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

Tandem Group plc

(the 'Company' or 'Group')

Interim Results

The Board of Tandem Group plc (AIM: TND), designers, developers, distributors and retailers of sports, leisure and mobility equipment, announces its unaudited interim results for the six months ended 30 June 2024.

Summary

- Group revenue in the six months ended 30 June 2024 of £9.8 million (H1 2023: £9.8 million)
- Gross profit increased to £2.8 million (H1 2023: £2.5 million), with an increase in gross margin, to 28.8%, primarily due to strong inventory management, cost reductions and foreign exchange movements during the period.
- Adjusted EBITDA[1] loss of £0.2 million (H1 2023: loss of £0.7 million)
- Loss before Interest and taxation of £0.4 million (H1 2023: loss of £1.0 million)
- Operating expenses decreased by 4.7% to £3.2 million (H1 2023: £3.4m) with inflationary pressures offset by continued cost discipline
- Ongoing emphasis on inventory optimisation to drive profitability
- Net assets at 30 June 2024 decreased to £23.3 million (H1 2023: £25.9m)
- Net debt as at 30 June 2024 of £3.9 million (30 June 2023: £3.1 million)
- In a particularly difficult economic climate, the Group has shown resilience, with encouraging signs and ongoing initiatives in driving gross margin improvement, cost reduction and in relation to strategic focus
- July and August 2024 has shown a growth in sales, with sales year to date 2.1% ahead year on year
- The Board will propose the resumption of dividend payments when the Group's profits permit in the future

[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, amortisation and exceptional costs

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Chairmans Statement

The Group has faced a challenging trading environment due to ongoing macroeconomic headwinds and a continued shift in buying behaviour by some retailers, with increases in freight rates meaning some of our customers are either delaying shipping, facing container shortages or waiting for what they anticipate to be reductions in freight costs. However, we are well positioned to grow our DD (Direct Delivery / Domestic) business in the coming peak season, thanks to the completion of our new, fully operational warehouse.

We continue to diversify our product ranges and develop new innovative products, keeping up with consumer trends and demands. We have increased our licence portfolio and have further improved our capabilities in own label ranges within the Toy, Golf and Cycling sectors. Whilst the UK weather has had a large impact on our sector sales during H1 2024, continued relevant diversification has helped to soften its impact.

H1 has seen a plethora of changes in the UK that have had either direct or in-direct impacts on our business and the markets in which we operate. We have seen the continuation of the cost-of-living crisis, low consumer confidence, and insignificant reductions in interest rates.

Despite the current trading challenges, we are very pleased with the Group's resilient performance, particularly in comparison to the wider industry. We are also seeing growth in our margins, driven by lower levels of clearance, our strategic emphasis on inventory and cost control, together with continuous innovation on our product ranges.

Financial Highlights

Group revenue in the six months ended 30 June 2024 was slightly ahead year on year.

There was a 12% increase in gross profit from £2.5 million to £2.8 million. Gross profit margin increased to 28.8% versus 25.9% in the prior period, primarily due to favourable foreign exchange variances, less clearance stock and improved product margins.

Despite inflationary pressures, operating expenses decreased by 4.7% to £3.2 million in the six months ended 30 June 2024, with the inflationary pressures offset by the ongoing careful management of costs.

As a result of the above, the Group recognised an operating loss before exceptional expenses of £0.4 million compared to a loss of £1.0 million in the previous year.

Adjusted EBITDA loss was £248,000 for H1 2024, compared to a loss of £708,000 in the prior year.

Cash and cash equivalents were £0.8 million at 30 June 2024 which compared to £2.0 million at 30 June 2023.

Net debt after borrowings was £3.9 million compared to £3.1 million at 30 June 2023.

Net assets at 30 June 2024 decreased to £23.3 million against £25.9 million at 30 June 2023.

Trading Update and Outlook

Consumer confidence remains low, June 2024 GfK Consumer Confidence index rating of -14, coupled with high interest rates and ongoing cost of living challenges, however, the Board remain confident in the Group's ability to navigate future challenges and are currently trading inline with market expectations.

