

Tandem Group plc

(the 'Group')

AGM Statement

Chairman, Mervyn Keene, will make the following statement at today's AGM:

"We are pleased to announce that it has continued to be an encouraging year for the Group with revenue for the 25 week period to 23 June approximately 26% ahead of the same period in the previous year.

Revenue growth has been driven principally by our character licensed wheeled toy business with ranges which are sold typically to national retailers. Despite the recent disappointing toy industry data and against an increasingly uncertain retail and macro-economic backdrop, we have performed well.

A number of our licensed properties were ahead of last year. LOL Surprise!, Peppa Pig and Paw Patrol showed considerable growth over the prior year. Revenue was further augmented by our new Disney contract from Frozen, Spider-Man and, most notably, Toy Story licences. We are enthusiastic about the cinema release of Frozen 2 in November which should bring further growth.

The majority of our own brands including Kickmaster, U-Move, Wired and Hedstrom were ahead of the prior year. Ben Sayers delivered growth and was 15% ahead of the previous year as a result of the investment made in product development during 2018.

Although independent bicycle dealer (IBD) sales were more challenging during the period, national retailer bicycle sales were tracking at similar levels to last year. In addition, revenue from our Squish lightweight junior range was significantly up against the same period in the prior year. Squish has been a particular success story and we continue to gain market share and achieve greater consumer brand awareness.

Sadly, there has been an ongoing decline in the more traditional IBD customer with many more long established retailers closing down this year and overall reducing consumer bicycle demand, particularly in the leisure market.

Following the introduction of anti-dumping e-bike import duties by the European Union, we have been working hard to re-source supply to ensure that we continue to offer quality and value to our customers.

We have been pleased by the progress from our online businesses but there is little doubt that the retail climate has been increasingly challenging. However, our Garden & Camping website (www.garden-camping.com) has shown significant growth this year. We have implemented a number of improvements ranging from refinements in SEO and more focussed PPC advertising to an enriched website/mobile shopping experience and a more responsive customer service function.

A number of new product categories have been developed specifically for our direct-to-consumer sales channels which we expect to deliver profitable growth. It is our ambition to extend our product ranges so that we have seasonal products all year round.

Whilst we can look forward to the rest of the year with some confidence there are a number of potential threats on the horizon. Although we utilise various forward currency derivatives and benefit from a natural hedge from our US dollar denominated FOB business, a stronger US dollar is likely to impact on the profitability of the Group. In light of the ongoing Brexit debacle, we are cautious with regard to future consumer spending which is discretionary for the type of products that we supply. The longevity and success of most licences is also limited and transient. Whilst we continue to seek new, exciting and profitable properties there is no guarantee of this.

We announced on 10 April 2019 that it was our intention to pay a final dividend of 2.89 pence per ordinary share and a resolution to that effect will be proposed at the AGM today. Subject to the resolution being passed, the dividend will be paid on or around 3 July 2019 to shareholders on the register on 17 May 2019 (ex-dividend date 16 May 2019)."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (MAR).

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