17 May 2022

Angling Direct plc

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

Full Year Results

Record revenues in a year of significant strategic advancement

Angling Direct plc (AIM: ANG), the leading omni-channel specialist fishing tackle and equipment retailer, is pleased to announce its Full Year results for the 12 months ended 31 January 2022 ("FY22").

Financial Highlights

Given the fluctuating sales patterns as a result of lockdowns and pandemic-related restrictions in the current and previous comparator periods, our commentary below also presents headline financial metrics on a two-year basis, showing a third column for the year ended 31 January 2020 ("FY 2020").

				FY 2022 Growth	
£m	*FY 2022*	*FY 2021*	*FY 2020*	*on FY 2021*	*on FY 2020*
Revenue	72.5	67.6	53.2	*7.2%*	*36.3%*
Online Sales	33.8	35.3	25.2	*(4.3)%*	*33.9%*
- of which UK Online Sales	31.1	30.3	18.8	*2.7%*	*65.8%*
Retail store Sales	38.7	32.3	27.9	*19.9%*	*38.4%*
Gross Profit	26.6	23.1	16.6	15.1%	60.2%
Gross margin %	36.7%	34.2%	31.2%	250bps	550bps
EBITDA (pre IFRS-16)	5.2	4.0	(0.5)	30.6%	N/A
Profit before tax	4.0	2.7	(1.5)	50.6%	N/A
Basic EPS	3.98p	3.36p	(2.01)	18.5%	N/A

Operational Highlights

- Significant progress made on the development of Company's European distribution centre which opened post period end and is now fully operational
- UK conversion increased to 6.4% (+45bps) – driven by improved customer journey utilising AI to improve search relevance and ease of use
- Improved buying and pricing through rigorous category management leading to enhanced product margins
- Four new stores opened (Cheltenham, Ipswich, Redditch, Southampton) in strategically located, high density fishing catchments, bringing store estate total to 42 at period end (FY21: 38)
- To further improve instore experience, the Company deployed 81 Angling Trust qualified angling coaches, re-structured our field management team and began to utilise newly installed footfall counters to re-allocate labour spend to match customer demand
- Launched web trading app in the UK, the only one of its kind serving angling customers with encouraging initial feedback
- Continued to proactively invest in our capability and capacity to support our growth – appointing a new Commercial Director and welcoming new colleagues into our European expansion team
- Growing contribution from higher margin own brand *Advanta* range, with 24.9% sales growth

Outlook

- Q1 FY23 sales growth of 5.4% having annualised significant prior year post lockdown peaks
- As a result of the strong foundations built over the course of the last two years, the Board remains committed to its growth plan and will continue to invest in order to strengthen the Company's market leading position and gain market share both within the UK and Europe
- Despite sales growth in Q1, our industry is not immune to the inflationary cost pressures being experienced and the associated impact on consumer confidence
- European distribution centre officially opened 1 March 2022, on time and on budget and is despatching to customers across the EU
- On track to meet current year market expectations*
- Cash at 30 April £13.4m
- Chris Keen has joined the Board as Independent Non-Executive Director, experienced international CFO, strengthens Audit Committee.

Andy Torrance, CEO of Angling Direct, said:

"The last twelve months have marked a period of significant progress for Angling Direct, both online and in store, in the UK as well as continuing our focus on key European territories. I am proud that despite all the headwinds our teams faced last year, we were able to continue to progress on all of our key strategic and operational priorities.

Post year end, we were pleased to also see the opening of our new in-region fulfilment centre in Venlo, The Netherlands. We see a significant opportunity to continue to grow our market share through establishing our presence in Europe and this new facility will help to accelerate delivery of our strategic plans in a more efficient manner and ideally position us to become Europe's first choice omni-channel fishing tackle destination for all anglers, regardless of their experience or ability.

Whilst trading in the new financial year to date has seen growth broadly in line with our expectations, our business is subject to the same pressures and challenges as many others. However, the strategic and operational progress the Group made last year means we are able to continue investing appropriately to strengthen our market leading position and gain market share both within the UK and Europe. As a result, we remain cautiously optimistic for the future and the Board remains committed to its growth plan."

*Angling Direct believes that current market expectations for the year ending 31 January 2023 are revenue of £82.0 million and pre-IFRS 16 EBITDA of £4.3 million.

