TANDEM GROUP PLC

(the "Company" or "Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

Building for future growth in a challenging environment

Headlines

- Strong balance sheet
- Profitable year
- Dividend maintained at 6.57p
- New warehouse and out of Northampton and Felixstowe
- New retail shop
- Secured leading new licences
- Well managed stock levels
- Strong growth in acquiring new accounts across nationals and independents

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Chairman's statement

Introduction
I am pleased to report that the Group has delivered another profitable year, having ended FY22 with an even stronger balance sheet not withstanding FY22 having been a year of high inflationary pressures, increasing interest rates and a cost of living crisis and hereby present the results for the year ended 31 December 2022.

Results
The net assets of the Group have increased by 18% from £22,739,000 at the year ended 31 December 2021, to £26,788,000 at the year ended 31 December 2022. As in the previous year, the increase in net assets was aided by a material improvement in the valuation of the defined benefit pension schemes by £2,026,000, due largely to an increase in the interest rate on UK Gilts. We were also very pleased with the revaluation of our warehouse properties in Castle Bromwich resulting in an uplift in value of £2,189,000.

Group revenue for the year ended 31 December 2022 reduced to £26,683,000 from £40,917,000 in the previous year as previously announced.

In the first half of the year Group revenue decreased by approximately 33% with reductions in three of our four operating divisions. The exception was toys, sports and leisure.

In the second half of the year there was a decrease of approximately 36% in Group revenue mainly driven by continued challenging economic conditions.

Toys, Sports & Leisure
Revenue within our Toys, Sports & Leisure division reduced by approximately 11% against the prior year, however, it remained ahead of the year ended 31 December 2020. We were encouraged with the trend of sales in December that were 26% ahead of the comparative period.

Bluey was the pre-school licence of 2022, showing the fastest property progression of all similar licences, which was well received and listed by the majority of our national accounts. We are also pleased to have significantly grown our export sales and sales to toy specialist multiples.

Sales in our golf brands, were 30% behind the prior year, however, this represented more than double the sales seen prior to COVID-19, in 2019.

eMobility
Turnover in our eMobility division comprising eBikes, eScooters, electric golf trolleys and mobility scooters was down 46% overall for the year. However, there were some encouraging signs in sales of eBikes in the run up to Christmas which were 92% ahead in November and December against those in November and December 2021. During 2022 we designed and developed in the UK an exciting new range of eBikes under our recognisable Dawes and Claud Butler brands which are due to launch in 2023.

Similarly, eScooter sales in November and December were 25% ahead of the comparative period in the prior year.

Our new eMobility shop was opened in November ahead of schedule, and we have also completed the launch of a dedicated website to eMobility, www.electriclife.co.uk.

Bicycles
Sales continue to be challenging in both independent and national retailer markets, as this division benefitted from unprecedented demand during COVID-19 lockdowns. Therefore,

against the prior year, revenue decreased by approximately 52%, however, we were again encouraged by the sales trend at the end of the year, as in other divisions, with sales in Bicycles during December 2022 achieving their highest level in all of FY22.

We have continued to develop new and exciting ranges of children Falcon bikes, and Squish has continued to grow in popularity having won several awards in 2022.

Home & Garden
Similar to Bicycles, revenue in our Home & Garden segment revenue was approximately 55% below the comparative period, due to the exceptional success seen during COVID-19 and as reductions in discretionary consumer spending continued to impact sales. This was further influenced by significant reductions in third party marketplace website sales overall.

The Group continues to invest in this segment, as demonstrated by the launch of a new Jack Stonehouse website (www.jackstonehouse.com) in December 2022, ahead of our expected launch date of January 2023. This rationalised the distribution of our garden and leisure products from our 'Pro Rider Leisure' and 'Garden Comforts' websites, providing future category authority and operational efficiencies.

Group operating profit
We will not be alone in reporting that the operating environment remained challenging. Group operating profit before exceptional costs, finance costs and taxation decreased by 73% to £1,312,000 for the year ended 31 December 2022 compared to £4,939,000 for the year ended 31 December 2021. Gross margin was only slightly behind at 29.2% against 29.5% in the prior year, and operating expenses reduced from £7,112,000 in the prior period to £6,484,000 in the year to 31 December 2022.

