TANDEM GROUP PLC

(the "Company" or "Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Tandem Group plc (AIM: TND), designers, developers, distributors and retailers of sports, leisure and mobility equipment, announces its results for the year ended 31 December 2021.

Highlights

- Revenue increased approximately 10.4% to £40,917,000 (2020 - £37,056,000)
- Gross profit increased to £12,051,000 (2020 - £11,018,000)
- Increase in operating profit to £4,939,000 (2020 - £4,095,000)
- Profit before tax after non-underlying items was £4,732,000 (2020 - £4,004,000)
- Net profit for the period was £3,826,000 (2020 - £3,458,000)
- Basic earnings per share 73.8p (2020 – 68.5p)
- Net assets increased to £22,739,000 (2020 - £16,608,000)
- Cash and cash equivalents as at 31 December 2021 of £6,367,000 (2020 - £6,076,000)
- Net cash as at 31 December 2021 of £2,326,000 (2020 - £3,779,000) following land purchase and construction

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Chairman's statement

Introduction
It has been a further successful period for the Group and I am therefore pleased to present the results for the year ended 31 December 2021. Both revenue and profitability increased, building on the strong foundations of prior years.

Results
Group revenue for the year ended 31 December 2021 increased by over 10% from £37,056,000 in the previous year to £40,917,000.

In the first half of the year Group revenue increased by approximately 14% with growth in three of our four operating divisions. The exception was bicycles where stock availability continued to be a challenge for the Group.

In the second half of the year there was an increase of approximately 8% in Group revenue mainly driven by strong performance from our Toys, Sports & Leisure division, partly offset by bicycles and the supply issues as previously reported.

Toys, Sports & Leisure
Following the reclassification from the Toys, Sports & Leisure division of character licensed bicycles shown in our previous announcement in the Bicycles division, our Toys, Sports & Leisure division grew by approximately 15% during the year. Particularly strong licences in the year included Paw Patrol, Peppa Pig and Nerf.

Our own branded ranges also grew by 15% driven by Stunted and uMoVe scooters and our outdoor play brand, Hedstrom.

Ben Sayers, our golf brand, had another strong year with revenue growth of 23% compared to the prior year, with growth especially strong from our package set range. This percentage has changed from that provided in the Group's Trading Update of 31 January 2022 as a result of the subsequent reclassification of electric golf trolleys into the 'eMobility' segment.

eMobility
Our eMobility division comprising ebikes, escooters, electric golf trolleys and mobility scooters continued to grow significantly, up 56% overall for the year. The reclassification of electric golf trolleys into this category has led to the difference in movement compared to the recent Trading Update.

The ebike and escooter ranges were expanded during the year using our bicycle brands Dawes and Falcon for ebikes and Li-Fe and Wired for escooters.

Mobility scooters were under greater pressure with revenue 17% behind the prior year mostly as a result of the impact of the COVID-19 pandemic.

Bicycles
Stock availability proved to be a significant problem throughout the year, both for independent bicycle dealers with our Dawes and Claud Butler ranges and also national retailer customers with our Falcon, Boss, Elswick, Townsend and Zombie brands.

Licensed character bicycles, which were also reclassified from Toys, Sports & Leisure in the year end accounts, were approximately 30% behind the prior year and this was due to a supply chain issue which has subsequently been rectified by re-sourcing supply to alternative factories. Cost price increases also had a greater impact due to the price sensitivity of junior licensed bikes.

The exception to this was Squish, our range of lightweight junior bikes, which grew by 31% in the year demonstrating continued progress in this category.

As a result of the issues raised above the bicycle division finished 12% behind the previous year.

Home & Garden
Sales from our Home & Garden division, mostly sold direct to consumer via our Garden Comforts by Garden & Camping (**www.garden-camping.com**) and At Home Comforts by Jack Stonehouse (**www.jackstonehouse.com**) websites as well as third party (3P) websites, grew by 9% over the prior year.

It was particularly pleasing to note that website revenue increased by 17% reducing the reliance on 3P sites and this accounted for approximately 25% of the division.

Growth was driven predominantly from our outdoor living and garden storage ranges.

Group operating profit
Group operating profit before finance costs and taxation increased by nearly 21% to £4,939,000 for the year ended 31 December 2021 compared to £4,095,000 for the year ended 31 December 2020.

Following the purchase of the land adjacent to the Birmingham site and the commencement of warehouse construction, property, plant and equipment increased from £4,624,000 at 31 December 2020 to £7,775,000 at 31 December 2021.

As the business resumed to some degree of normality with significant stock of bicycles arriving just before the year end, the total year end inventory position increased to £8,064,000 at 31 December 2021 compared to £4,512,000 at the end of the previous year.

