

## **Tandem Group plc**

(the "Company" or "Group")

### **TRADING UPDATE AND NOTICE OF RESULTS**

Tandem Group plc (AIM: TND), designers, developers, distributors and retailers of sports, leisure and mobility equipment, provides the following trading update and announces that its annual results for the year ended 31 December 2022 ("FY22") will be announced on 27 March 2023.

#### **Trading and operations update**

Whilst 2022 has been challenging from a trading perspective we have taken the following significant steps to improve the outlook for the Group:

- Careful management of stock levels
- New warehouse nearing completion
- New eMobility Showroom open and trading ahead of schedule
- Consolidated and relaunched websites
- New product innovation
- Significant number of new customer accounts
- Focused on improving customer feedback ratings
- Improved social media presence
- Closed Northampton warehouse
- Commenced vacation of Felixstowe storage facility
- Investment to minimise carbon footprint

As we reported in our interim results on 15 September 2022, revenue in the first half of the year was approximately 33% behind the equivalent period in the previous year.

A comparatively stronger fourth quarter performance resulted in unaudited Group revenue for the full year of £26.7m, a reduction of 35% on the prior year, but in line with market expectations.

The Directors expect profit before tax for FY22 to be in line with market expectations.

The Directors have carefully managed and effectively controlled stock levels throughout the year, resulting in closing levels approximately 40% lower than at the prior year.

#### *Toy, Sports & Leisure*

The Toys, Sports and 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. Revenue from this division reduced by approximately 11% against the prior year, but we were encouraged with the trend of sales in December which were 26% ahead of the comparative period. Our new licences also made good contributions to turnover.

Although Golf sales within Toy, Sports & Leisure were 30% behind the prior year, they achieved a level which was more than double the sales seen prior to COVID-19, in 2019.

#### *Bicycles*

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

This division benefitted from unprecedented high demand during COVID-19 lockdowns, therefore against the prior year, revenue was down by approximately 52%, with sales continuing to be challenging in both independent and national retailer markets. As in Toy, Sports & Leisure, we were encouraged by the sales trend at the end of the year, with December sales higher than in any other month in FY22.

We were very pleased that Tandem Group Cycles was shortlisted within the cycling industry's highly acclaimed 2022 Bike Biz Awards for 'Bike Distributor of the Year'.

Also, during October, our Squish bikes were shortlisted twice and received a Bronze award within the Best Balance Bike category in the 'Made for Mum 2022 Awards'.

#### *Home & Garden*

Our Home & Garden segment revenue was approximately 55% behind the prior period, due to the exceptional success seen during COVID-19 as with bicycles, as reductions in discretionary consumer spending continue to impact. This was further impacted by reductions in third party marketplace website sales overall, however, we have recently opened up 2 new national marketplace seller accounts.

The Group continues to invest in this area, as demonstrated by the launch of a new Jack Stonehouse website ([www.jackstonehouse.com](http://www.jackstonehouse.com)) in December, ahead of our expected launch date of January 2023. This migrated our garden and leisure products from our 'Pro Rider Leisure' and 'Garden Comforts' websites, providing future category authority and operational efficiencies.

#### *eMobility*

Continued challenges in this division continued throughout the year, with turnover down by 46%. We remain confident that this division represents the largest potential. Like for like sales of eBikes in November and December were 92% ahead of the equivalent period in the prior year, and likewise for eScooters in the run up to Christmas in November and December, sales were 25% ahead of those in November and December 2021.

Government legislation specifically for e-scooters continues to experience delay which is holding back the opportunity within e-scooters, but there has been a continued focus around encouraging consumers to adopt electrified means of transport including e-mopeds and e-bikes which, as highlighted above, we are seeing encouraging growth in.

We were pleased to complete our new on-site retail showroom ahead of schedule, which was opened by West Midlands Mayor, Andy Street and Cycling and Walking Commissioner for West Midlands, Adam Tranter.

### **Outlook**

As we expected, 2023 has begun slowly for the Group with a slowdown in our Free-on-Board (FOB) sales as a result of an early Chinese New Year, and as consumers remain cautious with their purchasing. However, we expect to see a different trading pattern this year, and will be targeting between 8% and 12% like for like growth on the full year.

The Group have continued to target new accounts and have successfully secured a significant number during the period, over 80 independent new accounts were opened in the second half of FY22, and several large national retailer accounts. We are also in negotiation with a number of brands in relation to distributor agreements.

Throughout FY23, a key focus for the Group will be continuing to expand our network of accounts.

We had a very positive response from our customers at the recent U.K Toy Fair, in particular to our latest new license Gabby's Dollhouse which will supplement our successful portfolio of evergreen licenses. In 2023 there are several high-profile movie launches based on our existing license agreements such as Barbie, Spider-Man, Paw Patrol, Trolls, Transformers and Baby Shark, all of which will provide additional sales opportunities. Our new and extended ranges centred around our own brands (Squish, Stunted, Hedstrom, Kickmaster Li-Fe and Wired) have also been well received.

As we invest in the eMobility division, we have developed some exciting new models of e-bikes, with new designs being launched later in the year. New finance payment options and two of the leading tax-free cycle to work scheme providers were introduced to the Electric Life website ([www.electriclife.co.uk](http://www.electriclife.co.uk)) in September making it easier for our customers to utilise the programme and therefore contribute to incremental revenue.

Our newly launched Jack Stonehouse website will gain some tangible efficiencies in FY23; in the first 4 weeks of going live, compared to the comparative 4 weeks a year earlier, there were 75% more new users, 56% more sessions and an uplift of 25% in revenue. It is expected that these gains will continue throughout FY23. We have recently launched a new range of heating products for Winter, and have new, innovative cooling and garden products coming in the Summer, along with new home décor products.

Across the second half of FY22, our social media community has seen significant growth with both followers and engagement levels increasing across our core accounts when compared to the same period in FY21. Our Tandem Group plc LinkedIn account increased its number of followers by 340%; the Squish following on Instagram is up 12% and Jack Stonehouse follower numbers on Facebook are up 10%. We will continue to drive the success of our digital and social media presence across all platforms to engage more with our customers and consumers.

To underpin these initiatives we will invest more in marketing and customer acquisitions than in previous years.

The completion of our new warehouse in Birmingham will take place within the next few weeks, and we are pleased to report that our leased premises in Northampton have now been fully vacated. Work has begun to exit the Felixstowe storage facility and is expected to complete by the end of February 2023. This will reduce our overhead spend, provide further opportunities for growth and increased operational efficiencies.

We maintain our commitment to minimising our carbon footprint and have continued to invest in this area. The new warehouse facility is benefitting from low energy lighting and clean solar energy to complement our current solar installation and offset increasing energy costs. We have further invested in additional vehicle charging points.

### **Notice of results**

The Group expects to publish its FY22 results on 27 March 2023.

A final results presentation will be available on the website after the results are published at [www.tandemgroupplc.co.uk/investor-presentations](http://www.tandemgroupplc.co.uk/investor-presentations). Investors with

questions are asked to email the Company at investorrelations@tandemgroupplc.co.uk.

*This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company take responsibility for this announcement.*

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**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.