Group balance sheet
Following the construction of our new warehouse and revaluation of our properties as a whole, property, plant and equipment increased from £7,775,000 at 31 December 2021 to £14,700,000 at 31 December 2022.

The business has continued to control its levels of inventory throughout the year, clearing ageing lines where required, leading to a significant reduction in levels held at the year end to £4,757,000 compared to £8,064,000 in the prior period.

The property project continued to affect the net cash position. Cash and cash equivalents decreased to £3,288,000 at 31 December 2022 compared to £6,367,000 at 31 December 2021, with the Group moving from a net cash position as at 31 December 2021 of £2,326,000 to a net debt position of £1,551,000 at 31 December 2022 due to the borrowing requirements to fund the new warehouse build.

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

Dividend
In previous years it has always been the Board's intention to maintain the progressive dividend as trading results and funds permit.

Due to the results of the Group, the Board is of view that the dividend will instead be maintained this year.

We are therefore proposing to pay a final ordinary dividend of 6.57 pence per share (year ended 31 December 2021 – 6.57 pence per share).

When combined with the interim dividend of 3.43 pence per share (year ended 31 December 2021 – 3.43 pence per share), this is a total dividend of 10.0 pence for the year as it was in the year ended 31 December 2021.

Subject to shareholder approval at the Annual General Meeting to be held on 29 June 2023, the final dividend will be paid on or around 6 July 2023 to shareholders on the share register as at 12 May 2023. The ex-dividend date will be 11 May 2023.

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 £172,000 will be paid into the Tandem Group Pension Plan.

Employees
I would like to thank all colleagues for their dedication and effort in 2022. The Company has introduced a number of initiatives recently, including a Group wide discount scheme for colleagues and their families, and also access to a discounted range of clean energy transportation products.

Leadership
Peter continues to bring a positive and dynamic perspective to the business associated with a strong strategic vision and purpose, strengthening the team in critical areas in order to achieve our long-term growth plans.

Outlook
2023 sales have begun slowly as expected, with an initial slowdown in our FOB sales resulting from both an early Chinese New Year, and continued caution by national retailers. We have also experienced a significant number of delays with our goods passing through UK ports due to additional custom checks, further impacting Q1 results.

Notwithstanding these headwinds, our balance sheet strength puts the Group in a strong position financially and we are well positioned for the challenges and uncertainties of the wider trading environment that we are being faced with in the year ahead. Now that the warehouse is complete, Northampton and Felixstowe have been vacated, and the new shop is open with a number of new premium brands on board, we are well positioned for growth opportunities in 2023.

We have successfully secured a number of leading new licences which are showing strong potential including Gabby's Doll House, Encanto, Sonic the Hedgehog and Transformers. 2023 will see a much higher number of new films compared to the very low levels during COVID-19.

With new accounts being a strategic focus area for the Group, we have successfully opened 47 new Ben Sayers' accounts since September 2022, with more than half of these opened in 2023. This will further enhance our national brand presence.

Last year, we expanded our award-winning Squish brand proposition into scooters, which has been well received by our customers since their recent launch in January 2023. We plan to build on the success of Squish seen in 2022 through a wider distribution and social media channels.

In our eMobility segment, we continue to see exceptional results in our eBike sales as people seek alternative means of transportation. Sales of eBikes have had a very strong start to the year, resulting in sales to 20 March 2023 more than three times those of the comparative period in 2022.

With our completed warehouse and further expanded account base, plans to develop our existing product portfolio are in place through the distribution of exciting premium third-party brands, Quella is a prime example.

Despite the slowdown in eScooter sales, we remain confident in the future of eScooters and we are continuing to support their legislation and further develop our range.

The new dedicated Electric Life shop and website Electriclife.co.uk are now up and running and we are very pleased that they are performing ahead of expectations for the Group.

