3 June 2020

Angling Direct plc

("Angling Direct" or the "Company" or the "Group")

Full Year results for the 12 months ended 31 January 2020

Angling Direct plc (AIM: ANG), the largest specialist fishing tackle and equipment retailer in the UK, is pleased to announce its audited financial results for the twelve months ended 31 January 2020.

Financial Highlights:

- Group sales of £53.2m up by 27% (2019: £42.0m)
- Online sales of £25.3m up by 14% (2019: £22.3m) with international sales up by 8%, accounting for £5.0m of online (2019: £4.7m)
- Store sales of £27.9m up by 42% (2019: £19.7m) including like-for-like store growth of 12%
- Gross profit of £16.6m up by 20% (2019: £13.8m) with gross margin at 31.2% (2019: 32.9%)
- Operating cashflow up 41%
- EBITDA loss (pre IFRS 16) of £0.5m (FY19 profit: £0.3m), as a result of adverse post-Christmas trading due to exceptional flooding, wider margin pressure and a more prudent approach taken to some legacy costs
- Net cash equivalents at 31 January 2020 of £6.0m (2019: £13.5m)

Operational Highlights:

- Store network increased by 10 to 34 at the year-end (2019: 24), which included 7 new stores and 3 acquisitions
- Continued investment in online marketing, including the native language websites developed and launched in France and Netherlands to complement first full year of German website
- Further operational efficiencies driven from Kardex logistics system in distribution centre
- Decision made in H2 to cease lower margin exports
- Further investment made in own brand Advanta to support margin growth

Post-Period & COVID-19:

- Strong current year sales pre COVID-19 store closures (February sales up 23% vs. Feb FY19)
- 2 new stores opened in Warrington and Bristol
- Post onset of COVID-19, online sales materially ahead, up 24% in April vs. prior year. This trend has continued to strengthen through May 2020
- International sales generated from local language websites growing strongly
- Progressing towards safe reopening of stores on 15 June 2020, in accordance with government guidance
- Cash at 31 May 2020 was £6.4 million, with access to a £2.5 million undrawn credit facility until September 2020

Commenting on the results, Martyn Page, Executive Chairman, said: "*Last year was a period of rapid expansion for Angling Direct, with major investment going into the opening of ten new stores, three of which were acquisitions, as well as delivering further upgrades to our online business and our own brand products. All of these initiatives are designed to enable us to grow market share, protect our margins and improve our customer experience.*

"The impact of COVID-19 led to the closure of our 36 stores, but our online business has seen excellent growth and we have been able to fulfil the increasing number of orders as a consequence of the prior investment made in automation within our distribution centre, as well as our online customer experience. We are now in the process of preparing to open our stores safely, as we work in accordance with government advice to protect our staff and customers.

"COVID-19 aside, the Board has taken progressive steps to create further operational efficiencies and address the challenges inherent in all rapidly growing businesses. We continue to focus on these steps and the opportunity to grow revenue and margins both in the UK and internationally."

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Notes for editors

About Angling Direct plc

Angling Direct is the largest specialist fishing tackle retailer in the UK. The Company sells fishing tackle products and related equipment through its network of retail stores, located throughout the UK, as well as through its own website (www.anglingdirect.co.uk) and other third-party websites.

The Company currently sells over 21,500 fishing tackle products, including capital items, consumables, luggage and clothing. The Company also owns and sells fishing tackle products under its own brand 'Advanta', which was formally launched in March 2016.

From 1986 to 2003 the Company's Founders acquired interests in a number of small independent fishing tackle shops in Norfolk and, in 2003, they acquired a significant premise in Norwich, which was branded Angling Direct. Since 2003, the Company has continued to acquire or open new stores, taking the total number up to 36 retail stores. In 2015 the Company opened a 30,000 sq. ft central distribution centre in Rackheath, Norfolk, where the Company's head office is also located.

Angling Direct's shares are traded on the AIM market of the London Stock Exchange under the ticker symbol ANG.L.

For further information, please visit www.anglingdirect.co.uk

Chairman's Statement

Financial results

Angling Direct PLC continues to grow rapidly with record revenue of £53.2m in the financial year to 31 January 2020 (2019: £42.0m, up 26.6%). We added ten new retail stores during the period, (seven new openings and three acquired), taking our total to 34. In addition, online sales grew by 13.6% to £25.3m (2019: £22.3m) reflecting our continued investment in and development of our e-commerce platform. Consequently, international sales grew to £5.0m (up 7.6% on the previous year) with our native language websites driving stronger momentum and conversion seen in Germany, France and the Netherlands where gross margins are stronger. Investment in our e-commerce platform will remain a strategic priority for the Group in the future.

The Group reports a pre IFRS 16 EBITDA (earnings before interest, tax, depreciation and amortisation) loss of £0.5m and a net loss before income tax for the year of £1.5m. This has been primarily driven by expected initial investment in our new stores and acquisitions as well as a disappointing trading period post-Christmas, influenced by exceptional winter flooding that resulted in reduced fishing across the UK. Other notable items adversely impacting our profit for the year include a more prudent approach to some legacy costs and increased costs incurred as a result of managing our rapid growth across our stock management processes. The result also reflects the positive investments we have made that we expect to generate value going forwards, including additional marketing spend to drive online and international growth and increased headcount as we continue to deliver on our strategic objectives. The loss before income tax for the year includes the impact of depreciation and interest following our adoption of IFRS 16 and the impact of the ten new stores in the period.