We have revised our sales reporting format, which is crucial for enhancing operational efficiency and strategic decision-making. This approach not only provides more accurate and timely insights but also aligns seamlessly with our Group's operational strategies. By transitioning to this improved reporting method, we can better track performance, quickly identify trends, and make informed decisions that drive growth and innovation. Ultimately, this transformation in sales reporting empowers us to operate more effectively and stay ahead in a competitive marketplace. Therefore, we will now report on four distinct product categories: Toys, Sports and Leisure ("TSL"), Bikes (incl. Electric), Golf, and Home & Garden ("HMGD").

This year, rising freight costs, container shortages and longer shipping times have continued to pose challenges. This situation has been further exacerbated by retailers delaying shipments as a direct result of escalating freight costs and container shortages.

However, it is encouraging to note that shipping rates are now showing a slight reduction, and we remain cautiously optimistic about achieving stability in Q4, following a period of exceptionally high cost inflation.

Newness and innovation are key to our continued success. We have continued to invest time and resources into delivering new innovative products to our customers. So far in the first half of the year, we have launched 97 new products (23 in TSL, 20 in Bikes, 2 in Golf and 52 in Home and Garden) and we will launch a further 103 in H2, bringing us to 200 in the year.

We are continuously improving our sourcing strategy, driving down costs and reducing lead times by working closely with our suppliers and logistics partners. We will also be relocating our Hong Kong offices in October within the same area, which will provide us with further cost efficiencies for the year.

Toy Sports & Leisure (TSL)

Toy sales have increased by 9% in H1 (YTD August 16%) for the Group versus a H1 market decline in this sector of 13% (source: market data).

The Board maintain a high level of optimism regarding the performance of both new and existing licenses. Notably, Bluey, Spiderman, Disney, Peppa Pig, Paw Patrol, and our own brands Stunted and Kickmaster continue to contribute to our positive outlook.

Bikes

The cycling market continues to be very challenging with significant discounts being offered in the market to clear old lines. We have managed our inventory well, with an extremely clean and up to date stock file, negating the need for the heavy discounting we saw last year. Our sales in H1 were down 11% as a total category, Pedal bikes within this was up 21% (YTD August down 11%, Pedal bikes within this was up 20%) with our margin increasing by 3%.

Our lightweight children's bike brand, Squish, continues to see further success and is ahead in H1 by 17% (YTD August 31%). We are also pleased to have further enhanced our IBD network and our partnership with Bikeability. From Quarter 3 we will start to deliver bikes and safety helmets to support over 600 schools by December.

One of our key strategic focuses continues to be electric bikes, and we have developed a comprehensive range of affordable and competitive propositions. Year on year we are annualising a large spike in sales as we launched Pure, Whyte and Orbea and focused heavily on rationalising and clearing through older ranges. We are encouraged by our new own brand electric bikes where they accounted for 48% of all electric bike sales and are pleased to be launching a further 21 new lines in H2.

Both our physical retail shop and the ElectricLife website are continuing to perform in their second year. We are pleased to have continued to expand Brands to include Cannondale, Gocycle, Swytch and Tern.

Golf

Golf is having a strong H1, with sales up 31% (YTD August 14%), mainly on the back of increased electric golf trolleys and Pro Rider sales, where we have introduced new package sets for both adults and children (12 new lines in H2). Our Pro Rider brand is up 85% to end August with Ben Sayers also up, at +4% year on year.

Home & Garden (HMGD)

Our Home and Garden division faced significant challenges during H1 due to unseasonal weather patterns, with Spring and Summer being among the mildest and wettest. This led to a 20% decline in turnover in H1 (YTD down 17% August). Despite this, our margin improved by 10%.

Our commitment to innovation remains strong, as evidenced by the introduction of over 50 new SKUs in H1, including new categories like garden awnings and outdoor furniture, both of which have shown positive growth.

As we move into H2, we remain focused on introducing an exciting range of 28 new products across our home and garden categories, onboarding new strategic marketplace partners, and continuing to capture market share.