The property project had an impact on the net cash position. Although cash and cash equivalents increased by nearly 5% to £6,367,000 at 31 December 2021 compared to £6,076,000 at 31 December 2020, following the land purchase overall net cash reduced to £2,326,000 compared to £3,779,000 at the end of 2020.

Net assets increased by 37% to £22,739,000 at 31 December 2021 compared to £16,608,000 at 31 December 2020. This was augmented by a material improvement in the valuation of the defined benefit pension schemes.

Further details of operational activities can be found in the Strategic Review.

Dividend
As in previous years it continues to be the Board's intention to maintain the progressive dividend as trading results and funds permit.

As a result of the Group's continued strong performance the Board is of view that the dividend will be increased further this year.

We are therefore proposing to pay a final ordinary dividend of 6.57 pence per share (year ended 31 December 2020 – 5.50 pence per share) which is an increase of more than 19%.

When combined with the interim dividend of 3.43 pence per share (year ended 31 December 2020 – 3.12 pence per share), this is a total dividend of 10.00 pence for the year. This compared to 8.62 pence per share in the year ended 31 December 2020.

Subject to shareholder approval at the Annual General Meeting to be held on 23 June 2022, the final dividend will be paid on or around 30 June 2022 to shareholders on the share register as at 13 May 2022. The ex-dividend date will be 12 May 2022.

In accordance with the provision that in any calendar year should dividend payments exceed pension deficit contributions, an additional contribution, equal to the excess, is paid into the scheme, an additional payment of approximately £175,000 will be paid into the Tandem Group Pension Plan.

Employees

I would like once more to thank all colleagues for their efforts and contribution to the profitability of the businesses in 2021. A profit related pay scheme was introduced in the year to enable staff to participate further in the success of the Group.

Outlook

Unsurprisingly, given the significant global uncertainty and prevailing economic conditions currently in play, the year has started more slowly than we would have wanted. In the 11 weeks to 20 March 2022 Group revenue was £4,432,000 which was approximately 43% behind the same 11 week period in the prior year which was exceptionally high as back orders for 2020 were fulfilled. However, it was still 7% ahead of the comparative period in 2020.

The Group's sales order book is currently £16,394,000, compared to £27,329,000 at this point last year, with the reduced order book level attributable to the completion of back orders, cancellations and a reduction in the levels of orders currently being received.

The order book remains well ahead of 2020 when it was £5,134,000 and the Board remains confident in the long term growth prospects of the Group notwithstanding current inflationary pressures, particularly from food, fuel and energy and increasing interest rates having an impact on consumer discretionary spending. Input costs remain under some pressure also and this has been further exacerbated by rising energy and hydrocarbon costs as a result of Russia's invasion of Ukraine.

In particular, we continue to see a big opportunity for our eMobility sector which saw a 56% increase in revenues during 2021 and subject to changes to escooter legislation, which we now expect in early 2023, there remains significant further growth potential in our eMobility division.

Given the growing consumer trend towards these types of products we will, as previously announced, be investing further in this sector during 2022. Our plans to refurbish the onsite shop at the Group's Birmingham premises to focus on our eMobility offering and to launch a dedicated eMobility B2C website are progressing well.

In addition, we have added to our roster of licences this year having signed Bluey, Disney Pixar Lightyear, Rainbow High and Molcar. Initial feedback on these additions has been encouraging, and when coupled with strongly performing classics such as Paw Patrol, Peppa Pig and Nerf, will make a positive contribution in both Toys, Sports & Leisure and Bicycles divisions.

Early signs from Independent Bike Dealers (IBD) customers are that many have surplus stocks and consumer demand in our Bicycle division has been slow. We still see good growth potential from Squish and an opportunity to grow business with our corporate customers. In 2022, we plan to introduce the bicycle 'click and collect' functionality for bicycle purchases to be fulfilled by participating IBDs which was delayed in 2021 due to stock availability issues.

We have started the year in a strong stock position in our Home & Garden division and we expect trading to increase as the weather improves subject to the macro-economic issues discussed above. We have continued to recruit heavily following the relocation of this part of the Group from Northampton to Birmingham.

The construction of our new warehousing and distribution facility, which will double our existing Birmingham storage capacity to 160,000 square feet, is progressing as anticipated and we are on track for occupancy in Q4 2022.

In summary, we have entered 2022 with a degree of caution given the challenges that we along with many other businesses face, however, we are confident in our current strategy for the Group.