We continue to have a strong balance sheet and the Group held cash balances of £6.0m as at 31 January 2020. In addition, we also recently secured a short-term credit facility of £2.5m from NatWest, providing access to additional liquidity should it be required.

COVID-19

As I write, the world is facing an unprecedented challenge with the coronavirus pandemic ('COVID-19') having spread rapidly. This is having consequences for many people across the world, including our own colleagues, customers, shareholders, suppliers and other partners. Our thoughts are with everyone affected.

The Group is successfully tackling the challenges which COVID-19 has presented, our primary focus being on the health and safety of our colleagues continuing to serve and support our local customers and on mitigating the financial impact to our business.

Given the enforced government closure, we took the difficult decision to furlough our retail store colleagues (all of our stores closed on 24 March 2020) and other colleagues have been furloughed where their workloads have been reduced. Contingency funding has been secured and the intention is that the business should be in a position to restore normal operations rapidly as conditions allow. In addition, other non-essential costs have been deferred where possible. Our distribution centre operations have remained open and are being carried out with appropriate distancing so that our team are protected, and we have been encouraged by the volumes of product being despatched via our online platforms throughout the lockdown period. We have moved quickly to adapt to the current conditions that has allowed continued trading and my thanks go to all our colleagues for their dedication to serving our valued customers and the wider angling community at this time.

Our culture and purpose

We aim to enhance the lives of anglers, our customers, whilst also having a positive impact on our colleagues, suppliers, shareholders and wider society, including the environment and the economy.

Our customers want to spend time in our stores and on our website, socialising, learning and receiving the benefit of top-quality fishing advice and assistance. It is critical to have the highest quality, experienced, knowledgeable and enthusiastic colleagues. They are core to our culture and to delivering our purpose and I thank them for the continuing success of our Group.

Operations

Backed by the funds raised in 2018 we have made significant operational investments in addition to the aforementioned ten new stores opening. We have invested to increase the range of our higher margin own brand **Advanta** products. We have expanded our e-commerce offering with the continued development of our three native language European sites in Germany, France and the Netherlands, where we are already seeing the benefit of improved sales and conversion. We are also generating significant operational benefits from our new Kardex semi-automated stock picking system. All of these initiatives are designed to enable us to grow market share, protect our margins and improve our customer experience.

Following a period of rapid expansion, we commenced a LEAN review within our distribution centre as well as investing further in our enterprise resource planning system, Epicor. Both initiatives were implemented in order to ensure that our business is appropriately configured to capitalise on the opportunities for further growth in our markets. We expect to see further operational efficiency benefits of these ongoing programmes in the current financial year.

We have exited the Russian market alongside a small number of other unprofitable international markets, which generated poor margins in order to focus on those locations we expect to achieve higher margins and a better return on capital going forward.

Our communities

The Group has a key focus on the role it plays in our many communities including our colleagues, our customers and suppliers, our local communities and the wider angling community. Supporting our communities is part of the foundations of our business. It is one of our strategic pillars.

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 people into the angling community through coaching, education and developing new grassroots initiatives.

Further detail on how we support our communities is set out in “Our strategy and progress” and “Social and environmental responsibilities” sections of the strategic report.

Corporate governance

It is the Board's duty to ensure that the Group is managed for the long-term benefit of all stakeholders.

Following joining the Alternative Investment Market (‘AIM’) of the London Stock Exchange in July 2017, we adopted the Quoted Companies Alliance Corporate Governance Code (‘the QCA code’) as the standard to which we monitor our governance framework and activities. We note one exception to the application of the QCA code in the year. From January 2019 to October 2019, the Board contained one Independent Non-Executive Director. We highlighted the vacancy for the role in an announcement we made in October 2018 and it was important that we spent the time ensuring we recruited a Non-Executive Director with the right level of knowledge and experience. Since October 2019 there have been two Independent Non-Executive Directors on the Board.

In order to drive our growth strategy further and bring additional knowledge and capability to the Group there were some changes to the Board during the year and to the date of this report. John (Ian) Hunter resigned as Finance Director and we were joined by Steven Crowe in his role as Chief Financial Officer ('CFO'). Andy Torrance was originally appointed as Non-Executive Director and upon Darren Bailey stepping down as Chief Executive Officer ('CEO') Andy was appointed as CEO. Darren continues as a Non-Executive Director. We have also welcomed Dilys Maltby to the Board as an Independent Non-Executive Director. I would like to take this opportunity to thank Ian for his contribution to the Group. I would also like to thank Darren who has been with the Group since inception and been instrumental in getting the Group to the position it is in today. Finally, I would like to welcome Steven, Andy and Dilys to the Board.

Full disclosures on our Board changes, our governance processes and my role as Chairman of the Board are included in the corporate governance section of the Annual Report and Accounts for the year ended 31 January 2020 ("Annual Report") available to view on the Group's website.

Outlook

It is impossible to accurately predict the ongoing impact of the COVID-19 pandemic, but we have modelled a number of scenarios to ensure that we can successfully navigate through our view on what represents a 'worst case' trading environment. I am very optimistic about the on-going growth prospects for the Group, underpinned by the resilience and expertise of our colleagues and of the strong Angling Direct brand. We exist to serve our communities and now restrictions are relaxed, I expect that anglers will be eager to return to the waterside.