Online, marketplaces and direct to consumer

We continue to support the Group with direct-to-consumer sales, H1 sales were up 1% (YTD August 3%).

Consumer behaviour on the Jack Stonehouse and marketplace websites has shifted positively, with the average order value increasing by over 35% in H1. We've also seen a 35% increase in organic sessions in H1 2024, leading to a 9% rise in organic revenue. Our marketing efficiency improvements are supported by our excellent customer service, as reflected in our 'Excellent' rating on Trust Pilot.

Colleagues and year end outlook

We are pleased with our continued progress in building for the future, even in challenging times. We extend our gratitude to all our colleagues for their hard work and dedication in driving our future growth.

Tandem Group has a strong balance sheet, bolstered by a significant property asset. Our cash reserves and available finance facilities are solid, underscoring our dedication to financial stability. We remain fully committed to our strategic objectives, and despite challenging market conditions, we continue to actively seek growth opportunities and drive innovative initiatives.

Dividend

Due to the Group's performance in the first half of the year and the expected position for the full year, we are not proposing to pay an interim dividend. We will continue to review our dividend strategy and will pay a dividend where profits permit.

Investor presentation

A copy of the Company's investor presentation in respect of the Company's H1 2024 interim results will shortly be available from the Company's website at www.tandemgroup.co.uk.

*Source: GfK Consumer Confidence June 2024

Steve Grant
Chairman
19 September 2024

CONDENSED CONSOLIDATED INCOME STATEMENT
For the 6 months ended 30 June 2024

	Note	**6 months ended 30 June 2024** ***Unaudited*** **£'000**	6 months ended 30 June 2023 *Unaudited* £'000	Year ended 31 December 2023 *Audited* £'000
Revenue		**9,787**	9,752	22,242
Cost of sales		**(6,969)**	(7,228)	(16,242)
Gross profit		**2,818**	2,524	6,000
Operating expenses		**(3,223)**	(3,381)	(6,768)
Operating loss before exceptional costs		**(405)**	(857)	(768)
Exceptional costs		**-**	(98)	(103)
Operating loss after exceptional costs		**(405)**	(955)	(871)
Finance costs		**(201)**	(150)	(327)
Loss before taxation		**(606)**	(1,105)	(1,198)
Tax (expense)/credit		**(1)**	147	(39)
Net loss for the period		**(607)**	(958)	(1,237)
		Pence	Pence	Pence
Earnings per share				
Basic	2	**(11.1)**	(17.5)	(22.6)
Diluted	2	**(11.1)**	(17.5)	(22.6)

All figures relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 June 2024

	6 months ended 30 June 2024 *Unaudited* **£'000**	6 months ended 30 June 2023 *Unaudited* £'000	Year ended 31 December 2023 *Audited* £'000
Loss for the period	**(607)**	(958)	(1,237)
Other comprehensive income:			
Items that will be reclassified subsequently to profit and loss:			
Foreign exchange differences on translation of overseas subsidiaries	**6**	(25)	(48)
Cashflow hedging contracts	**88**	44	(179)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on pension schemes	**—**	—	(1,190)
Movement in pension schemes' deferred tax provision	**—**	—	3
Other comprehensive income for the period	**94**	19	(1,414)
Total comprehensive income attributable to equity shareholders of Tandem Group plc	**(513)**	(939)	(2,651)

All figures relate to continuing operations.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2024