The Group has had continued success in opening new accounts nationwide with Independent Bike Dealers (IBDs) and national retailers alike. Since the beginning of June 2022, we have opened 128 new accounts with IBDs. This will allow for further growth, particularly through eBikes, for which we are seeing increasing levels of proactive engagement by the independents and nationals alike.

The new Jack Stonehouse website which consolidated some of our previous websites into one is performing well and although sales are behind the previous year, they are improving week on week. As more people return to the workplace, there has been a need to refresh our product range, and later on this year we will be launching new ranges across the Jack Stonehouse brand.

As part of our continuing strategic customer engagement, we are pleased that from July 2022 to February 2023 our Social media community has seen double digit growth with followers and engagement increasing across our core accounts.

There has also been a transitioning of licences to our D2C offerings, due to the challenges that FOB sales are currently presenting. We are therefore bringing in more product domestically, which we are now well positioned to do given the new warehouse. Furthermore, we have shortened lead times and reduced our exposure to minimum order quantities through sourcing more items from within Europe and the UK.

We are pleased that the new warehouse has now been completed, and our Northampton and Felixstowe operations have been fully vacated meaning we are now operating from the one site allowing us to benefit from operational efficiencies.

The position moving further into 2023 is not going to be without its challenges, however, the Group have now successfully completed a number of significant projects as previously announced and believes it is extremely well placed to take advantage of opportunities that arise. The Board remain confident in the strategy of the Group.

S J Grant
Chairman

24 March 2023

Strategic report

Operating and Financial Review

Revenue
Group revenue for the year ended 31 December 2022 was £26,683,000 compared to £40,917,000 in the prior year. As we have previously reported, revenue is now split into four main segments.

	2022 (£000s)	2021 (£000s)	2020 (£000s)
Toys, Sports & Leisure	14,758	16,492	14,372
eMobility	3,788	6,990	4,493
Bicycles	4,846	10,191	11,576
Home & Garden	3,291	7,244	6,615
	26,683	**40,917**	**37,056**

Gross profit
Gross profit of £12,051,000 in 2021 decreased by 35.3% to £7,796,000 in 2022.

The gross profit margin percentage decreased marginally from 29.5% to 29.2%. This reflects increases in supplier cost prices and inbound freight costs, along with clearing out ageing stock, offset by the strength in Sterling against the US Dollar. The Group has continued to work hard on negotiating cost reductions.

Operating expenses
Group operating expenses decreased by 8.8% to £6,484,000 in the year (year ended 31 December 2021 - £7,112,000). This was primarily driven by reductions in employment costs, encompassing wages, agents' commission and reductions in advertising expenses. This was partly offset by additional costs in rent and rates following the need for additional third party storage throughout the year.

Operating profit
Operating profit before exceptional costs was £1,312,000 for the year ended 31 December 2022 compared to £4,939,000 in the prior year.

Non-underlying items
Non-underlying items comprised:

- Exceptional costs of £223,000 (year ended 31 December 2021 - £nil) in respect of employment and legal costs relating to the resignation of the former Chief Executive, redundancy costs relating to the relocation of a warehouse and distribution facility, and shunting costs relating to the same.
- Pension finance costs under IAS19 of £97,000 (year ended 31 December 2021 - £127,000); and
- A deferred tax charge of £139,000 (year ended 31 December 2021 - £375,000) in respect of pension schemes.

Finance costs
Total net finance costs increased to £237,000 in the year ended 31 December 2022 compared to £207,000 in the year ended 31 December 2021.

There was an increase in total interest payable on bank loans, overdrafts, hire purchase and invoice finance facilities from £63,000 in the prior year to £136,000 in 2022 due to the increased borrowing to fund the new warehouse construction.

Interest payable on lease arrangements was £4,000 compared to £17,000 in 2021.

Finance costs in respect of the pension schemes provided in line with IAS19 were £97,000 compared to £127,000 for the year ended 31 December 2021.

Taxation
The tax expense for the year ended 31 December 2022 was £178,000 compared to £906,000 in the prior year.

The current tax credit, which comprised corporation tax from the overseas Hong Kong operation, net of a refund provision for UK research and development, was £77,000 (year ended 31 December 2021 - charge of £220,000).