COVID-19 aside, the Board has taken progressive steps to create further operational efficiencies and address the challenges inherent in all rapidly growing businesses. We continue to focus on these steps and the opportunity to grow revenue and margins both in the UK and internationally.

As I mentioned, there have been a number of changes to our Executive and the Board. Our refreshed leadership team is expertly navigating the current headwinds and is also excited about embedding our new investments and accelerating the implementation of our strategy.

Martyn Page

Executive Chairman

Chief Executive Officer's statement

Introduction and overview

I am delighted to be introducing Angling Direct PLC's results for the year ended 31 January 2020; my first as Chief Executive Officer ('CEO').

Since the Group's initial public offering ('IPO') and admission to AIM in July 2017, the Group has continued to deliver against its strategy, delivering rapid growth both in the UK and internationally. Our revenue growth during the financial year ended 31 January 2020 ('FY20' or '2020') has been both organic and acquisitive through the addition of new stores and targeted acquisitions. Key milestones achieved in FY20 include exceeding £50m of revenue (£53.2m in FY20), on-going international expansion, the development of our e-commerce platforms and significant upgrades to our systems to support our next leg of growth. You can read more about this in our "Strategy and progress" in the Annual Report.

I started as CEO in February 2020 and I am clear that despite the tremendous growth in sales in recent years, and the significant growth opportunity that remains, there are certain areas of the Group that need to be strengthened as we look to achieve our core strategic objectives. In addition to ensuring we have the correct infrastructure to grow our market share, driving international growth and ensuring operational efficiency, we must aim to protect and improve our profit margins and ensure that our investments generate an appropriate and sustainable return for all stakeholders.

As our Chairman mentioned, on 24 March 2020 we closed our retail stores due to COVID-19, in line with Government guidance. We entered the lockdown period with a strong stock position and this has allowed us to support our loyal customers who have continued to purchase our products online. As a consequence, online trading trends continue to be robust and we remain well positioned now that anglers are allowed to return to the banks. We have put appropriate safeguards in place to protect our colleagues, customers, suppliers and other partners. We are managing demand fluctuations, continually reviewing our overall access to liquidity and reviewing the longer-term supply chain. Notwithstanding COVID-19, the retail environment has, and is, experiencing a period of long-term significant structural change but we believe that Angling Direct is well placed to adapt and thrive within the evolving situation.

Key performance indicators ('KPIs')

Our financial and commercial KPIs are set out below:

Financial KPIs:

	2020	2019 (restated)*	Change
Revenue	£53.2m	£42.0m	+26.6%
Gross profit	£16.6m	£13.8m	+20.0%
Gross margin	31.2%	32.9%	-170 basis points
Pre IFRS 16** EBITDA	(£0.5m)	£0.3m	-239.3%
Operating cash flow	(£1.0m)	(£1.6m)	+41.2%
Net debt	£4.5m	(£7.5m)	+160.9%

* *Following the adoption of IFRS 16 'Leases' using the fully retrospective method, prior period figures have been restated. See notes 2 and 4 to the consolidated financial statements in the Annual Report for details of our IFRS 16 policy and other comparative adjustments.*

** *A pre IFRS 16 EBITDA is presented, this represents both the current and prior year earnings before interest, tax, depreciation and amortisation on a pre IFRS 16 basis which includes rent costs in relation to the leased stores. This metric is included as this is how the business is monitored internally and this represents a key performance indicator for the Group. See note 7 to the consolidated financial statements in the Annual Report for the EBITDA reconciliation.*

Commercial KPIs:

	2020	2019	Change
Average customer baskets	£47.21	£51.13	-7.7%
Like-for-like sales (in stores)	£21.0m	£18.7m	+12.0%
Website customer conversion rate	5.9%	5.5%	+40 basis points
Customer database	232,580	202,611	+14.8%
UK Website visitors	4.9m	4.0m	+22.5%

Business review

Market overview

Angling is currently one of the UK's most popular and highly participated sports. The value of UK based fishing tackle sales was estimated to be around £550m per annum in 2018. The number of smaller specialist retailers has fallen in recent years; however this fall in number has been offset by growth within non-traditional outlets like retail park stores and online sales. The Group therefore believes that demand for its products will continue to grow and I believe the Group is in a strong position, being the largest specialist fishing tackle and equipment retailer in the UK, with an increasing international presence.

Trading impact of one-off events

Each year demand can be hit by one-off events. In FY20 we were adversely impacted in the period post-Christmas by the exceptional winter flooding which precluded many fisheries from operating effectively. Despite reporting record revenues, this hiatus negatively impacted our reported revenue and results. We will also see this in our results for FY21 because of COVID-19, but it is too early to forecast the full extent of that impact now, albeit we have modelled various downside scenarios and remain highly confident of our ability to trade through the current disruption.

In store performance

During the year, our store network increased from 24 to 34, which was achieved through acquisitions and new store openings. The Group completed the acquisition of Chapmans Angling in February 2019 for a total consideration of £1.4m. This added two new stores in Hull and Scunthorpe. In October 2019, we acquired the business and assets of Erics Angling Centre Ltd for £1.1m. This added a store on the Farlows fishing complex to our portfolio. This is one of the most prolific carp fisheries in the UK. We also introduced seven new stores throughout the year in Nottingham (April 2019), Sutton (June 2019), Leeds (August 2019), Milton Keynes (September 2019), Rotherham (October 2019), Barnsley (December 2019) and Manchester (December 2019). As with all our stores, the new stores are situated in excellent locations, which are known to have high numbers of anglers plus quality fisheries in the vicinity. Whilst the new stores have only been trading for a short period, the management team is pleased with their initial performance and anticipates that they will make a strong contribution post 15 June 2020 with the assumed re-opening now the COVID-19 restrictions are lifting.