	Note	**At 30 June 2024**	At 30 June 2023	At 31 December 2023
		Unaudited	*Unaudited*	*Audited*
		£'000	£'000	£'000
Non current assets				
Intangible fixed assets		**5,523**	5,598	5,527
Property, plant and equipment		**15,268**	14,884	15,404
Deferred taxation		**663**	854	663
Pension schemes' surplus		**-**	98	-
		21,454	21,434	21,594
Current assets				
Inventories		**5,943**	5,881	5,161
Trade and other receivables		**5,659**	6,038	5,176
Derivative financial asset held at fair value		**189**	323	173
Current tax Assets		**10**	-	10
Cash and cash equivalents		**805**	1,993	447
		12,606	14,235	10,967
Total assets		**34,060**	35,669	32,561
Current liabilities				
Trade and other payables		**(5,428)**	(4,711)	(3,935)
Borrowings	3	**(1,113)**	(5,083)	(4,015)
Derivative financial liability held at fair value		**-**	-	(74)
		(6,541)	(9,794)	(8,024)
Non current liabilities				
Borrowings	3	**(3,623)**	-	-
Pension schemes' deficits		**(584)**	-	(726)
		(4,207)	-	(726)
Total liabilities		**(10,748)**	(9,794)	(8,750)
Net assets		**23,312**	25,875	23,811
Equity				
Share capital		**1,503**	1,503	1,503
Shares held in treasury		**(135)**	(135)	(135)
Share premium		**729**	729	729
Other reserves		**7,170**	7,322	7,076
Profit and loss account		**14,045**	16,456	14,638
Total equity		**23,312**	25,875	23,811

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2024

	Share capital £'000	Shares held in treasury £'000	Share premium £'000	Cash flow hedge reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2023	1,503	(137)	716	279	1,036	1,427	3,860	701	17,403	**26,788**
Net loss for the period	—	—	—	—	—	—	—	—	(958)	**(958)**
Retranslation of overseas subsidiaries	—	—	—	—	—	—	—	(25)	—	**(25)**
Forward contracts	—	—	—	44	—	—	—	—	—	**44**
Total comprehensive income for period attributable to equity shareholders	—	—	—	*44*	—	—	—	—	—	**—**
Share based payments	—	—	—	—	—	—	—	—	11	**11**
Exercise of share options	—	2	13	—	—	—	—	—	—	**15**
Total transactions with owners	—	2	*13*	—	—	—	—	—	*11*	**26**
At 30 June 2023	1,503	(135)	729	323	1,036	1,427	3,860	676	16,456	**25,875**
Net loss for the period	—	—	—	—	—	—	—	—	(279)	**(279)**
Retranslation of overseas subsidiaries	—	—	—	—	—	—	—	(23)	—	**(23)**
Forward contracts	—	—	—	(223)	—	—	—	—	—	**(223)**
Net actuarial gain on pension schemes	—	—	—	—	—	—	—	—	(1,187)	**(1,187)**
Total comprehensive income for period attributable to equity shareholders	—	—	—	(223)	—	—	—	(23)	(1,466)	**(1,712)**
Share based payments	—	—	—	—	—	—	—	—	9	**9**
Dividends paid	—	—	—	—	—	—	—	—	(361)	**(361)**
Total transactions with owners	—	—	—	-	—	—	—	—	*(352)*	**(352)**
At 1 January 2024	1,503	(135)	729	100	1,036	1,427	3,860	653	14,638	**23,811**
Net loss for the period	—	—	—	—	—	—	—		(607)	**(607)**
Retranslation of overseas subsidiaries	—	—	—	—	—	—	—	6	—	**6**
Forward contracts	—	—	—	14	—	—	—	—	—	**14**
Total comprehensive income for period attributable to equity shareholders	—	—	—	*14*	—	—	—	6	*(607)*	**(587)**
Share based payments	—	—	—	—	—		—	—	*14*	**14**
Reclassified to cost of inventory	—			*74*	—	—	—	—	—	**74**
Total transactions with owners	—			*74*	—	—	—	—	*14*	**88**
At 30 June 2024	**1,503**	**(135)**	**729**	**188**	**1,036**	**1,427**	**3,860**	**659**	**14,045**	**23,312**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the 6 months ended 30 June 2024