S J Grant
Chairman

28 March 2022

Strategic report

Operating and Financial Review

Revenue
Group revenue for the year ended 31 December 2021 was £40,917,000 compared to £37,056,000 in the prior year. As we have previously reported, revenue is now split into four main segments. There have been some reclassifications of products at the year end, in particular, character bikes are now included within Bicycles (previously within Toys, Sports & Leisure), and electric golf trolleys are included within eMobility (previously Toys, Sports & Leisure).

	2021 (£000s)	2020 (£000s)
Toys, Sports & Leisure	16,492	14,372
eMobility	6,990	4,493
Bicycles	10,191	11,576
Home & Garden	7,244	6,615
	40,917	**37,056**

Gross profit
Gross profit of £11,018,000 in 2020 increased by 9.4% to £12,051,000 in 2021.

Carriage outward costs of £1,105,000 have been included in cost of sales in the current year, having previously been disclosed in operating expenses. This has impacted the presentation of gross margin. The comparative year has also been restated to reflect the carriage outward costs of £1,174,000.

On this basis, the gross profit margin percentage decreased marginally from 29.7% to 29.5%. This reflects the already reported increases in supplier cost prices and inbound freight costs, however, carefully considered price rises during the year and minimising costs where possible helped to offset these increases.

Operating expenses
Group operating expenses, restated to exclude carriage outward costs as referred to above, increased by 2.7% to £7,112,000 in the year (year ended 31 December 2020 - £6,923,000). This was driven by increases in several areas, notably insurance where the insurance market has hardened, professional fees where we have changed Nominated Advisor and Broker commission due to increased turnover levels in certain parts of the Group. These were partly offset by savings in rent costs due to third party storage savings where stock holding was lower during the year, rental income from part of our Birmingham site and further reduced travel related costs due to COVID-19 related restrictions.

Operating profit
Operating profit was £4,939,000 for the year ended 31 December 2021 compared to £4,095,000 in the prior year.

Non-underlying items
Non-underlying items comprised:

- a fair value adjustment for foreign currency derivative contracts under IFRS9 of £nil (year ended 31 December 2020 – credit of £106,000);

- pension finance costs under IAS19 of £127,000 (year ended 31 December 2020 - £132,000); and
- a deferred tax charge of £375,000 (year ended 31 December 2020 - £143,000) in respect of pension schemes.

Finance costs
Total net finance costs increased to £207,000 in the year ended 31 December 2021 compared to £91,000 in the year ended 31 December 2020.

The Group adopted hedge accounting from 1 January 2020 and, as such, gains and losses designated as hedges where effective, are now reflected in other comprehensive income rather than in the Consolidated Income Statement. In accordance with IFRS9, there was no adjustment in the year ended 31 December 2021 in respect of derivative foreign exchange contracts entered into prior to adopting a formal hedging policy (year ended 31 December 2020 fair value credit of £106,000).

There was an increase in interest payable on bank loans, overdrafts, hire purchase and invoice finance facilities from £26,000 in the prior year to £63,000 in 2021 due to the borrowings for the land purchase in Birmingham.

Interest payable on lease arrangements was £17,000 compared to £39,000 in 2020.

Finance costs in respect of the pension schemes provided in line with IAS19 were £127,000 compared to £132,000 for the year ended 31 December 2020.

Taxation
The tax expense for the year ended 31 December 2021 was £906,000 compared to £546,000 in the prior year.

The current tax charge, which comprised corporation tax from the overseas Hong Kong operation net of a refund provision for UK research and development, was £220,000 (year ended 31 December 2020 - credit of £98,000).

There was a deferred tax charge of £686,000 compared to £644,000 in the prior year as tax losses were utilised.

A reduction in the actuarial losses on the pension schemes would be expected to result in a tax charge in the Statement of Comprehensive Income, however due to the future tax rate change from 19% to 25%, it resulted in a credit of £248,000 (year ended 31 December 2020 – credit of £474,000).

Net profit
Net profit for the year ended 31 December 2021 after non-underlying items, finance costs and taxation was £3,826,000 compared to £3,458,000 for the year ended 31 December 2020, an increase of 11%.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
EBITDA was £5,199,000 for the year ended 31 December 2021, an increase of 18% compared to £4,405,000 in the prior year.

Capital expenditure
Total capital expenditure incurred during the year was £3,386,000 (year ended 31 December 2020 - £164,000 inclusive of IFRS16 adjustment, £92,000 excluding IFRS16 adjustment). This was mainly in relation to the purchase of land in Birmingham, initial warehouse construction costs and expenditure on the new Enterprise Resource Planning (ERP) system. An agreement for an

initial expenditure of £850,000 was entered into prior to the year end for initial construction related works to be completed on the warehouse project.

