

8 October 2018

## Angling Direct plc

(“Angling Direct” or the “Company” or the “Group”)

### Half-yearly report for the period ended 31 July 2018

**Angling Direct plc** (AIM: ANG), the UK’s largest specialist fishing tackle and equipment retailer, is pleased to announce its unaudited financial results for the six months ended 31 July 2018.

#### Financial Highlights:

- Group revenue of £21.94 million up by 55.8% (H1 2018: £14.08 million)
- Gross profit of £7.22 million up by 52.6% (H1 2018: £4.73 million)
- Pre-tax profit of £0.57 million (H1: 2018 £0.09 million) after accelerated investment in European expansion
- EPS increased by 1.44 pence to 1.11 pence from a loss of 0.33 pence in H1 2018
- Net cash and cash equivalents at 31 July 2018 of £0.78 million (H1 2018: £4.10 million)

#### Operational Highlights:

- Online sales up 60% to £11.69 million
- Store sales up 60% to £9.93 million, including like-for-like store growth of 4.2%
- Continued investment in online marketing, customer service, logistics and distribution
- Introduction of our first International Website in Germany
- Acquired Ted Carter Fishing Tackle a well-established retail store in Preston in June

#### Post-Period End:

- Opening of Guildford store in September 2018
- Like-for-like store sales in August up by 15.4% & September by 12%

**Martyn Page, Executive Chairman, said:** *“It has been another highly successful period for the Group with impressive growth achieved across our network of stores and online. We have executed on our strategy to develop a strong pipeline of new store openings and acquisitions and remain on track to meet our full year targets.*

*“Our online business has been developing at an exceptional rate and we successfully launched our first international Angling Direct website in Germany in June. Further international expansion is expected to take place, with websites for France and Benelux being developed for the second half of this year.*

*“I would like to thank my fellow directors and the whole of the Angling Direct team for their continued efforts over this period”.*

#### For further information:

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### **Chief Executive's review**

I am pleased to report a strong set of interim results for the six-month period ended 31 July 2018. In-store and online have both performed well throughout the half despite the challenging winter weather conditions that we faced earlier in the year. Revenue for the period was £21.94 million, an increase of £7.86 million or 55.8% (H1 2018: £14.08 million). Adjusted EBITDA was £0.74 million, a decrease of £0.19 million (H1 2018: £0.93 million) as a consequence of the decision to bring forward our investment in the future growth of the online business in the UK and Europe. As well as infrastructure, we also made additional investment in marketing and customer services to support this growth.

The income statement shows a pre-tax profit of £0.57 million, an increase of £0.48 million or 530% on last year (H1: 2018 £0.09 million); and EPS increased by 1.44 pence to 1.11 pence from a loss of 0.33 pence per share in H1 2018.

### **Half Year Trading**

The Group enjoyed a strong start to the year, with retail store revenue increasing by 60% to £9.93 million (H1 2018: £6.21 million) demonstrating continued growth, backed with like-for-like sales up by 4.2%. This was despite a 1.2% drop in footfall due to the adverse winter weather, which again confirms our in-store stock ranges and merchandising are going as planned. Average baskets in the stores are up 5.5% to £33.72 (H1: 2018 £31.96).

Online revenue from the Company's website increased by 64% to £10.84 million (H1 2018: £6.59 million) helped by further investment in the Company's e-commerce platform, and focused marketing both in the UK and Europe. The average basket value was lower at £78.97 (H1 2018: £96.96) due to our decision to reduce the postage free values to attract a higher frequency of sales for our smaller, higher margin items below £40. This has had a reassuringly positive impact, with the frequency of returning customers ordering sub £40 baskets increasing by over 200%.

The number of unique users visiting the website increased by 30% and we are delighted with the conversion increase to 5.24% (H1 2018: 3.74%).

We successfully launched our German website in June and the initial results have been very encouraging. We are planning to roll out other European websites later in the year, initially targeting France and Benelux.

eBay sales increased by 15% to £0.85 million (H1 2018: £0.74 million), while Insurance replacement sales reduced by 42% to £0.32 million (H1 2018: £0.55 million) due to a reduction in claim volumes and lower rates of theft.

The Group continues to invest in its own branded product range, Advanta, which contributed £0.51 million of the Group's total sales, up 13% from last year (H1 2018: £0.45 million). Additionally, we have increased our investment in stock to improve the availability throughout the year of key selling items.

