

Chairman's Introduction

QCA – Changes

It is the Board's duty to ensure that Angling Direct is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that process, reducing risk and adding value to our business, and providing the expected results back to our shareholders.

Following the changes to the London Stock Exchange AIM rules, which now require AIM listed companies to implement and comply with a recognised corporate governance code, Angling Direct plc board of directors continue to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code.

The Board has reviewed its internal corporate governance procedures, financial controls and reporting procedures and policies and now consider these to be appropriate and compliant with the QCA corporate governance code given the size and structure of the Company.

The following report sets out in broad terms how Angling Direct plc applies each of the [10 principles within the code](#). Reviews and updates on our compliance with the code will continue to take place annually and will be included in our annual reporting.

Our values are based on our four leading promises in business, we **inspire**, we are **passionate** about what and how we do things, we are **trustworthy**, and finally we are **genuine** towards our customers, colleagues, suppliers and shareholders. The Board believes this is vital to creating a sustainable, functional and responsible business. This culture supports the Company's objectives to grow the business through retail stores, some new and others acquired, and online growth

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Company's short to medium term strategy is to continue to build a platform to profitably grow the UK and European market share. The Board's retail store strategy continues to involve opening new stores with the possibility of acquiring independent fishing tackle retailers which will add to the existing store network. The Directors believe the continued expansion of the Company's retail store network is important in supporting the future growth strategy of the Group, both off line and online, as the physical presence of Angling Direct retail stores increases activity on the Company's website as well as increasing brand awareness.

Planning all new store roll-outs is essential, with a definitive ROI delivered through analysing the best geographic locations, core ranges of stock through embedding category management processes, and developing colleagues to deliver the expected returns, both short and long-term. Demanding and rapidly changing retail habits, expectations, and requirements as well as external factors are constantly reviewed at board level.

The Company continues to operate at a central distribution centre on the outskirts of Norwich, Norfolk which supports all online sales and has invested in systems such as "Kardex" and lean processes to support the Company's future online growth strategy.

Both in-store and online brand awareness is key to the roll out strategy, with both working in a virtuous circle and supporting each other through social media and personalised advertising.

Online, the business will continue to deliver an outstanding and market leading experience, this includes continuous improvements in website capabilities, additional features, translations, ongoing user experience optimisation and delivering a remarkable product proposition through personalised marketing.

We continue to focus on extending our organic lead, aggressive digital acquisition through unique personalised content (video / image and text) and development of a connected social community that connects strongly with our customers by delivering operational excellence.

Fulfilment, customers service experience and HR planning is crucial to maintaining our customer loyalty and growth throughout the implementation of our strategy plan. To this end attracting the best calibre colleagues with the skills, energy and entrepreneurship is key to our success.

Without doubt and aside from COVID-19, the retail environment has, and is, experiencing a period of significant change. The major catalyst is online sales but increasingly the consumer seeks more from their retail experience. The Company operates in a specialist niche sector offering a tactile product and a consumer community requiring information rich advice and assistance. This complements the strategic positioning of the Company through its offering of a “bricks and clicks” environment and a strong social community culture experience.

Principle 2: Seek to understand and meet the shareholders needs and expectations

The Company recognises the importance of meeting shareholder expectations and engages in managing those through our broker, N+1 Singer, and personal dialogue as and when required.

The Company maintains a dedicated email address prominently displayed on its website together with the Company address and telephone number. The Company holds an annual general meeting (“AGM”) to which all members are invited and during the AGM, time is set aside specifically to allow questions from attending members. The CEO is responsible for reviewing all communications received from members and determining the most appropriate response. In addition to these passive measures, the CEO typically engages with members through scheduled and structured meetings.

Periodically and through request the Company will meet with shareholders to discuss overall performance, with specific focus on commercial, cultural, environmental and sustainability strategies.

The Company realises that performance is deliverable on all aspects of its service, stock and staffing, and is set at a very high standard, with focus on delivering this year through and subject to continuous review with LEAN processes being adopted to ensure minimum wastage plus maximum efficiency through the supply chain.