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

About Angling Direct

Angling Direct is the leading omni-channel specialist fishing tackle retailer in the UK. The Company sells fishing tackle products and related equipment through its network of retail stores, located strategically throughout the UK as well as through its leading digital platform (https://www.anglingdirect.co.uk, .de, .fr and .nl) and other third-party websites.

Angling Direct is committed to supporting its active customer base and widening access to the angling community through its passionate colleagues, store-based qualified coaches, social media reach and ADTV YouTube channel. The Company currently sells over 20,000 fishing tackle products, including capital items, consumables, luggage and clothing. Angling Direct also owns and sells fishing tackle products under its own brand 'Advanta', which was formally launched in March 2016.

From 1986 to 2002, the Company's founders acquired interests in a number of small independent fishing tackle shops in Norfolk and, in 2002, they acquired a significant premise in Norwich, which was branded Angling Direct. Since 2002, the Company has continued to acquire or open new stores, taking the total number up to 42 retail stores. In 2015, the Company opened a 2,800 sq. metres central distribution centre in Rackheath, Norfolk, where the Company's head office is also located. In January 2022 Angling Direct acquired an additional 3,900 sq. metres distribution centre in Venlo, Netherlands to service its established, and rapidly growing, presence in Europe with native language websites set up in key regions to address demand.

Chairman's Statement

Introduction and Board changes

I am pleased to present yet another successful performance, both in terms of the robust financial results, significant operational improvements and in making positive differences through our continued focus on our purpose and experiential culture.

As the 2022 financial year began COVID-19 was still having a major impact, indeed it is still, with the continued sad loss of lives, lockdown store closures and shortages of materials and products. Fortunately, since April 2021 the Group's retail stores have remained open and a new normal began to unfold as the year progressed, however, Brexit continued to present challenges to many UK businesses, including ourselves. More recently a dreadful situation has arisen with Russia's invasion of Ukraine and our thoughts are with all the people affected by this.

We are passionate about getting everyone fishing and Angling Direct operates in a specialist niche sector and one highly regarded for its wellbeing benefits of time spent outside beside the water. Our business has continued to grow, helping the Group to deliver record sales, not only because of continuous improvements to our processes and efficiencies but very much due to our strength of purpose, and desire to get everyone enjoying a successful and accessible fishing experience.

There were two changes to the Board during the year. Darren Bailey, the Group's previous CEO, stepped down as a Non-Executive Director at the AGM on 23 June 2021. Once again, I offer my heartfelt thanks for everything he has done for the Company over the years. At the same time, in view of my confidence in the experience and dedication shown by our Executive Directors, Andy Torrance and Steve Crowe, I stepped down as an Executive and moved to Non-Executive Chairman.

Post period end, we were pleased to welcome Chris Keen to the Board as an Independent Non-Executive Director. His extensive financial and omni-channel leadership experience, particularly in the retail sector, will be invaluable as we strengthen our Board and look to achieve further progress in 2022.

Financial overview

The Group achieved a record revenue of £72.5m in the financial year to 31 January 2022 (2021: £67.6m, up 7.2%).

Whilst stores were affected by forced closure at the beginning of the year, store sales were £38.7m (2021: £32.3m) and, reflecting the large increase against the prior year when stores were closed for a much longer period, our total online sales decreased by 4.3% to £33.8m from £35.3m. Within this, UK Online increased by 2.7% to £31.1m from £30.3m.

With continuing efficiencies, despite shortages of some products, the Group delivered a pre-tax profit of £4.0m (2021: £2.7m) and a 250bps improvement in gross margin to 36.7%. The Group ended the year with a strong balance sheet and net cash of £16.6m as at 31 January 2022.

Operational progress

The Group maintained a strong emphasis on profitable growth, stock shrinkage and cash retention. In addition, there has been a particular emphasis on stock and product/sector categorisation (right product in the right location) and we continue to increase distribution efficiencies and capacity. We also reviewed labour to turnover ratios and improved efficiencies to provide store colleagues with more sales and customer time.

We continued our online ecommerce development to obtain benefits from ongoing inhouse improvements and to enhance customer online experience. To this end we developed and launched the Angling Direct app.

We opened four new stores in the year, taking our total to 42 stores, and relocated another into better premises, while also refitting and updating in the wider estate, constantly aiming to improve the customer experience.

A major achievement in the year was incorporating our European subsidiary in the Netherlands, locating and securing a European Distribution Centre site and embarking on the fit out. Post the year end, this new facility successfully commenced distribution to our European customers, helping to negate the issues brought by Brexit while delivering on our strategy to drive our European expansion.