More recently, after the period end, in February 2020, we were delighted to announce the opening of a new store in Warrington. The 4,500 square foot site is located on Cockhedge Shopping Park and has been renovated throughout. This launch means that we now have a 35-store presence across the UK. Further new stores are planned and will be opened at appropriate points in FY21.

The new store openings and acquisitions throughout the year have helped to drive the significant growth in retail store sales, which increased by 41.6% to £27.9m (2019: £19.7m). Like-for-like sales within the equivalent stores increased by 12.0%, which is a commendable result considering the heavy rainfall experienced across the whole of the UK post-Christmas and Brexit uncertainty. Such growth can be attributed to our strategy and efforts of the teams in our stores, who ensure that all our customers are given the very best focus, advice and support when shopping.

Our core growth strategy via both organic growth and targeted acquisition of existing independent fishing tackle businesses remains valid and appropriate. As we look ahead, we will focus on margin improvement and leveraging investment to ensure resilience is built into the business to achieve a sustainable level of profitable growth.

Online performance

We are the leading online UK retailer of fishing tackle with increasing relevance internationally. This position is hard to replicate as our site is a one-stop-shop dedicated to angling. Our online platform has a vast product range and many customer engagement features, such as articles, blogs and videos. This represents a key differentiator to other generic online retailers and angling specific retailers and both would need to make significant investments to mirror what we have developed. It gives us a major advantage over our competitors, and will be a key part of delivering our growth strategy in the future.

We achieve the vast majority of online sales from our own website www.anglingdirect.co.uk but also generate sales from other online market places. Upgrades in our e-commerce sales channels in both the UK and Europe have helped our online sales increase by 13.6% to £25.3m (2019: £22.3m) as our online traffic and conversion grew against only a modest reduction in average basket. Development in our online and digital marketing activity to support this growth has resulted in increased marketing costs compared to prior year. This continues to be an on-going area of focus for the Group.

During the year under review, and in-line with our strategy to protect and grow margins, we made the decision to focus our international sales on countries that are more profitable for the Group and step away from those that are not. This resulted in us ceasing sales in Russia and other non-core, less profitable territories. As a result of our investment in and improvement of our language specific websites, we recorded a significant increase in online sales and conversion trends in France, Germany and the Netherlands.

In addition to in-store and online sales, we also generate revenue by the provision of fishing tackle to the UK insurance industry.

Investment

The financial year under review has been a year of investment for the Group. These investments have been made in order to lay the foundations to deliver our strategy, and take advantage of growth opportunities in the market.

Our investment in the Kardex semi-automated stock picking system has improved the efficiency of distribution and created significant capacity at our 33,000 square foot distribution centre in Norfolk. The average despatch time per item has reduced by 22% due to Kardex and wider efficiency initiatives. Whilst Kardex has helped us with stock management at the warehouse level, there is still work to be done at the store level to train our colleagues and further develop robust stock management processes.

Another important project delivered in the year was LEAN implementation. This was introduced early in the year and focussed on warehouse and logistics. The aim was to provide a far more efficient product flow with minimal touch points, particularly goods in and goods out. We expect to see the benefit of our investment in stock and distribution management flow through to our financial results, in particular cost ratios.

The investment to upgrade our enterprise resource planning ('ERP') solution has been successfully embedded thereby further improving efficiencies across the business.

Enhancements to our e-commerce infrastructure has brought increased security and functionality and we have seen increased interaction and engagement with customers since. In addition to marketing investment this has led to a 21% increase in online transactions compared to our prior year. We expect this to increase further as the recent platform upgrade to Magento II and the associated additional functionality becomes available on our websites throughout FY21.

We invested more in our own ***Advanta*** brand products during the year. ***Advanta*** is increasingly recognised as a quality and credible alternative to the more mainstream brands. It contributed 2.8% to total revenue this year, however, given the considerably higher margin we are able to achieve, we will increase our focus on its development going forward.

Areas to be strengthened

We have successfully delivered on our strategy and grown the Group significantly in the last three years which has brought both opportunity and challenges. Our rapid growth has meant a lot of new colleagues, new processes, the need for additional capacity in the distribution centre and systems that are appropriately configured for the size of business we are now and to support the growth opportunities in front of us. In addition, we acknowledge there is a time period needed for us to embed our new stores and acquisitions. Whilst some of this has been mitigated, the financial results and ultimately the loss in the year reflects this challenge.

In response we are undertaking a thorough review of all aspects of the business and are confident in our ability to execute swift tactical and operational changes, including the aforementioned investments, which will improve our efficiency and significantly reduce the risk of these challenges reoccurring in the future.

Our colleagues, our culture and our role in the community

The significant progress we made in FY20 is due to the effort, passion and commitment of our people and all the stakeholders we work with. I want to thank them for their huge contribution.