The board is updated on all shareholder views received through regular meetings.

Shareholder’s who wish to request a meeting or call can contact us via:

Tel: 01603 400870

Email: investor.relations@anglingdirect.co.uk

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success.

In addition to members, the Company believes its main stakeholder groups are its colleagues, suppliers and customers. The Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups via meetings and seeking to obtain feedback.

The Company recognises that long term strategies play a key part in the success and fulfilment of the business. The continuous review of product ranges, forward ordering, and key preferred suppliers is vital to enable the best flow of product through our supply chain. Our colleague engagement, functional skillset and development programmes are paramount to support our growth model.

We are committed to actively promoting, developing and growing the angling community, particularly within the younger generation and for those with disabilities. We are keen to endorse evidence that the classic hobby of fishing is also a great way to improve mental and physical well-being and it is our intention to encourage more anglers into the community through coaching, educating and developing more grass root initiatives. Projects such as Fishing for Schools, National Fishing Month and the Angling Trust are a small example of initiatives receiving our full support. Please visit the CSR section of our website (which includes our modern slavery policy, environmental policy, gender pay reporting, plus all our community aspects) for further information and initiatives.

The Company conforms to all corporate and social expectations and our partnerships with local communities and the Angling communities are part of the foundations of our business.

The Company recently renewed the ISO 14001 standard and will continue to focus on reducing our carbon footprint and introducing waste management systems associated with waste control, energy usage and vehicle emissions. We are also strongly supporting a national fishing line recycling initiative with line recycling discard bins in all our stores.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Internal and Audit controls.

Financial controls.

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board.

The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including cash, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board.

The Company maintains and annually reviews a handbook that includes clear guidance on what is expected of every colleague and officer of the Company. Adherence of these standards is a key

factor in the evaluation of performance within the Company, including during annual performance reviews.

The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than twice in each financial year and has unrestricted access to the Group's external auditors. The Audit Committee is chaired by Paul Davies and also includes Dilys Maltby. ([Audit Committee Terms Of Reference](#))

The Audit Committee assists the Company in its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls, including the review of results of work performed by the Group controls function. There are comprehensive procedures for budgeting, planning, monitoring and reporting to the Board on business performance against budgets and plans, as well as for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised considering actual performance.

The Company has a consistent system of prior appraisal for investments, overseen by the Chief Financial Officer and Chief Executive Officer, with defined financial controls and procedures with which each business area is required to comply to be granted investment funds for development. Regular post-investment reviews are also carried out to check the delivered Return on Investment.

Non-financial controls

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size of the business.

The Board has the responsibility to ensure all risk is reviewed on a continuous basis, in that ALL key business risks are overseen and where required processes are developed so that any risks are managed appropriately.

Risk categories such as product, economy, weather, labour costs, IT, are considered with the Company's auditors twice a year, any recommendations are then put to the board to be acted upon and delivered by the management team.

Of paramount importance to the Company are the IT systems, especially with online growth forming a key strategy. The Company has a very robust and secure website, to prevent downtime, and there is continuous monitoring of load time and data storage capacity.

Principle 5: Maintaining the board as a well-functioning, balanced team led by the chair

The Company believes the constitution of the current Board is correctly balanced and that the Board recognises the value, importance and meets high standards of corporate governance. Given the Company's size, it does not fully comply with the recommendations of the QCA Guidelines as the Board does not have, or need, a nomination committee at this time. The Company currently has

three Non-Executive Directors, Paul Davies, Darren Bailey and Dilys Maltby. As the Company grows the Board will actively consider adding additional [Non-]Executive Directors as needed. However, for now, the board considers its composition appropriate given the size of the Company, its revenues and profitability.

The Board has established an audit committee (the "Audit Committee") and a remuneration committee (the "Remuneration Committee") with formally delegated responsibilities. ([Remuneration Committee Terms of Reference](#)).