Cash flows, working capital and net cash
Net cash inflow from operating activities before movements in working capital for the year ended 31 December 2021 was £4,682,000 compared to £3,986,000 in the year ended 31 December 2020.

Cash generated from operations was £2,239,000 compared to £3,100,000 last year.

Net cash outflows from investing activities were £3,384,000 in 2021 against £49,000 in the previous year due to the capital expenditure referred to above.

There was a net cash inflow from financing activities of £1,479,000 in 2021 which compared to an outflow of £1,361,000 in 2020. The net inflow was due to new loans and increases in invoice financing.

As a result of these movements the closing cash position at 31 December 2021 was £6,367,000 compared to £6,076,000 at 31 December 2020.

Net cash, comprising cash and cash equivalents less invoice financing liabilities and borrowings, was £2,326,000 at 31 December 2021 compared to £3,779,000 at the end of the previous year.

Dividends
A final dividend of 6.57 pence per share will be paid for the year ended 31 December 2021 subject to shareholder approval, compared to 5.50 pence per share in the previous year.

Total dividends paid and proposed for the year ended 31 December 2021 of 10.00 pence per share (year ended 31 December 2020 - 8.62 pence per share) have increased by 16%. As the total dividend will exceed the deficit repair contributions paid to the Tandem Group Pension Plan, in accordance with a previous agreement with the pension scheme trustees an additional contribution equal to the excess of approximately £175,000, is expected to be paid into the scheme.

The dividend cover ratio is 7.4 (year ended 31 December 2020 – 7.9).

As we have previously stated, it continues to be the Group's policy to progressively increase the dividend payment to shareholders where trading performance permits.

Earnings per share
Basic earnings per share was 73.8 pence per share for the year ended 31 December 2021 compared to 68.5 pence per share in the year ended 31 December 2020. Diluted earnings per share was 70.1 pence per share compared to 64.7 pence per share in the prior year.

Product range review
For the year ended 31 December 2021, turnover has been split into four segments, Toys, Sports & Leisure, eMobility, Bicycles, and Home & Garden.

Toy, Sports & Leisure
The Toys, Sports & Leisure business comprises character licenced products which are mainly wheeled toys (excluding character bikes) and own brand sports and leisure products, sold to both independent and national retailers.

Overall revenue increased by 15% compared to the previous year. FOB sales improved by 42% on the year ended 31 December 2020, in which some buyers had remained cautious, however, domestic sales fell by 12%.

Industry data reported that the toy market showed a decline of 3% in 2021. COVID-19 restrictions limited the development of new licences in the market, however the Group has still managed to secure some exciting new licences such as Disney Pixar Lightyear, Bluey, Rainbow High and Molcar.

Despite this, some of our classic licences such as Paw Patrol, Peppa Pig, and Barbie still outperformed the prior year, along with Nerf which more than doubled in revenue.

Hedstrom, Stunted and uMoVe also grew and finished ahead of the prior year.

Ben Sayers, our golf brand, continued to perform significantly well, with revenue growth of 23% over the prior year.

eMobility
Our eMobility includes sales of electric scooters, bikes, golf trolleys and mobility scooters. This division grew by 56% in the year.

Electric bikes, trolleys and scooters all outperformed the prior year revenue figures, escooter sales revenue in particular more than doubled.

Mobility scooter sales remained challenging due to COVID-19 continuing to impact this demographic in 2021.

Bicycles
Revenue from the bicycle business includes both child and adult bicycles, along with licensed character bikes, but excludes any electric powered bicycles.

Although overall revenue declined by 12%, revenue from our increasingly popular Squish branded lightweight children's bicycles again had a strong year and improved by 31% on the prior year. Our other brands, Claud Butler and Dawes, finished behind mainly due to stock availability issues.

There was also strong growth in our Falcon and Elswick brands, however declines in Boss, Townsend and Zombie sales in the second half of the year compared to the prior year comparative.

Home & Garden
Our Home & Garden segment includes sales of outdoor living products and homeware items, mostly sold from our online platforms.

There was an increase in revenue of nearly 10% compared to the prior year. Our gazebo and party tent ranges performed strongly in the first half of the year following a warm spell at the end of March and the sunniest April on record for the UK. Garden storage products improved throughout the year but particularly so in the second half of the year.

We were also pleased by the contributions from various home products, traditionally stronger in the second half of the year.

Property and IT
A valuation of the Castle Bromwich property was carried out by CBRE Ltd in October 2020 in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). This valuation was

used to revalue the property as at 31 December 2020. The Directors are of the opinion that there has been no material change since this date and the valuation remains valid at 31 December 2021.