Our colleagues are the face of our Group to retail customers and are key to delivering an excellent service to our customers, both in store and online. They also play a key role in the angling community. We differentiate ourselves by providing significant expert help and trusted advice. We are proud that a growing number of our retail stores have a qualified angling coach who also holds lessons at local angling destinations. This is one example of how we are passionate about delivering the very best angling experience to the community for new and existing anglers alike.

We will continue our employee training in FY21, which will further embed our purpose, values and strategy.

Further detail on the importance of our people, culture and community, is detailed in the Annual Report.

Preparing for the future

As our Chairman has explained, whilst the ongoing COVID-19 uncertainty and its impact on the angling community is difficult, we remain well positioned to deal with the challenges it presents. I am pleased to have been appointed as CEO of the Group and continue the strong growth that Darren and his team delivered. In my first few weeks in charge, it is clear to me that we have a business with great potential and a brand which will continue to provide a strong platform for us to drive scale and efficiencies.

Our operations and results for FY20 were not impacted by COVID-19, however, in the current financial year, we do expect to see a material reduction in both revenue and profitability. The scale of the impact will be dependent on how the situation develops and over what timeframe, together with the impact of any further measures taken by the UK Government to mitigate the disruption. We are pleased the UK Government has relaxed the restrictions around fishing as a form of exercise and the assumption that restrictions around non-essential retail stores will be lifted from 15 June 2020.

Outside of the pandemic, we have taken quick and decisive action to begin to address the operational and commercial issues that impacted profitability in FY20 and will continue to make progress in these areas. To do this we plan to review and revisit our strategy throughout the current financial year. I am delighted with the Executive and Non-Executive expertise of my colleagues on our refreshed Board which will enable us to do this.

Our financial and operational priorities for the coming year are, maintaining momentum with our growth, a focus on protecting our margins and leveraging on the investments we have made to help us build resilience into the business and capitalise on the opportunities we encounter. This will help us to enhance our balance sheet strength and earnings quality to underpin our growth plan in the future. We will also stay connected with our customers and communities in this uncertain period. It is at a time like this we must stay true to our purpose and our values as this will help us deliver our strategy in the months and years to come.

Andy Torrance

Chief Executive Officer

Chief Financial Officer's statement

I am pleased to present my first report of the Group's financial performance, position, cash flows and KPIs.

Basis of preparation – IFRS 16 'Leases'

On 1 February 2019, the Group adopted IFRS 16 'Leases' on a fully retrospective basis. This means that we have applied IFRS 16 retrospectively to all leases in existence as at 1 February 2018 as if the standard had always applied. We have therefore restated the 31 January 2019 comparatives in the Group's financial statements for the year ended 31 January 2020, providing a meaningful comparison between the two reporting periods. The discussion of our financial performance and position in this section is primarily on an IFRS 16 basis for all years presented. We have also included an analysis of pre- IFRS 16 EBITDA as an alternative performance measure that we consider as a key measurement of performance internally.

Please see note 2 and note 4 to the consolidated financial statements in the Annual Report for more information and reconciliations relating to the Group's retrospective adoption of IFRS 16 and note 7 for the EBITDA reconciliation.

How we performed

In FY20, underlying trade has grown strongly. This has been supplemented by the opening of seven new stores and the acquisition of three stores. The Group has delivered this strong revenue growth both online and across its retail stores and the Board is pleased with the increasing market share.

FY20 has been a year of investment and this strong revenue growth is not reflected in our results for the period. Poor weather conditions towards the end of the year, supplier price pressures, lower margins on legacy inventory and a more prudent approach to legacy costs have all contributed to the pre IFRS 16 EBITDA loss of £0.5m for FY20 (2019: £0.3m profit). Loss after income tax was £1.3m (2019: £0.4m). This loss included the additional depreciation charge as a result of the new stores and the front loading of interest charges on our entire lease portfolio resulting from the new lease liabilities recognised due to the adoption of IFRS 16.

We have invested in a number of areas, including the Kardex semi-automated stock picking system, Epicor ERP and Magento website development programme. These and other investments are all mitigating some of the challenges our rapid growth has presented which lay the foundations for our planned continued growth.

COVID-19

COVID-19 has resulted in significant uncertainty at the time of preparing this report, but it is important to highlight that the Group's financial statements for FY20 were not impacted by it.

The Group audit opinion includes a material uncertainty (as defined by accounting and auditing standards) in relation to going concern. See “Going concern and liquidity”, note 2 to this announcement, for more discussion on the potential impact of COVID-19 on the Group.

Record year for revenue

Like-for-like store sales increased by 12.0%. The remaining increase was from our three 2019 stores and our ten new store openings which contributed £6.9m (13.0%) to total revenue. These related to two acquisitions which delivered three stores (Hull, Scunthorpe and Farlows) and opening seven other stores (Nottingham, Sutton, Leeds, Milton Keynes, Rotherham, Barnsley and Manchester).

The Group has continued the development of the e-commerce platform and sales from the website www.anglingdirect.co.uk increased by 19.7% to £18.8m (2019: £15.7m). This excludes sales from other web channels such as eBay.

The Group has also focused on its online sales to international territories that deliver both strong sales growth and promising levels of profitability. This has resulted in us withdrawing from Russia where margins were poor. Our international footprint is predominantly in mainland Europe and these international sales account for 19.9% of total online sales (2019: 20.9%). Our German, French and Netherlands websites, which make up the Group’s core European markets, increased sales by 24.6%, 70.9% and 86.7% respectively. These three territories now represent 42.3% of total international sales (2019: 30.9%).

