current assets			
Inventories	5,244	2,436	4,512
Trade and other receivables	8,533	6,524	9,971
Derivative financial asset held at fair value	36	-	-
Cash and cash equivalents	5,850	6,322	6,076
	19,663	15,282	20,559
Total assets	34,624	26,281	32,425
Current liabilities			
Trade and other payables	(8,039)	(6,751)	(8,952)
Borrowings	(1,634)	(203)	(1,562)
Derivative financial liability held at fair value	-	(40)	(410)
Current tax liabilities	(306)	(827)	(1)
	(9,979)	(7,821)	(10,925)
Non current liabilities			
Borrowings	(2,072)	(830)	(735)
Pension schemes' deficits	(4,005)	(2,364)	(4,157)
	(6,077)	(3,194)	(4,892)
Total liabilities	(16,056)	(11,015)	(15,817)
Net assets	18,568	15,266	16,608
Equity			
Share capital	1,503	1,503	1,503
Shares held in treasury	(192)	(245)	(240)
Share premium	466	294	315
Other reserves	4,758	3,670	4,323
Profit and loss account	12,033	10,044	10,707
Total equity	18,568	15,266	16,608

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2021

	Share capital £'000	Shares held in treasury £'000	Share premium £'000	Cash flow hedge reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2020	1,503	(247)	286	—	1,036	1,427	530	627	9,149	14,311
Net profit for the period	—	—	—	—	—	—	—	—	1,141	1,141
Retranslation of overseas subsidiaries	—	—	—	—	—	—	—	50	—	50
<i>Total comprehensive income for period attributable to equity shareholders</i>	—	—	—	—	—	—	—	50	1,141	1,191
Share based payments	—	—	—	—	—	—	—	—	9	9
Exercise of share options	—	2	8	—	—	—	—	—	—	10
Dividends paid	—	—	—	—	—	—	—	—	(255)	(255)
<i>Total transactions with owners</i>	—	2	8	—	—	—	—	50	895	955
At 30 June 2020	1,503	(245)	294	—	1,036	1,427	530	677	10,044	15,266
Net profit for the period	—	—	—	—	—	—	—	—	2,317	2,317
Retranslation of overseas subsidiaries	—	—	—	—	—	—	—	(78)	—	(78)
Revaluation of property, plant and equipment	—	—	—	—	—	—	1,141	—	—	1,141
Forward contracts	—	—	—	(410)	—	—	—	—	—	(410)
Net actuarial loss on pension schemes	—	—	—	—	—	—	—	—	(1,508)	(1,508)
<i>Total comprehensive income for period attributable to equity shareholders</i>	—	—	—	(410)	—	—	1,141	(78)	809	1,462
Share based payments	—	—	—	—	—	—	—	—	10	10
Exercise of share options	—	5	21	—	—	—	—	—	—	26
Dividends paid	—	—	—	—	—	—	—	—	(156)	(156)
<i>Total transactions with owners</i>	—	5	21	(410)	—	—	1,141	(78)	663	1,342
At 1 January 2021	1,503	(240)	315	(410)	1,036	1,427	1,671	599	10,707	16,608
Net profit for the period	—	—	—	—	—	—	—	—	1,602	1,602
Retranslation of overseas subsidiaries	—	—	—	—	—	—	—	(11)	—	(11)
Forward contracts	—	—	—	78	—	—	—	—	—	78
<i>Total comprehensive income for period attributable to equity shareholders</i>	—	—	—	78	—	—	—	(11)	1,602	1,669
Share based payments	—	—	—	—	—	—	—	—	15	15
Exercise of share options	—	48	151	—	—	—	—	—	—	199
Reclassified to cost of inventory	—	—	—	368	—	—	—	—	—	368
Dividends paid	—	—	—	—	—	—	—	—	(291)	(291)
<i>Total transactions with owners</i>	—	48	151	446	—	—	—	(11)	1,326	1,960
At 30 June 2021	1,503	(192)	466	36	1,036	1,427	1,671	588	12,033	18,568