Costs of £3,250,000 have been capitalised with respect to the acquisition of the freehold land adjacent to our existing site in Birmingham, and preliminary works conducted with regards to the construction of the new warehouse.

From 1 July 2021 we entered into a 10-year lease at a rent of £44,500 per annum with Flogas Britain Ltd to occupy approximately 0.5 acres of the site, surplus to our development requirements.

As previously reported, formal planning permission was granted on 23 December 2021, and we anticipate that the construction of the new warehousing and distribution facility will be completed in Quarter 4 of 2022. The new building will more than double existing warehouse capacity in Birmingham to approximately 160,000 square feet. Aside from the financial returns of undertaking the project, there are significant commercial and strategic benefits which we believe will enhance the Group and help to maximise long term shareholder value.

To minimise business disruption, the implementation of the new ERP and finance system across the Group has been slightly delayed but will go live in Quarter 2 2022. This is expected to considerably improve distribution efficiency as well as operational planning and management reporting.

Pension schemes
The Group operates two defined benefit pension schemes with both schemes closed to new members. There are no active members in either scheme.

The deficit of the schemes at 31 December 2021 reduced to £2,086,000 compared to £4,157,000 at 31 December 2020. Improved bond yields were the main driver for the reduction of the deficit with a discount rate of 2.1% compared to 1.6% at 31 December 2020.

The pension schemes continue to utilise the Group's cash resources with payments in respect of the schemes totalling £590,000 (year ended 31 December 2020 - £477,000). The total comprised deficit contributions of £449,000 and £101,000 in respect of Tandem and Casket schemes respectively (year ended 31 December 2020 - £437,000) and government levies and administration costs of £40,000 (year ended 31 December 2020 - £40,000).

The next triennial valuations are due as at 1 October 2022 and will be finalised during 2023.

The Board remain mindful that the recovery plans set following the 2019 triennial valuations for both schemes exceed the Pension Regulator's reported median length of 7 years. However, this continues to be justifiable on the basis that the employer covenant is stronger and with respect to the Tandem scheme there is an agreed provision that in any calendar year should dividend payments exceed deficit contributions paid to the scheme, an additional contribution equal to the excess will be made. As a consequence of the total dividend in the year ended 31 December 2020, in 2021 the additional contribution made to the scheme was £109,000. For the year ended 31 December 2021 this will lead to an additional contribution of approximately £175,000 payable in 2022, subject to shareholder approval of the proposed final 2021 dividend.

Employees
We have continued to operate our onsite warehouse and sales administration functions in a COVID secure environment and have also allowed a degree of remote working where possible.

We currently employ a modest 78 colleagues in the Group and they remain our most coveted and important asset. Their ongoing dedication has resulted in the Group continuing to function as normal and perform exceptionally well during the year.

Strategy
Our strategic objective is to invest further in our direct-to-consumer offering (particularly home & garden categories) and grow our eMobility division more rapidly as the sector continues to evolve, whilst continuing to generate strong and solid profits in our Toys, Sports & Leisure and Bicycle divisions. We will achieve this by continuing to enter into licence agreements for the most successful character toy licences and to develop new and interesting own brand product ranges which offer both quality and value to the consumer.

Principal risks and uncertainties
The management of the business and the nature of the Group's strategy are subject to a number of risks and uncertainties. The principal risks facing the business are set out as follows:

Suppliers
In order to achieve competitively priced products the Group has outsourced production, mainly to countries in Asia. Risks and uncertainties of this strategy include management issues at the factories, the possibility of changes in import duties, the potentially significant cost of freight and shipping delays. We manage this risk by having a local office in Hong Kong with a team that works closely with the factories and we develop contingency plans should the need arise to make changes.

Fluctuations in currency exchange rates
A significant amount of the Group's purchases are made in US dollars. As a Group, we are therefore exposed to foreign currency fluctuations. The Group manages its foreign exchange risk with forward foreign exchange contracts and has adopted formal hedge accounting. If these activities do not mitigate the exposure, then the results and the financial condition of the Group may be adversely affected.

Licences
A number of the Group's brands are used under licence from global licensors. The licences are generally for between two and three years. If the licences are not renewed the Group would have to seek alternative licences in order to avoid a reduction in revenue.

Competition
The companies in the Group operate in highly competitive markets. As a result there is constant pressure on margins and the additional risk of being unable to meet customers' expectations. Policies of supply chain management and product development are in place to mitigate such risks.