Our own brand products **Advanta** contributed 2.8% of total sales during the year (2020: £1.5m; 2019: £1.4m).

Gross margin

Our gross profit has increased by 20.0% (2020: £16.6m; 2019: £13.8m). However, gross margin is 1.7 percentage points lower (2020: 31.2%; 2019: 32.9%). The key underlying factors are explained below.

Legacy inventories

Although Management is pleased with the performance of the new stores, the legacy inventory that was part of the acquisitions contributed to margins being lower during the financial year. This stock has been mainly cleared but at margins lower than normally expected by the Group.

Inventory losses

Problems were identified with the inventory management processes and resulting stock shrinkage which impacted margins during the year. Given the rapid growth of the business in recent years, the Group has recognised the increased need to strengthen existing inventory management processes and systems in order to create a fit for purpose and scalable process going forward. Inventory management challenges have since been significantly mitigated by internal training and development for the relevant employees and investment in our LEAN programme and Kardex system. We expect to see the benefit of these investments flowing through the results going forwards.

Supplier price pressure

During the financial year we faced an element of supplier price pressure, impacting our margins. To mitigate this going forward, we continue to build strong relationships with our suppliers and carefully manage our supply chain. Additionally, the Group will continue to commit additional working capital to drive sales growth of our high margin **Advanta** product range.

Unfavourable weather conditions

As Martyn and Andy have both mentioned in their respective Chairman and CEO reports, the record amounts of rain falling across various areas of the country in the later part of the year impacted sales and consequently, gross margins. An unfavourable weather condition results in a reduction in footfall for the business.

Administrative expenses and operating loss

Total administrative expenses increased by 30.6% to £14.7m (2019: £11.3m) during the period compared to a 26.6% increase in revenue. Much of the increase is sales volume driven. Headcount cost has increased by 30.9% to £8.3m (2019: £6.4m). Additional depreciation and amortisation charged mainly relates to new store leased assets, up 72.7% to £1.9m (2019: £1.1m). In addition, increased investment in search engine optimisation and pay per click activity to boost UK online sales growth and establish native language websites in three territories has resulted in a 71.4% increase in advertising expenses to £1.2m (2019: £0.7m).

Tax

The Group recognised an income tax benefit in both 2020 and 2019. The income tax benefit increased by 709.5% to £0.2m (2019: £0.0m) which reflect the loss-making performance of the periods presented.

Returns and dividends

Basic earnings per share ('EPS') is (2.0p) (2019: (0.8p)) as a result of the increase in the loss after tax for the period.

There were no dividends paid, recommended or declared during the current and prior financial year. As discussed in the Directors' report, the Group is focussed on carefully navigating COVID-19 and it is reinvesting all its surplus cash resources back into the business. As a result of this, in the short term, the Directors do not recommend a dividend payment to be distributed for the year ended 31 January 2020. The dividend policy will be kept periodically under review.

Financial position and net assets

Our consolidated statement of financial position is robust. As at 31 January 2020, the Group had a net asset position of £25.5m (2019: £26.8m) and a net current asset position of £12.8m (2019: £18.1m). The Group also had no external borrowing as at the reporting date and closed FY20 with a cash and cash equivalents position of £6.0m (2019: £13.5m).

The key movements in the consolidated statement of financial position, largely reflect additional lease liabilities from opening the new stores, additional goodwill from the two acquisitions in FY20 and investment in our software and IT platforms. Refer to note 2 to the consolidated financial statements in the Annual Report for our policy with respect to intangible assets.

Other notable movements relate to significant increases in inventory as we acquired additional stores with stock holdings, some of which exists at the reporting date. We have also built up our own branded stock, **Advanta.**

Cash flow and funding

During FY20 the Group improved the net cash used in operating activities (2020: £1.0m outflow; 2019: £1.6m outflow). Throughout the year there has been a focus on working capital and operating cash management.

The Group has pursued its growth strategy by continuing to deploy proceeds from the recent equity raises into acquisitions, our e-commerce platforms both in the UK and internationally and investment in our technology and inventory management systems. This has contributed to the 31 January 2020 cash position reducing from £13.5m in 2019 to £6.0m.

As at 31 January 2020, the net debt position was £4.5m (2019: (£7.5m)). Net debt has increased as a result of the increase in IFRS 16 lease liabilities following the opening of new stores and the reduction in the cash position detailed above. The Group had no external borrowing as at the reporting date and net debt is purely a reflecting of cash and the lease liabilities of the Group.

Since the reporting date the Group has secured a short-term credit facility of £2.5m from NatWest with an expiry date of September 2020. This will be used as required to help manage working capital during the period of COVID-19 disruption.

FY21 outlook

As a result of enforced store closures, the Group now expects a material reduction in FY21 revenue and profitability. The scale of the impact will be dependent on how the situation evolves, together with the impact of any further measures taken by the UK Government to mitigate the disruption. The Group retains healthy stock levels, allowing our e-commerce sales to continue, and to be ready for the assumed re-opening of stores on 15 June 2020, now that people are allowed to go fishing again.

Outside of COVID-19 we have a continued focus on robust financial controls, strengthening the statement of financial position and capitalising on the investments made in the year. We are well placed to navigate these headwinds and continue our growth strategy.