The Group's strategy of remaining competitive with its pricing structure, as per its price checker policy, will remain. Despite competing against further discounting by our competition, online growth in Europe, especially on capital items, and price increases from suppliers in the Far East, we still managed to achieve margins of 32.9% in the period (H1 2018: 33.6%).

We will continue to monitor these factors and look to improve our margin by focusing on our suppliers and other specific product opportunities.

**Store Roll-out**

The Group is continuing to expand its UK store footprint through strategically placed store roll-out. The Group will continue to assess acquisition opportunities that will be a functional fit and add value to the Group's overall operations.

The Group ended the period owning and operating 22 stores based around the UK (H1 2018: 15 stores). Following the period end a further store was opened in Guildford (September 2018)

It is anticipated that the Group will open one further store in Peterborough before the end of October 2018 and the Group, therefore, expects to own and operate 24 stores based by the end of our financial year. The new store pipeline for 2019 is already being developed and this will see expansion into new areas of the country in-line with the Company's stated strategy.

**Outlook**

The Group continues to invest in the future growth of the business, both online and in-store. As we grow, we will continue to review costs and improve operational efficiencies and margins, and the introduction of a new Kardex system in our warehouse will see beneficial efficiencies coming through next year. We are proud of the results of our online strategy and have seen continued solid trading since the period end. We believe that the platform we have established and the experience we have gained will enable us to achieve robust and sustainable growth.

Darren Bailey

***Chief Executive Officer***

**CONSOLIDATED INCOME STATEMENT  
FOR THE 6 MONTHS ENDED 31 JULY 2018**

	Notes	(Unaudited) 6 months to 31 July 2018 £ 000's	(Unaudited) 6 months to 31 July 2017 £ 000's	(Audited) Year ended 31 Jan 2018 £ 000's
<b>CONTINUING OPERATIONS</b>				
Revenue		21,939	14,083	30,241
Cost of sales		<u>(14,722)</u>	<u>(9,353)</u>	<u>(20,387)</u>
<b>GROSS PROFIT</b>		7,217	4,730	9,854
Distribution costs		(1,398)	(797)	(1,794)
Administrative expenses		<u>(5,210)</u>	<u>(3,079)</u>	<u>(7,120)</u>
<b>OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS</b>		609	854	940
Exceptional items	3	-	<u>(740)</u>	<u>(730)</u>
<b>OPERATING PROFIT</b>		609	114	210
Finance costs		<u>(37)</u>	<u>(28)</u>	<u>(51)</u>
<b>PROFIT BEFORE INCOME TAX</b>		572	86	159
Income tax		<u>(94)</u>	<u>(117)</u>	<u>(132)</u>
<b>PROFIT(LOSS) FOR THE PERIOD</b>		<u>478</u>	<u>(31)</u>	<u>27</u>
Profit/(Loss) attributable to: Owners of the parent		<u>478</u>	<u>(31)</u>	<u>27</u>
Earnings/(Loss) per share attributable to the ordinary equity holders of the parent:				
Basic and diluted (pence)		<u>1.11</u>	<u>(0.33)</u>	<u>0.10</u>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS ENDED 31 JULY 2018**

	(Unaudited) 6 months to 31 July 2018 £ 000's	(Unaudited) 6 months to 31 July 2017 £ 000's	(Audited) Year ended 31 Jan 2018 £ 000's
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	478	(31)	27
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Bonus share issue	-	(302)	(302)
Revaluation of Property to Fair Value	-	-	86
Income tax relating to components of other comprehensive income	-	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>	478	(302)	(216)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>478</u>	<u>(333)</u>	<u>(189)</u>
Total comprehensive income attributable to: Owners of the parent	<u>478</u>	<u>(333)</u>	<u>(189)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2018**