Volatility in financial markets may require further cash contributions to our pension fund
The Group has commitments under defined benefit pension schemes. The Group is obliged to make contributions to the schemes based on actuarial valuations, which in turn are based on long-term assumptions to calculate scheme liabilities. Volatility of the financial markets can also affect the value of the assets in the schemes. This may lead to a requirement to increase the cash contributed by the Group to the schemes. If the Group is required to make significant additional contributions, the financial position of the Group may be materially affected with a significant reduction in operating cash flows. In turn, this may adversely impact future developments of the business.

Financial risks
The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks.

Warehouse project
Whilst we have mitigated many of the risks associated with the construction of the new warehouse, including a full financial assessment of the project, along with planning permission without any pre-commencement conditions attached, there is a risk that costs are greater than we anticipate or the project is impacted by a force majeure event that delays or suspends construction.

J C Shears
Chief Executive Officer

28 March 2022

Consolidated income statement

		31 December 2021			31 December 2020 (restated)		
		Before non-underlying items	**Non-underlying items**	**After non-underlying items**	Before non-underlying items	Non-underlying items	After non-underlying items
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	3	**40,917**	**-**	**40,917**	37,056	-	37,056
Cost of sales		**(28,866)**	**-**	**(28,866)**	(26,038)	-	(26,038)
Gross profit		**12,051**	**-**	**12,051**	11,018	-	11,018
Operating expenses		**(7,112)**	**-**	**(7,112)**	(6,923)	-	(6,923)
Operating profit		**4,939**	**-**	**4,939**	4,095	-	4,095
Finance costs		**(80)**	**(127)**	**(207)**	(65)	(26)	(91)
Profit before taxation		**4,859**	**(127)**	**4,732**	4,030	(26)	4,004
Tax expense		**(531)**	**(375)**	**(906)**	(403)	(143)	(546)
Net profit for the year		**4,328**	**(502)**	**3,826**	3,627	(169)	3,458
Earnings per share	4			**Pence**			Pence
Basic				**73.8**			68.5
Diluted				**70.1**			64.7

Consolidated statement of comprehensive income

	31 December 2021 £'000	31 December 2020 £'000
Net profit for the year	**3,826**	3,458
Other comprehensive income:		
Items that will be reclassified subsequently to profit and loss:		
Foreign exchange differences on translation of foreign operations	**6**	(28)
Forward foreign exchange contracts	**236**	(410)
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of property, plant and equipment	**-**	1,141
Actuarial gain/(loss) on pension schemes	**1,648**	(1,982)
Movement in pension schemes' deferred tax provision	**248**	474
Other comprehensive profit/(loss) for the year, net of tax	**2,138**	(805)
Total comprehensive income for the year attributable to equity shareholders	**5,964**	2,653

Consolidated balance sheet

	31 December 2021	31 December 2020
	£'000	£'000
Non current assets		
Intangible fixed assets	**5,454**	5,481
Property, plant and equipment	**7,775**	4,624
Deferred taxation	**1,323**	1,761
	14,552	11,866
Current assets		
Inventories	**8,064**	4,512
Trade and other receivables	**10,243**	9,971
Derivative financial asset held at fair value	**225**	-
Cash and cash equivalents	**6,367**	6,076
	24,899	20,559
Total assets	**39,451**	32,425
Current liabilities		
Trade and other payables	**(10,333)**	(8,952)
Borrowings	**(2,010)**	(1,562)
Derivative financial liability held at fair value	**-**	(410)
Current tax liabilities	**(252)**	(1)
	(12,595)	(10,925)
Non current liabilities		
Borrowings	**(2,031)**	(735)
Pension schemes' deficit	**(2,086)**	(4,157)
	(4,117)	(4,892)
Total liabilities	**(16,712)**	(15,817)
Net assets	**22,739**	16,608
Equity		
Share capital	**1,503**	1,503
Shares held in treasury	**(192)**	(240)
Share premium	**474**	315
Other reserves	**4,964**	4,323
Profit and loss account	**15,990**	10,707
Total equity	**22,739**	16,608