There was a deferred tax charge of £255,000 compared to £686,000 in the prior year as tax losses were utilised.

In the prior year, a tax charge in the Statement of Comprehensive Income was expected due to a reduction in the actuarial losses on the pension schemes, however due to the future tax rate change from 19% to 25%, it resulted in a credit of £248,000. This year there was a charge of £214,000.

Net profit
Net profit for the year ended 31 December 2022, after non-underlying items, finance costs and taxation charges were £674,000 compared to £3,826,000 for the year ended 31 December 2021.

Adjusted EBITDA
Adjusted EBITDA was £1,475,000 for the year ended 31 December 2022, a decrease of 72% compared to £5,199,000 in the prior year.

Capital expenditure
Total capital expenditure incurred during the year was £4,880,000 (year ended 31 December 2021 - £3,386,000). This was mainly in relation to the construction of the new warehouse in Birmingham, construction of the new showroom in Birmingham and expenditure on the new Enterprise Resource Planning (ERP) system. Agreements of £410,000 were entered into prior to the year end for warehouse completion related works.

Cash flows, working capital and net cash
Net cash inflow from operating activities before movements in working capital for the year ended 31 December 2022 was £611,000 compared to £4,682,000 in the year ended 31 December 2021.

Cash generated from operations was £1,395,000 compared to £2,239,000 last year.

Net cash outflows from investing activities were £4,960,000 in 2022, against £3,384,000 in the previous year due to the capital expenditure referred to above.

There was a net cash inflow from financing activities of £555,000 in 2022, which compared to an inflow of £1,479,000 in 2021. The net inflow was due to new loans net of a reduction in invoice financing.

As a result of these movements the closing cash position at 31 December 2022 was £3,288,000 compared to £6,367,000 at 31 December 2021.

Net debt, comprising cash and cash equivalents less invoice financing liabilities and borrowings, was £1,551,000 at 31 December 2022, compared to net cash of £2,326,000 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 2022 subject to shareholder approval, which is at the same level as the previous year.

Total dividends paid and proposed for the year ended 31 December 2022 of 10.00 pence per share (year ended 31 December 2021 - 10.00 pence per share) have maintained at their previous level. 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 £172,000, is expected to be paid into the scheme.

The dividend cover ratio is 1.3 (year ended 31 December 2021 – 7.4).

Earnings per share
Basic earnings per share was 12.5 pence per share for the year ended 31 December 2022 compared to 73.8 pence per share in the year ended 31 December 2021. Diluted earnings per share was 12.3 pence per share compared to 70.1 pence per share in the prior year.

Product range review
As in the previous year, 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.

Revenue in 2022 was down on the prior year, however, ahead of 2020. The business has secured some exciting new licences for 2023 such as Gabby's Dollhouse, Encanto, Sonic the Hedgehog and Transformers and remains focussed on driving new business.

Our golf brand, Ben Sayers, continued to perform well, and although it was behind on the prior year, it was still well ahead of 2019 figures.

eMobility
Our eMobility segment includes sales of electric scooters, bikes, golf trolleys and mobility scooters.

Although turnover was down against the prior year, there were encouraging signs towards the end of the year, particularly around eBikes and eScooters which outperformed the prior period in the final months of the year.

The new dedicated Electric Life shop build was completed and the new Electriclife.co.uk website is now live, with both making good contributions to turnover.

This year we will release an exciting new range of eBikes designed in the UK, under our established brands Dawes and Claud Butler. We are well placed to benefit from the increasing shift to eBikes.

We are very pleased to have continued to grow our national independent bike dealer network by 104 accounts from 1 June 2022 to the year end.

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

This division continued to be challenging across all customer types, from independents to national retailers, having benefitted from the high demand seen during the COVID-19 years. These combined factors resulted in a reduction in revenue against the previous period.

The Bicycle Association has published the Annual Market Data Report for 2022, which shows bike sales may have reached their lowest level in two decades. However, our lightweight children's bike brand, Squish has continued to grow in popularity and won a number of awards in 2022. We have also continued to design fresh and exciting ranges of children Falcon bikes.