	30 June 2024 *Unaudited* **£'000**	30 June 2023 *Unaudited* £'000	31 December 2023 *Audited* £'000
Cash flows from operating activities			
Loss for the period	**(607)**	(958)	(1,237)
Adjustments:			
Depreciation of property, plant and equipment	**146**	135	272
Amortisation of intangible fixed assets	**4**	5	35
Loss/(profit) on sale of property, plant and equipment	**7**	9	(5)
Contributions to defined benefit pension schemes	**(195)**	(210)	(597)
Finance costs	**201**	150	327
Tax expense/(credit)	**1**	(147)	39
Share based payments	**14**	11	20
Net cash flow from operating activities before movements in working capital	**(429)**	(1,005)	(1,146)
Change in inventories	**(782)**	(1,124)	(404)
Change in trade and other receivables	**(483)**	595	1,457
Change in trade and other payables	**1,493**	511	(265)
Cash flows from operations	**(201)**	(1,023)	(358)
Interest paid	**(152)**	(100)	(254)
Tax paid	—	—	(2)
Net cash flow from operating activities	**(353)**	(1,123)	(614)
Cash flows from investing activities			
Purchase of intangible fixed assets	**-**	(78)	(37)
Purchase of property, plant and equipment	**(16)**	(328)	(985)
Sale of property, plant and equipment	**-**	-	13
Net cash flow from investing activities	**(16)**	(406)	(1,009)
Cash flows from financing activities			
Net new loans/(loan repayments)	**71**	(254)	(500)
Movement in invoice financing	**650**	498	(324)
Exercise of share options	**-**	15	15
Dividends paid	**-**	-	(361)
Net cash flow from financing activities	**721**	259	(1,170)
Net change in cash and cash equivalents	**352**	(1,270)	(2,793)
Cash and cash equivalents at beginning of period	**447**	3,288	3,288
Effect of foreign exchange rate changes	**6**	(25)	(48)
Cash and cash equivalents at end of period	**805**	1,993	447

NOTES TO THE HALF YEARLY REPORT

1 GENERAL INFORMATION

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

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

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

The interim financial statements for the period ended 30 June 2024 (including the comparatives for the period ended 30 June 2023 and the year ended 31 December 2023) were approved by the Board of Directors on 19 September 2024.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2023, prepared under International Financial Reporting Standards ("IFRS"), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Sections 498(2) and 498(3) of the Companies Act 2006.

This interim financial information has been prepared using the accounting policies set out in the Group's 2023 statutory accounts. Copies of the annual statutory accounts and the interim report may be obtained by writing to the Company Secretary of Tandem Group plc, 35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG and can be found on the Company's website at **www.tandemgroup.co.uk**.

The net retirement benefit obligation recognised at 30 June 2024 is based on the actuarial valuation under IAS19 at 31 December 2023 updated for movements in net defined benefit pension income and contributions paid during the half year period. A full valuation for IAS19 financial reporting purposes will be carried out for incorporation in the audited financial statements for the year ending 31 December 2024.

2 EARNINGS PER SHARE

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

	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Loss for the period	**(607)**	(958)	(1,237)
	Number	Number	Number
Weighted average shares in issue used for basic earnings per share	**5,471,959**	5,469,721	5,470,829
Weighted average dilutive shares under option	**17,256**	119,993	41,217
Average number of shares used for diluted earnings per share	**5,489,215**	5,589,654	5,512,046
	Pence	Pence	Pence
Basic earnings per share	**(11.1)**	(17.5)	(22.6)
Diluted earnings per share	**(11.1)**	(17.5)	(22.6)

Loss per share is calculated based on the share capital of Tandem Group plc and the earnings of the Group for all periods. There are options in place at 30 June 2024. These options were anti-dilutive at the period end but may dilute future earnings per share.

3 Borrowings

	At 30 June 2024	At 30 June 2023	At 31 December 2023
	Unaudited	*Unaudited*	*Audited*
	£'000	£'000	£'000
Invoice finance liability	**(902)**	(1,074)	(251)
Current borrowings maturing in less than one year			
-other borrowings	**(211)**	(4,009)	(3763)
Total current borrowings	**(1,113)**	(5,083)	(4,014)
Non current borrowings with contractual maturities between two and five years			
-other borrowings	**(3,623)**	-	-
Total non current borrowings	**(3,623)**	-	-
Total borrowings	**(4,736)**	(5,083)	(4,014)