Consolidated statement of changes in equity

	Share capital	Shares held in treasury	Share premium	Cash flow hedge reserve	Merger reserve	Capital redemption reserve	Revaluation reserve	Translation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	1,503	(247)	286	-	1,036	1,427	530	627	9,149	**14,311**
Net profit for the year	-	-	-	-	-	-	-	-	3,458	**3,458**
Re-translation of overseas subsidiaries	-	-	-	-	-	-	-	(28)	-	**(28)**
Revaluation of property	-	-	-	-	-	-	1,141	-	-	**1,141**
Forward contracts	-	-	-	(410)	-	-	-	-	-	**(410)**
Net actuarial loss on pension schemes	-	-	-	-	-	-	-	-	(1,508)	**(1,508)**
Total comprehensive income for the year attributable to equity shareholders	-	-	-	(410)	-	-	1,141	(28)	1,950	**2,653**
Exercise of share options	-	7	29	-	-	-	-	-	-	**36**
Share based payments	-	-	-	-	-	-	-	-	19	**19**
Dividends paid	-	-	-	-	-	-	-	-	(411)	**(411)**
Total transactions with owners	-	-	-	-	-	-	-	-	(392)	**(356)**
At 1 January 2021	1,503	(240)	315	(410)	1,036	1,427	1,671	599	10,707	**16,608**
Net profit for the year	-	-	-	-	-	-	-	-	3,826	**3,826**
Re-translation of overseas subsidiaries	-	-	-	-	-	-	-	6	-	**6**
Forward contracts	-	-	-	236	-	-	-	-	-	**236**
Net actuarial gain on pension schemes	-	-	-	-	-	-	-	-	1,896	**1,896**
Total comprehensive income for the year attributable to equity shareholders	-	-	-	236	-	-	-	6	5,722	**5,964**
Share based payments	-	-	-	-	-	-	-	-	33	**33**
Reclassified to cost of inventory	-	-	-	399	-	-	-	-	-	**399**
Exercise of share options	-	48	159	-	-	-	-	-	-	**207**
Dividends paid	-	-	-	-	-	-	-	-	(472)	**(472)**
Total transactions with owners	-	48	159	399	-	-	-	-	(439)	**167**
At 31 December 2021	**1,503**	**(192)**	**474**	**225**	**1,036**	**1,427**	**1,671**	**605**	**15,990**	**22,739**

Consolidated cash flow statement

	31 December 2021	31 December 2020
	£'000	£'000
Cash flows from operating activities		
Net profit for the year	**3,826**	3,458
Adjustments:		
Depreciation of property, plant and equipment	**230**	245
Amortisation of intangible fixed assets	**30**	65
Profit on sale of property, plant and equipment	**-**	(1)
Contribution to defined benefit pension plans	**(550)**	(437)
Finance costs	**207**	91
Tax expense	**906**	546
Share based payments	**33**	19
Net cash flow from operating activities before movements in working capital	**4,682**	3,986
Change in inventories	**(3,552)**	197
Change in trade and other receivables	**(272)**	(4,528)
Change in trade and other payables	**1,381**	3,445
Cash generated from operations	**2,239**	3,100
Interest paid	**(80)**	(65)
Tax received / (paid)	**31**	(558)
Net cash flows from operating activities	**2,190**	2,477
Cash flows from investing activities		
Purchases of intangible fixed assets	**(3)**	(4)
Purchases of property, plant and equipment	**(3,386)**	(72)
Sale of property, plant and equipment	**5**	27
Net cash flows from investing activities	**(3,384)**	(49)
Cash flows from financing activities		
New loans / Loan repayments	**1,463**	(314)
Finance lease repayments	**(199)**	(80)
Movement in invoice financing	**480**	(592)
Exercise of share options	**207**	36
Dividends paid	**(472)**	(411)
Net cash flows from financing activities	**1,479**	(1,361)
Net change in cash and cash equivalents	**285**	1,067
Cash and cash equivalents at beginning of year	**6,076**	5,037
Effect of foreign exchange rate changes	**6**	(28)
Cash and cash equivalents at end of year	**6,367**	6,076

Notes to the preliminary results

1. General information

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet at 31 December 2021, the Consolidated statement of changes in equity, the Consolidated cash flow statement and the associated notes for the period then ended have been extracted from the Group's financial statements upon which the auditor's opinion is unqualified and does not include any statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2021 will be delivered to the Registrar of Companies following the Group's Annual General Meeting.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared under the historical cost convention and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the UK. The principal accounting policies adopted by the Group, which remain unchanged, are set out in the statutory financial statements for the year ended 31 December 2021.

Restatement

Cost of sales has been adjusted such that outward carriage costs have been reclassified from operating expenses. This has led to an increase in cost of sales and a reduction in operating expenses of £1,105,000 (31 December 2020 £1,174,000).

Non-underlying items

Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed in aggregate on the Consolidated income statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. Non-underlying items comprise the finance cost and deferred tax related to the Group's pension schemes calculated in accordance with IAS19 and the impact of the movement in respect of the ineffective proportion of the hedged derivative foreign exchange contracts.

Key areas of estimation uncertainty

Impairment of goodwill

The annual impairment assessment in respect of goodwill requires estimates of the value in use of cash generating units to which goodwill has been allocated to be calculated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows.