		(Unaudited) 6 months to 31 July 2018 £ 000's	(Unaudited) 6 months to 31 July 2017 £ 000's	(Audited) Year ended 31 Jan 2018 £ 000's
<b>ASSETS</b>	Notes			
<b>NON-CURRENT ASSETS</b>				
Intangible assets		4,614	1,816	4,564
Property, plant and equipment		<u>3,017</u>	<u>1,310</u>	<u>2,294</u>
		<u>7,631</u>	<u>3,126</u>	<u>6,858</u>
<b>CURRENT ASSETS</b>				
Inventories		8,524	4,818	6,815
Trade and other receivables		1,002	770	617
Cash and cash equivalents		<u>779</u>	<u>4,099</u>	<u>749</u>
		<u>10,305</u>	<u>9,687</u>	<u>8,181</u>
<b>TOTAL ASSETS</b>		<u>17,936</u>	<u>12,813</u>	<u>15,039</u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital	4	430	430	430
Share premium		7,032	7,032	7,032
Revaluation reserve		-	-	86
Retained earnings		<u>1,271</u>	<u>650</u>	<u>707</u>
<b>TOTAL EQUITY</b>		<u>8,733</u>	<u>8,112</u>	<u>8,255</u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables		-	-	7
Financial liabilities – borrowings				
Interest bearing loans and borrowings		36	62	54
Deferred tax		<u>219</u>	<u>163</u>	<u>203</u>
		<u>255</u>	<u>225</u>	<u>264</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		7,218	4,173	5,518
Financial liabilities – borrowings				
Bank overdrafts		-	-	-
Interest bearing loans and borrowings		1,538	29	888
Tax payable		<u>192</u>	<u>274</u>	<u>114</u>
		<u>8,948</u>	<u>4,476</u>	<u>6,520</u>
<b>TOTAL LIABILITIES</b>		<u>9,203</u>	<u>4,701</u>	<u>6,784</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,936</u>	<u>12,813</u>	<u>15,039</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS ENDED 31 JULY 2018**

	Called up share capital £ 000's	Share premium £ 000's	Retained earnings £ 000's	Revaluation reserve £ 000's	Total equity £ 000's
<b>Balance at 31 January 2017</b>	<u>1,410</u>	-	<u>990</u>	-	<u>2,400</u>
<b>Changes in equity</b>					
Issue of share capital	420	7,402	-	-	7,822
Costs associated with share issue	-	(370)	-	-	(370)
Redemption of preference shares	(1,400)	-	-	-	(1,400)
Dividends	-	-	(7)	-	(7)
Profit/(Loss) for the period	-	-	(31)	-	(31)
Other comprehensive income	-	-	<u>(302)</u>	-	<u>(302)</u>
<b>Balance at 31 July 2017</b>	<u>430</u>	<u>7,032</u>	<u>650</u>	-	<u>8,112</u>
<b>Changes in equity</b>					
Issue of share capital	-	-	-	-	-
Costs associated with share issue	-	-	-	-	-
Profit/(Loss) for the period	-	-	57	-	57
Other comprehensive income	-	-	-	<u>86</u>	<u>86</u>
<b>Balance at 31 January 2018</b>	<u>430</u>	<u>7,032</u>	<u>707</u>	<u>86</u>	<u>8,255</u>
<b>Changes in equity</b>					
Issue of share capital	-	-	-	-	-
Dividends	-	-	-	-	-
Profit/(Loss) for the period	-	-	478	-	478
Other comprehensive income	-	-	<u>86</u>	<u>(86)</u>	-
<b>Balance at 31 July 2018</b>	<u>430</u>	<u>7,032</u>	<u>1,271</u>	-	<u>8,733</u>

**CONSOLIDATED CASHFLOW STATEMENT  
FOR THE 6 MONTHS ENDED 30 JULY 2018**

	Notes	(Unaudited) 6 months to 31 July 2018 £ 000's	(Unaudited) 6 months to 31 July 2017 £ 000's	(Audited) Year ended 31 Jan 2018 £ 000's
<b>Cash flows from operating activities</b>				
Cash generated from operations	1	334	85	(223)
Interest paid		(34)	(25)	(45)
Interest element of finance lease payments made		(2)	(3)	(6)
Taxation refund		-	-	-
Taxation paid		-	(3)	(139)
Net cash from operating activities		<u>298</u>	<u>54</u>	<u>(413)</u>
<b>Cash flows from investing activities</b>				
Purchase of goodwill		(50)	-	(2,748)
Purchase of tangible fixed assets		(850)	(264)	(1,234)
Sale of tangible fixed assets		-	-	-
Net cash from investing activities		<u>(900)</u>	<u>(264)</u>	<u>(3,982)</u>
<b>Cash flows from financing activities</b>				
New loans in period		650	-	850
Loan repayments in period		-	(1,515)	(1,515)
Capital repayments in period		(18)	(15)	(30)
Share issue		-	7,520	7,520
Cost of share issue		-	(370)	(370)
Redemption of preference shares		-	(1,400)	(1,400)
Equity dividends paid		-	(7)	(7)
Net cash from financing activities		<u>632</u>	<u>4,213</u>	<u>5,048</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of period		30	4,003	653
		<u>749</u>	<u>96</u>	<u>96</u>
<b>Cash and cash equivalents at end of period</b>	2	<u>779</u>	<u>4,099</u>	<u>749</u>