Home & Garden
Our Home & Garden segment includes sales of outdoor living products and homeware items, mostly sold from our online platform and third-party marketplaces.

A reduction in discretionary consumer spending has been widely reported in 2022, following the cost of living crisis, coupled with unprecedented demand seen during COVID-19 years, this division was behind the prior year.

Since its relaunch in December, our new consolidated Jack Stonehouse website has gained some real efficiencies with site visits and organic sessions doubling. Performance marketing and media spending has become more efficient with our return on advertising improving over 50% over the 6 months to 31 December 2022, compared to the previous 6 months.

Property and IT
A valuation of the Castle Bromwich property, including the new warehouse, was carried out by JLL Ltd in February 2023 in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). This valuation showed a movement in gross carrying amount of £2,087,000 (£2,189,000 after depreciation adjustment) which increased the total valuation, after allowing for costs to complete the property to £13,762,000. The uplift of the valuation is reflected through other comprehensive income in the year.

We are pleased to report that the construction of the new warehousing and distribution facility has completed and we have now vacated Northampton and Felixstowe. The new building has more than doubled the 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.

As previously reported, we have received full planning permission for and have completed the refurbishment of our onsite shop which was opened to the public for sale of our electric powered products including scooters; bicycles; golf trolleys and mobility scooters by West Midlands Mayor Andy Street, and Cycling and Walking Commissioner Adam Tranter.

The Group have focussed on the warehouse and relocation projects this year as they provided greater operational efficiencies and were beneficial to be in place ahead of the new ERP and finance system. Therefore, the Group has delayed the go-live to mid-year. This is still expected to 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 collective deficit of the schemes at 31 December 2022 reduced to £60,000 compared to £2,086,000 at 31 December 2021. Improved gilt rates were the main driver for the reduction of the deficit with a discount rate of 4.8% compared to 2.1% at 31 December 2021.

The pension schemes continue to utilise the Group's cash resources with payments in respect of the schemes totalling £682,000 (year ended 31 December 2021 - £590,000). The total comprised deficit contributions of £550,000 and £101,000 in respect of Tandem and Casket schemes respectively (year ended 31 December 2021 - £449,000 and £101,000) and government levies and administration costs of £31,000 (year ended 31 December 2021 - £40,000).

The latest triennial valuation date for the Casket scheme was 5 April 2022 and the Tandem scheme 1 October 2022. The outcomes of the valuations will be finalised in 2023.

The Board remain mindful that the recovery plans set following the 2019 triennial valuations for the Tandem scheme exceeds 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 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 2021, in 2022 the additional contribution made to the scheme was £193,000. For the year ended 31 December 2022 this will lead to an additional contribution of approximately £172,000 payable in 2023, subject to shareholder approval of the proposed final 2022 dividend. The level of contributions and length of recovery plans for both schemes will be reconsidered following the outcome of the 2022 triennial valuations.

Employees
We currently employ 74 colleagues in the Group, they remain our most important asset.

In addition to salary increases we have also introduced a Group wide cost saving solution for colleagues and their families, along with access to a discounted range of our clean energy transportation offerings.

Strategy
Our strategic objective is to grow our eMobility division more rapidly as the sector continues to evolve, offering exciting new ranges and continuing to grow our customer base; invest further in our direct-to-consumer offering (particularly home & garden categories) through improved website marketing and content, product innovation and stronger sourcing; 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 new 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.

The Chairman's statement provides an overview of the current outlook for the Group in the forthcoming year.

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 as follows:

Economic conditions
The current economic conditions in the UK are very challenging and this could have a detrimental impact on the Group's turnover and performance.

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.

Interest rates
The Group has taken on additional borrowings to fund the purchase of land and construction of the warehouse. If interest rates increase, this could have an impact on the Group's finance costs. However, the Group has entered into an interest rate cap mechanism for £3 million of borrowings capped at 2%.

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 rates, liquidity, credit and foreign currency. The Board reviews and agrees policies for managing each of these risks.