Steven Crowe

Chief Financial Officer

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 January 2020

	Note	2020	Restated 2019
		£'000	£'000
Revenue from contracts with customers		53,181	42,004
Cost of sales of goods		(36,601)	(28,183)
Gross profit		16,580	13,821

Interest revenue calculated using the effective interest method			73
Expenses			
Administrative expenses		(14,747)	(11,293)
Distribution expenses		(3,061)	(2,691)
Finance costs		(325)	(229)
Loss before income tax benefit		(1,480)	(392)
Income tax benefit		170	21
Loss after income tax benefit for the year attributable to the owners of Angling Direct PLC		(1,310)	(371)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Angling Direct PLC		(1,310)	(371)
		Pence	**Pence**
Basic earnings per share	3	(2.03)	(0.76)
Diluted earnings per share	3	(2.03)	(0.76)

Refer to note 4 to the consolidated financial statements in the Annual Report for detailed information on Restateme comparatives - adoption of IFRS 16 'Leases'.

Angling Direct PLC
Consolidated statement of financial position
As at 31 January 2020

				Consolidated
			Restated	**Restated**
	Note	**2020**	**2019**	**1 Feb 2018**
		£'000	**£'000**	**£'000**

Non-current assets			
Intangibles	6,216	4,848	4,644
Property, plant and equipment	5,593	3,432	2,112
Right-of-use assets	10,480	6,024	4,248
Total non-current assets	22,289	14,304	11,004
Current assets			
Inventories	13,453	9,348	6,815
Trade and other receivables	509	364	290
Income tax refund due	-	53	-
Prepayments	474	322	287
Cash and cash equivalents	5,978	13,541	749
Total current assets	20,414	23,628	8,141
Current liabilities			
Trade and other payables	6,430	4,682	5,518
Borrowings	-	-	850
Lease liabilities	1,182	811	559
Income tax	17	-	114
Total current liabilities	7,629	5,493	7,041
Net current assets	12,785	18,135	1,100
Total assets less current liabilities	35,074	32,439	12,104
Non-current liabilities			
Trade and other payables	-	-	7
Lease liabilities	9,334	5,280	3,845
Restoration provision	249	168	135
Total non-current liabilities	9,583	5,448	3,987

Net assets before deferred tax liability		25,491	26,991	8,117
Deferred tax		-	190	145
Net assets		25,491	26,801	7,972
Equity				
Share capital	4	646	646	430
Share premium		26,017	26,017	7,033
(Accumulated losses)/retained profits		(1,172)	138	509
Total equity		25,491	26,801	7,972

Refer to note 4 to the consolidated financial statements in the Annual Report for detailed information on Restatement of comparatives - adoption of IFRS 16 'Leases'.

Angling Direct PLC
Consolidated statement of changes in equity

For the year ended 31 January 2020

Consolidated	**Share capital £'000**	**Share premium account £'000**	**Retained profits £'000**	**Total equity £'000**
Balance at 1 February 2018	430	7,033	792	8,255
Adjustment for change in accounting policy	-	-	(283)	(283)
Balance at 1 February 2018 - restated	430	7,033	509	7,972
Loss after income tax benefit for the year	-	-	(371)	(371)
Other comprehensive income for the year, net of tax	-	-	-	-

Total comprehensive income for the year	-	-	(371)	(371)
Transactions with owners in their capacity as owners:				
Contributions of equity	216	-	-	216
Share premium, net of transaction costs	-	18,984	-	18,984
Balance at 31 January 2019	646	26,017	138	26,801

Consolidated	Share capital £'000	Share premium account £'000	Retained profits/ (accumulated losses) £'000	Total equity £'000
Balance at 1 February 2019	646	26,017	138	26,801
Loss after income tax benefit for the year	-	-	(1,310)	(1,310)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,310)	(1,310)
Balance at 31 January 2020	646	26,017	(1,172)	25,491

Consolidated statement of cash flows
For the year ended 31 January 2020

	Note	Consolidated 2020 £'000	Restated 2019 £'000

Cash flows from operating activities

Loss before income tax benefit for the year	(1,480)	(392)
Adjustments for:		
Depreciation and amortisation	1,887	1,082
Net movement in provisions	81	26
Interest received	(70)	-
Interest and other finance costs	325	229
	743	945
Change in operating assets and liabilities:		
Increase in trade and other receivables	(143)	(74)
Increase in inventories	(2,678)	(2,420)
Increase in prepayments	(152)	(35)
Increase in trade and other payables	1,552	293
Decrease in other provisions	(73)	-
	(751)	(1,291)
Interest received	70	-
Interest and other finance costs paid	(325)	(229)
Income taxes refunded	53	14
Income taxes paid	-	(114)
Net cash used in operating activities	(953)	(1,620)

Cash flows from investing activities

Payment for purchase of business, net of cash acquired	(2,475)	(1,393)

Payments for property, plant and equipment	(2,474)	(1,531)
Payments for intangibles	(501)	(185)
Net cash used in investing activities	(5,450)	(3,109)
Cash flows from financing activities		
Proceeds from issue of shares	-	20,000
Share issue transaction costs	-	(800)
Repayment of borrowings	-	(850)
Repayment of lease liabilities	(1,160)	(829)
Net cash from/(used in) financing activities	(1,160)	17,521
Net increase/(decrease) in cash and cash equivalents	(7,563)	12,792
Cash and cash equivalents at the beginning of the financial year	13,541	749
Cash and cash equivalents at the end of the financial year	5,978	13,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

1. Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to reporting groups under IFRS.