**NOTES TO THE CASH FLOW STATEMENT  
FOR THE 6 MONTHS ENDED 31 JULY 2018**

**1. RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS**

	(Unaudited) 6 months to 31 July 2018 £000's	(Unaudited) 6 months to 31 July 2017 £000's	(Audited) Year ended 31 Jan 2018 £000's
Profit before income tax	572	86	159
Depreciation charges	127	75	163
Impairment of goodwill	-	-	-
Profit on disposal of fixed assets	-	-	-
Finance costs	<u>37</u>	<u>28</u>	<u>51</u>
	736	189	373
(Increase)/Decrease in inventories	(1,709)	(440)	(2,437)
(Increase)/Decrease in trade and other receivables	(385)	(274)	(121)
Increase/(Decrease) in trade and other payables	<u>1,692</u>	<u>610</u>	<u>1,962</u>
<b>Cash generated from operations</b>	<u>334</u>	<u>85</u>	<u>(223)</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of the statement of financial position amounts:

<b>Period ended 31 July 2018</b>	(Unaudited) As at 31 July 2018 £000's	(Audited) As at 31 Jan 2018 £000's
Cash and cash equivalents	779	749
Bank Overdrafts	-	-
	<u>779</u>	<u>749</u>

<b>Period ended 31 July 2017</b>	(Unaudited) As at 31 July 2017 £000's	(Audited) As at 31 Jan 2017 £000's
Cash and cash equivalents	4,099	283
Bank Overdrafts	-	<u>(187)</u>
	<u>4,099</u>	<u>96</u>

<b>Period ended 31 January 2018</b>	(Audited) As at 31 Jan 2018 £000's	(Audited) As at 31 Jan 2017 £000's
Cash and cash equivalents	749	283
Bank Overdrafts	-	<u>(187)</u>
	<u>749</u>	<u>96</u>

**NOTES TO THE FINANCIAL STATEMENTS UNAUDITED RESULTS  
FOR THE 6 MONTHS ENDED 31 JULY 2018**

**1. Basis of preparation**

These interim financial statements for the six-month period ended 31 July 2018 have been prepared using the historical cost convention, on a going concern basis and in accordance with applicable International Financial Reporting Standards as adopted by the European Union (“IFRS”) and with those parts of the UK Companies Act 2006 applicable to companies reporting under IFRS as adopted by the European Union. They have also been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 January 2019 and which are also consistent with the accounting policies applied for the year ended 31 January 2018 except for the adoption of any new standards and interpretations.

These interim results for the six months ended 31 July 2018 are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 31 January 2018 have been delivered to the Registrar of Companies and filed at Companies House and the auditors’ report on those financial statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

**2. Profit per share**

Basic Earnings Per Share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares of 42,999,993 (31<sup>st</sup> January 2018, and 31<sup>st</sup> July 2018) outstanding during the period.

**3. Exceptional items**

There were no exceptional items in the period.

**4. Called up Share Capital**

	(Unaudited) 31 July 2018 £	(Unaudited) 31 July 2017 £	Audited 31 Jan 2018 £
<b>Allotted, called up and fully paid</b>			
Ordinary shares of £1 each	-	-	-
Ordinary shares of 1p each	430,000	430,000	430,000
Preference shares of £1 each	-	-	-
	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>
		No of Ordinary 1p shares	
Balance at 31 July 2017		<u>42,999,993</u>	
Balance at 31 January 2018		<u>42,999,993</u>	
Balance at 31 July 2018		<u>42,999,993</u>	

**5. Post balance sheet events**

There are no post balance sheet events to report