P Kimberley
Chief Executive Officer

24 March 2023

Consolidated income statement

		31 December 2022			31 December 2021		
		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	**26,683**	**-**	**26,683**	40,917	-	40,917
Cost of sales		**(18,887)**	**-**	**(18,887)**	(28,866)	-	(28,866)
Gross profit		**7,796**	**-**	**7,796**	12,051	-	12,051
Operating expenses		**(6,484)**	**-**	**(6,484)**	(7,112)	-	(7,112)
Operating profit before exceptional costs		**1,312**	**-**	**1,312**	4,939	-	4,939
Exceptional costs		**-**	**(223)**	**(223)**	-	-	-
Operating profit		**1,312**	**(223)**	**1,089**	4,939	-	4,939
Finance costs		**(140)**	**(97)**	**(237)**	(80)	(127)	(207)
Profit before taxation		**1,172**	**(320)**	**852**	4,859	(127)	4,732
Tax expense		**(39)**	**(139)**	**(178)**	(531)	(375)	(906)
Net profit for the year		**1,133**	**(459)**	**674**	4,328	(502)	3,826
Earnings per share	4			**Pence**			Pence
Basic				**12.5**			73.8
Diluted				**12.3**			70.1

Consolidated statement of comprehensive income

	31 December 2022 £'000	31 December 2021 £'000
Net profit for the year	**674**	3,826
Other comprehensive income:		
Items that will be reclassified subsequently to profit and loss:		
Foreign exchange differences on translation of foreign operations	**96**	6
Cashflow hedging contracts	**540**	236
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of property, plant and equipment	**2,189**	-
Actuarial gain on pension schemes	**1,472**	1,648
Movement in pension schemes' deferred tax provision	**(214)**	248
Other comprehensive profit for the year, net of tax	**4,083**	2,138
Total comprehensive income for the year attributable to equity shareholders	**4,757**	5,964

Consolidated balance sheet

	31 December 2022	31 December 2021
	£'000	£'000
Non current assets		
Intangible fixed assets	**5,525**	5,454
Property, plant and equipment	**14,700**	7,775
Deferred taxation	**854**	1,323
	21,079	14,552
Current assets		
Inventories	**4,757**	8,064
Trade and other receivables	**6,633**	10,243
Derivative financial asset held at fair value	**279**	225
Cash and cash equivalents	**3,288**	6,367
	14,957	24,899
Total assets	**36,036**	39,451
Current liabilities		
Trade and other payables	**(4,200)**	(10,333)
Borrowings	**(1,085)**	(2,010)
Current tax liabilities	**(149)**	(252)
	(5,434)	(12,595)
Non current liabilities		
Borrowings	**(3,754)**	(2,031)
Pension schemes' deficit	**(60)**	(2,086)
	(3,814)	(4,117)
Total liabilities	**(9,248)**	(16,712)
Net assets	**26,788**	22,739
Equity		
Share capital	**1,503**	1,503
Shares held in treasury	**(137)**	(192)
Share premium	**716**	474
Other reserves	**7,303**	4,964
Profit and loss account	**17,403**	15,990
Total equity	**26,788**	22,739

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 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**
Exercise of share options	-	48	159	-	-	-	-	-	-	**207**
Share based payments	-	-	-	-	-	-	-	-	33	**33**
Reclassified to cost of inventory	-	-	-	399	-	-	-	-	-	**399**
Dividends paid	-	-	-	-	-	-	-	-	(472)	**(472)**
Total transactions with owners	-	48	159	399	-	-	-	-	(439)	**167**
At 1 January 2022	1,503	(192)	474	225	1,036	1,427	1,671	605	15,990	**22,739**
Net profit for the year	-	-	-	-	-	-	-	-	674	**674**
Re-translation of overseas subsidiaries	-	-	-	-	-	-	-	96	-	**96**
Revaluation of property	-	-	-	-	-	-	2,189	-	-	**2,189**
Forward contracts	-	-	-	540	-	-	-	-	-	**540**
Net actuarial gain on pension schemes	-	-	-	-	-	-	-	-	1,258	**1,258**
Total comprehensive income for the year attributable to equity shareholders	-	-	-	540	-	-	2,189	96	1,932	**4,757**
Share based payments	-	-	-	-	-	-	-	-	21	**21**
Reclassified to cost of inventory	-	-	-	(486)	-	-	-	-	-	**(486)**
Exercise of share options	-	55	242	-	-	-	-	-	-	**297**
Dividends paid	-	-	-	-	-	-	-	-	(540)	**(540)**
Total transactions with owners	-	55	242	(486)	-	-	-	-	(519)	**(708)**
At 31 December 2022	**1,503**	**(137)**	**716**	**279**	**1,036**	**1,427**	**3,860**	**701**	**17,403**	**26,788**