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 June 2021

	At 30 June 2021 <i>Unaudited</i> £'000	At 30 June 2020 <i>Unaudited</i> £'000	At 31 December 2020 <i>Audited</i> £'000
Cash flows from operating activities			
Profit for the period	1,602	1,141	3,458
<i>Adjustments:</i>			
Depreciation of property, plant and equipment	65	55	245
Amortisation of intangible fixed assets	1	10	65
Loss/(profit) on sale of property, plant and equipment	—	3	(1)
Contributions to defined benefit pension schemes	(218)	(218)	(437)
Finance costs	96	69	91
Tax expense	305	268	546
Share based payments	15	9	19
Net cash flow from operating activities before movements in working capital	1,866	1,337	3,986
Change in inventories	(732)	2,273	197
Change in trade and other receivables	1,438	(1,081)	(4,528)
Change in trade and other payables	(913)	1,244	3,445
Cash flows from operations	1,659	3,773	3,100
Interest paid	(28)	(33)	(65)
Tax paid	—	(98)	(558)
Net cash flow from operating activities	1,631	3,642	2,477
Cash flows from investing activities			
Purchase of intangible fixed assets	(3)	—	(4)
Purchase of property, plant and equipment	(3,158)	(22)	(72)
Sale of property, plant and equipment	—	18	27
Net cash flow from investing activities	(3,161)	(4)	(49)
Cash flows from financing activities			
New loans	1,425	—	—
Loan repayments	(44)	(196)	(314)
Finance lease repayments	(65)	(15)	(80)
Movement in invoice financing	93	(1,947)	(592)
Exercise of share options	197	10	36
Dividends paid	(291)	(255)	(411)
Net cash flow from financing activities	1,315	(2,403)	(1,361)
Net change in cash and cash equivalents	(215)	1,235	1,067
Cash and cash equivalents at beginning of period	6,076	5,037	5,037
Effect of foreign exchange rate changes	(11)	50	(28)
Cash and cash equivalents at end of period	5,850	6,322	6,076

NOTES TO THE HALF YEARLY REPORT

1 GENERAL INFORMATION

Tandem Group plc is a public limited company incorporated and domiciled in the United Kingdom with its shares listed on AIM, the market of that name operated by the London Stock Exchange.

The principal activity of the Group is the design, development, distribution and retail of sports, leisure and mobility equipment.

The ultimate parent company of the Group is Tandem Group plc whose principal place of business and registered office address is 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.

The interim financial statements for the period ended 30 June 2021 (including the comparatives for the period ended 30 June 2020 and the year ended 31 December 2020) were approved by the Board of Directors on 14 September 2021.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2020, prepared under International Financial Reporting Standards ("IFRS"), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Sections 498(2) and 498(3) of the Companies Act 2006.

This interim financial information has been prepared using the accounting policies set out in the Group's 2020 statutory accounts. Copies of the annual statutory accounts and the interim report may be obtained by writing to the Company Secretary of Tandem Group plc, 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG and can be found on the Company's website at **www.tandemgroup.co.uk**.

The net retirement benefit obligation recognised at 30 June 2021 is based on the actuarial valuation under IAS19 at 31 December 2020 updated for movements in net defined benefit pension income and contributions paid during the half year period. A full valuation for IAS19 financial reporting purposes will be carried out for incorporation in the audited financial statements for the year ending 31 December 2021.

2 EARNINGS PER SHARE

The calculation of earnings per share is based on the net result and ordinary shares in issue during the period as follows:

	6 months ended 30 June 2021 £'000	6 months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Profit for the period	<u>1,602</u>	<u>1,141</u>	<u>3,458</u>
	Number	Number	Number
Weighted average shares in issue used for basic earnings per share	5,133,189	5,031,498	5,048,453
Weighted average dilutive shares under option	272,778	151,646	296,085
Average number of shares used for diluted earnings per share	<u>5,405,967</u>	<u>5,183,144</u>	<u>5,344,538</u>
	Pence	Pence	Pence
Basic earnings per share	<u>31.2</u>	<u>22.7</u>	<u>68.5</u>
Diluted earnings per share	<u>29.6</u>	<u>22.0</u>	<u>64.7</u>

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (as amended), which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018. Upon publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Forward Looking Statements

This announcement contains forward-looking statements relating to expected or anticipated future events and anticipated results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, competition for qualified staff, the regulatory process and actions, technical issues, new legislation, uncertainties resulting from potential delays or changes in plans, uncertainties resulting from working in a new political jurisdiction, uncertainties regarding the results of exploration, uncertainties regarding the timing and granting of prospecting rights, uncertainties regarding the Company's or any third party's ability to execute and implement future plans, and the occurrence of unexpected events. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.