The financial information set out above does not constitute the company's statutory accounts for 2020 or 2019. Statutory accounts for the years ended 31 January 2020 and 31 January 2019 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 January 2019 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. For the year ended 31 January 2020 their report contains a material uncertainty in respect of going concern to which the Independent Auditors drew attention by way of emphasis without modifying their report.

Statutory accounts for the year ended 31 January 2019 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 January 2020 will be delivered to the Registrar in due course.

Restatement of comparatives

Following a review of the Company's 2019 Annual report by the Directors subsequent to the receipt of a letter from the Financial Reporting Council ('FRC'), the 2019 consolidated cash flow statement has been restated to classify payments for the purchase of businesses as investing activities and to exclude from the cashflow statement new finance leases that were non-cash transactions.

The impact of this restatement was to improve net cash from operating activities by £1,243,000, increase the cash outflow from investing by £827,000, and reduce net cash inflow from financing by £416,000. The 2019 consolidated cash flow has then had further restatement in respect of the accounting policy change to retrospectively adopt IFRS 16 for the 2019 comparatives.

In addition, the review has resulted in enhanced disclosure for the 2019 comparatives within the notes to the financial statements of software capitalisation within intangible assets and the presentation of the income tax benefit note.

At the date of this announcement, the Company continues to engage with the FRC in response to the other matters raised.

2. Going concern including liquidity

In the light of the rapidly escalating COVID-19 pandemic, Management has considered whether any adjustments are required to reported amounts in the financial statements. As at the 31 January 2020 reporting date, no global pandemic had been declared. Subsequent to the reporting date, all of the Group's stores closed following Government policy to limit social interaction. Based upon current Government guidance it is assumed that stores will re-open on 15 June 2020. The Group's webstores, however, have continued to trade and the distribution centre remained open, with encouraging levels of trade in both the UK and international markets. The Group continues to adopt the going concern basis in preparing these financial statements.

In making this judgement, as set out on page 41 of the Directors' report in the Annual Report the Directors have reviewed the future viability and going concern position of the Group for the foreseeable future. Generally, the Group's business activities and the factors likely to affect its future development, performance and position are set out in the strategic report on page 12 of the Annual Report. The financial position of the Group and its cash flows are described in the "Chief Financial Officer's statement" on page 19 of the Annual Report. In addition, the Group's policies and processes with respect to risk management can been seen in the "Principal risks and uncertainties" section on page 26 of the Annual Report and the "Risk management and internal controls" in the corporate governance section on page 36 of the Annual Report.

The developing situation with respect to COVID-19 does give rise to a material uncertainty around going concern, however Management are satisfied that the mitigating factors are sufficient to address severe but plausible downside scenarios and support the going concern judgement. The Directors have prepared cash flow forecasts for a period of 12 months from the reporting date which cover various scenarios. The base scenario assumes stores will remain closed until the end of May 2020, with in store sales recovering on a staggered basis from 1 June 2020, reflecting consumer confidence and availability of the Group's products. Online sales continue at close to forecast levels in this scenario, which is reflective of the performance for the year ending 31 January 2021, so far as previously announced. The severe but plausible downside scenarios consider scenarios such as stores continuing to be closed until July 2020 and recovery to usual sales levels later in the year. Mitigating actions have also been considered in these forecasts such as utilising reliefs extended by the government, curtailing or deferring other expenditure and putting planned investments on hold.

In terms of mitigating actions with respect to the COVID-19 pandemic and liquidity, the Group has moved swiftly to preserve capital and improve cash flow. This includes taking steps to reduce costs and as announced on the 24 March 2020, the Group secured a short term £2.5m credit facility from NatWest with an expiry date of September 2020. This will be used to help manage working capital if required during this period of disruption. The Group has also welcomed the recent measures introduced by the UK Government to protect businesses and employees. The Board has taken the decision to use the reliefs extended, including furloughing employees, to reduce cash outflows and provide the Group with additional liquidity during this uncertain trading period.

3. Earnings per Share

	Consolidated 2020	Consolidated Restated 2019
	£'000	£'000
Loss after income tax attributable to the owners of Angling Direct PLC	(1,310)	(371)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	64,621,993	48,864,590
Weighted average number of ordinary shares used in calculating diluted earnings per share	64,621,993	48,864,590
	Pence	Pence
Basic earnings per share	(2.03)	(0.76)
Diluted earnings per share	(2.03)	(0.76)

1,645,311 (2019: 1,645,311) options over ordinary shares have been excluded from the 2020 diluted earnings calculation as they are anti-dilutive for the year.

4. Share Capital

	Consolidated			
	2020	2019	2020	2019
	Shares	Shares	£'000	£'000
Ordinary shares of £0.01 each - fully paid	64,621,993	64,621,993	646	646

Movements in ordinary share capital

Details	Date	Shares	£'000
Balance	1 February 2018	42,999,993	430
Issued during the year	9 November 2018	21,622,000	216
Balance	31 January 2019	64,621,993	646
Balance	31 January 2020	64,621,993	646

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

5. Annual Report and Accounts

The annual report and accounts for the year ended 31 January 2020 will, later today be made available to view on the Company's website (www.anglingdirect.co.uk/corporate/investors/reports-and-accounts/) and will be posted to shareholders in due course.