Consolidated cash flow statement

	31 December 2022	31 December 2021
	£'000	£'000
Cash flows from operating activities		
Net profit for the year	**674**	3,826
Adjustments:		
Depreciation of property, plant and equipment	**141**	230
Amortisation of intangible fixed assets	**22**	30
Profit on sale of property, plant and equipment	**(11)**	-
Contribution to defined benefit pension plans	**(651)**	(550)
Finance costs	**237**	207
Tax expense	**178**	906
Share based payments	**21**	33
Net cash flow from operating activities before movements in working capital	**611**	4,682
Change in inventories	**3,307**	(3,552)
Change in trade and other receivables	**3,610**	(272)
Change in trade and other payables	**(6,133)**	1,381
Cash generated from operations	**1,395**	2,239
Interest paid	**(139)**	(80)
Tax (paid) / received	**(26)**	31
Net cash flows from operating activities	**1,230**	2,190
Cash flows from investing activities		
Purchases of intangible fixed assets	**(93)**	(3)
Purchases of property, plant and equipment	**(4,880)**	(3,386)
Sale of property, plant and equipment	**13**	5
Net cash flows from investing activities	**(4,960)**	(3,384)
Cash flows from financing activities		
New loans / loan repayments	**2,013**	1,463
Finance lease repayments	**(54)**	(199)
Movement in invoice financing	**(1,161)**	480
Exercise of share options	**297**	207
Dividends paid	**(540)**	(472)
Net cash flows from financing activities	**555**	1,479
Net change in cash and cash equivalents	**(3,175)**	285
Cash and cash equivalents at beginning of year	**6,367**	6,076
Effect of foreign exchange rate changes	**96**	6
Cash and cash equivalents at end of year	**3,288**	6,367

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 2022, 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 2022 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 UK adopted international accounting standards. 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 2022.

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 exceptional costs, 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 hedge.

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

Derivatives are used to minimise the impact of foreign exchange and interest rate 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 interest rates and historical movements in foreign currency exchange and interest 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.

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

Going Concern

The accounts are prepared on the going concern basis.

The Group has cash reserves and finance facilities available and the Board continually monitor a rolling cashflow forecast for the business as a whole. 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.

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.

In determining the proportion of the interest rate hedge contracts that are effective against base interest rate fluctuations, the Directors measure the level of borrowing against the remaining value of the contracts.

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, turnover has been analysed into four key segments being Toys, Sports & Leisure, eMobility, Bicycles and Home & Garden.

	2022 (£000s)	**2021 (£000s)**
Toys, Sports & Leisure	14,758	16,492
eMobility	3,788	6,990
Bicycles	4,846	10,191
Home & Garden	3,291	7,244
	26,683	**40,917**

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 2022	31 December 2021
	£'000	£'000
Net profit for the year	**674**	3,826
Weighted average shares in issue (excluding shares held in treasury) used for basic earnings per share	**5,375,128**	5,187,776
Weighted average dilutive shares under option	**100,733**	267,988
Average number of shares used for diluted earnings per share	**5,475,861**	5,455,764
	Pence	Pence
Basic earnings per share	**12.5**	73.8
Diluted earnings per share	**12.3**	70.1

5. Dividend

The Directors are proposing a final dividend of 6.57 pence per ordinary share (year ended 31 December 2021 – 6.57 pence per share) payable to shareholders on the register on 12 May 2023 and will be paid on or around 6 July 2023.

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 29 June 2023 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.