The key Board activities this year included: - Navigating through the COVID-19 pandemic, reviewing the growth plan; updating strategic priorities; the Company's capital structure and financial strategy; development of the European online strategy; internal governance processes; reviewed the Companies risk register and reviewed feedback from shareholders post full year results.

Further details on the composition of the board and committees can be found on the Corporate Governance Home Page

Principle 6: Ensure that between them the Directors have the necessary up-to date experience, skills and capabilities

The constitution of the board is paramount to the guidance of the Company, successful and functional boards require a clear knowledge of the operations of the Company, the prime requisite for a board's effective work is that's its members complement each other's knowledge, experience in the required sector, qualifications and skills, plus every board member must have the time required to attend to their duties for the Company.

The board meets quarterly with monthly updates provided, ensuring all communications are always clear and understood.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Board evaluation is conducted throughout the year, the non-executive directors have specific terms of engagement, and their remuneration is determined by the Board.

Reviews have taken place regarding board effectiveness through evaluation and process review which has resulted in changes to the structure and timetable of meetings. Arranged meeting have specific agenda topics and the executive team are now required to present to the Directors throughout the year. Board evaluations are carried out internally at least twice a year with an expectation that an external review take place within the next 12-18 months.

It is the Chairman's responsibility to assess the individual contributions of the members of the board, considering effectiveness, commitment, and knowledge applicable to the business. The Company will continue monitoring the board and look at periodical refreshment to seek continuous improvement and identify succession for the future, ensuring that no board member becomes indispensable.

Principle 8: Promote a culture that is based on ethical values and behaviours

The board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value.

Setting the example from top down the Company inspires a community culture of openness amongst its colleagues. Creative ideas, input and suggestions are encouraged and, we are proud to think, “out of the box” pushing the boundaries of experience and fulfilment to all engaged with and within the Company.

Grass root investment is paramount to our longevity and we are actively, demonstrating different methods to involve anglers of all ages, sharing the benefits of fishing for enjoyment, competition, health, wellbeing for the benefit to all.

Principle 9: Maintain governance structures and process that are fit for purpose and support good decision-making by the board.

The Board meets a minimum four times each year in accordance with its scheduled meeting calendar. The Board sets direction for the Company through a formal schedule of matters reserved for its decision. Prior to the start of each financial year, a schedule of dates for that year’s Board meetings is compiled to align as far as reasonably practicable with the Company’s financial calendar on the one hand, and its trading calendar on the other, while also ensuring an appropriate spread of meetings across the financial year.

The Board receives appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting by the Company secretary, and Board papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company’s management.

Roles of the Board, Chairman and Chief Executive Officer

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments, approval of the annual and interim results; annual budgets and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of the Company.

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

Board committees

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group’s management and external auditors

relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. The Audit Committee will be chaired by Paul Davies and also includes Dilys Maltby.

The Remuneration Committee will consist of a committee chaired by Paul Davies and will also include Dilys Maltby. The Remuneration Committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary. In exercising this role, the Directors shall have regard to the recommendations put forward in the UK Corporate Governance Code and the QCA Corporate Governance Code for Small and Mid-size Quoted Companies 2013

As the Board remains small, there is not a separate nominations committee and recommendations for appointments to the Board will be considered by the Board after due evaluation.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders as required.

The Chief Executive Officer manages shareholder interaction. A range of corporate information (including all Company announcements, historical annual reports and notices of all general meetings over the last five years) is available to shareholders, investors and the public on the Company's corporate website, www.anglingdirect.co.uk/investors. The Board receives regular updates on the views of shareholders through briefings and reports from the Chief Executive Officer, Chief Financial Officer and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of the business and its direction.

To date, no resolution has had a significant proportion of votes (e.g. 20% of independent votes) cast against it at any general meeting. If there was a resolution that had significant proportion of votes cast against it then the Company will include an explanation of what actions it intends to take to understand the reasons behind the vote result.