Financial instruments valuation

Forward contracts and options are used to minimise the impact of foreign exchange fluctuations on the Group. An asset or liability is recognised representing the fair value of the instruments in place at the year end. The fair value is calculated using certain estimates and valuation models by reference to significant inputs including implied volatilities in foreign currency and historical movements in foreign currency exchange rates.

Pension scheme valuation

The liabilities in respect of defined benefit pension schemes are calculated by qualified actuaries and reviewed by the Group, but are necessarily based on subjective assumptions. The principal uncertainties relate to the estimation of the discount rate, life expectancies of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates. Profits and losses in relation to changes in actuarial assumptions are taken directly to reserves and therefore do not impact on the profitability of the business, but the changes do impact on net assets.

Inventory provisioning

The Group reviews the net realisable value of and demand for its inventory on an ongoing basis to ensure recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices are the timing and success of future technological innovations, competitor actions, suppliers prices and economic trends. If total inventory losses differ, the Group's consolidated net income in the year would have improved or declined, depending upon whether the actual results were better or worse than expected.

Bad debt provision

At each reporting period, the Directors review outstanding debts and determine appropriate provision levels. The recovery of certain debts is dependent on the individual circumstances of customers. At the year end there are a number of debts which remain outstanding past their due date, which the Directors believe to be recoverable.

Intangible asset valuation

In attributing value to intangible assets arising on acquisition, management has made certain assumptions in terms of cash flows attributable to intellectual property and customer relationships. The key assumptions relate to the trading performance of the acquired business, royalty rates applied in the royalty relief calculation and discount rates applied to calculate the present value of future cash flows. The Directors consider the resulting valuation to be a reasonable approximation as to the value of the intangibles acquired.

Going Concern

The accounts are prepared on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Group has significant cash reserves and the Board continually monitor a rolling cashflow forecast for the business as a whole. The construction of the new warehouse will be financed by a mix of cash and new facilities. Given the Group's low fixed cost base and the facilities available to it, the Board therefore considers the Group will continue to be able to meet its liabilities as they fall due.

On that basis, the Directors are confident that they will be able to manage the business in such a way that it will continue to operate and trade for at least 12 months from the date of the signing of the accounts and have therefore prepared these financial statements on a going concern basis.

Freehold property revaluation

In ascertaining an accurate estimate of the value of freehold property, the Directors utilise the latest professional valuation conducted along with available information on local property value movements since the valuation date.

Key judgements

Deferred tax assets

In determining the deferred tax asset to be recognised the Directors carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information. Estimates and judgements used in the financial statements are based on historical experience and other assumptions that the Directors and management consider reasonable and are consistent with the Group's latest budgeted forecasts where applicable. Judgements are based on the information available at each balance sheet date. Although these estimates are based on the best information available to the Directors, actual results may ultimately differ from those estimates.

Cash flow hedging

In determining the proportion of forward foreign exchange contracts that are effective hedges against currency fluctuations, the Directors produce detailed forward forecasts to carefully determine the requirements of a particular foreign currency to match future planned supplier payments.

3. Segmental analysis

Due to the integration of a number of functions across the Group it is not possible to accurately report operating segments in full, however for the year ended 31 December 2021, turnover has been analysed into four key segments being Toys, Sports & Leisure, eMobility, Bicycles and Home & Garden.

	2021 (£000s)	**2020 (£000s)**
Toys, Sports & Leisure	16,492	14,372
eMobility	6,990	4,493
Bicycles	10,191	11,576
Home & Garden	7,244	6,615
	40,917	**37,056**

4. Earnings per share

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

	31 December 2021	31 December 2020
	£'000	£'000
Net profit for the year	**3,826**	3,458
Weighted average shares in issue (excluding shares held in treasury) used for basic earnings per share	**5,187,776**	5,048,453
Weighted average dilutive shares under option	**267,988**	296,085
Average number of shares used for diluted earnings per share	**5,455,764**	5,344,538
	Pence	Pence
Basic earnings per share	**73.8**	68.5
Diluted earnings per share	**70.1**	64.7

5. Dividend

The Directors are proposing a final dividend of 6.57 pence per ordinary share (year ended 31 December 2020 – 5.50 pence per share) payable to shareholders on the register on 13 May 2022 and will be paid on or around 30 June 2022.

6. Annual report and accounts and final results presentation

The annual report and accounts will be posted to shareholders shortly and, along with the final results presentation, will be available on the Company's website, **www.tandemgroup.co.uk**.

7. Annual General Meeting

The Annual General Meeting will be held at 11:00 on 23 June 2022 at 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

Forward-Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.