These initiatives will have a positive impact on the Group's operating efficiency in the years ahead as we continually drive for further improvements to develop our offering and broaden our customer reach.

People and community

We strongly believe that we can and should help improve the lives of everyone who engages with us. As such, we aim to not just enhance the lives of anglers and colleagues, but also to have a positive impact on our suppliers, shareholders, local communities, wider society, and the environment.

Our incredible team of colleagues share our vision and passion to deliver the very best experience to anyone that interacts with Angling Direct.

Our customers love being in our stores, on our website and social media outlets socialising, learning and receiving top-quality fishing advice and assistance. We equally relish both the visits to buy and the platonic, to use Arthur Ransome's words.

Ours is a passion to introduce the benefits of fishing to as many people as possible, through promotion, coaching, education and advice. We now have qualified angling coaches in all our stores and are also teamed with the Angling Trust and their "Get fishing" campaign. We endorse evidence that fishing is a great way to improve all round wellbeing and we support bodies set up to encourage those with disabilities, of any kind, to benefit from fishing.

Looking ahead

In concluding, as in the previous year, it has been another year of great difficulty, turmoil and sadness for the whole world, and we are respectful that many individuals and business have experienced a material impact. However, Angling Direct has a clear purpose, a robust operational framework and growing reach which has allowed the Group to deliver another year of sound financial results.

The World continues to be faced with many major challenges at this time the impact of which are difficult to predict. The Board continues to monitor these evolving situations closely and will take the required steps to deliver on our promises to colleagues and customers. I am excited by continued opportunities for growth which lie ahead for the Group, within both our stores and online customer offerings. The opening of our new distribution centre in Europe facilitates the acceleration of European growth strategy, whilst continued investment in our UK infrastructure will allow us to continue to grow market share domestically.

On the direct issues where we can make a difference to the company, our customers and the angling world, I am so grateful and in awe of the way that everyone at Angling Direct works together as one "Team AD" to rise to and overcome the challenges, to delivering strong results for the year, and to ensuring the company is well placed to move forwards on its incredible journey, a journey full of purpose, ambition and passion.

Martyn Page
Non-Executive Chairman
16 May 2022

Chief Executive's Review

'Having a clear engaging purpose and bold ambition has allowed us to take significant strategic steps, whilst tactically growing and strengthening our market leading position'

Introduction

FY22 was in many ways another unprecedented year with further pandemic restrictions continuing to both underpin the logic for, but also test the flexibility of our omni-channel business model as we annualised exceptional prior year sales growth. I'm very pleased to report that not only has our amazing 'Team AD' been able to maintain our strong sales record, with total sales increasing by 7.2% to £72.5m, but they have also risen to the challenge and ensured that we made solid strategic progress across the business to deliver profitable growth, especially as we begin to execute our plans to accelerate European sales which currently account for less than 4% of Group revenue. I would like to thank all my colleagues for their exceptional commitment, ongoing resilience, and above all, their forward-looking enthusiasm again during this year.

As the UK market leader with a purpose of Getting Everyone Fishing, Angling Direct is uniquely placed to deliver further improved growth within the thriving and significant European fishing tackle market as people of all backgrounds discover the restorative pleasure, challenge and wellbeing benefits of angling.

This is my second full financial year as CEO. After a first year focused upon optimising the core business return and the initial challenges of the pandemic, our ambition in this period was to continue to profitably grow market share in the UK whilst simultaneously commencing execution of our plan to expand and trade more efficiently in the significant and highly fragmented European market. As a result of our strong balance sheet, we continued to invest in order to strengthen the Group, to align with its purpose and strategic growth ambition. In addition to establishing our dedicated European warehouse in the Netherlands, we focused on developing our customer offer, protecting and improving our profit margins, and securing stock supply to ensure that our investments generate a sustainable return for all stakeholders.

It was a pleasure to see customers returning to our stores and our strong growth was driven by robust store sales as COVID-19 trading restrictions eased during FY22. 70 store trading days were lost to COVID-19 trading restrictions in the year, compared to 134 in FY21. Total store sales increased 19.9% against FY21 and 38.4% on a two-year basis, including £0.7m sales from the four new stores opened in the year, three of which were in the final quarter. As expected, given the annualisation of non-comparable trading restrictions, total online sales declined modestly by 4.3% (there were large periods of FY21 where the business was only able to sell online which distorted sales channel mix for the year as a whole) but grew on a two-year basis by 33.9%. Pleasingly, given this expected channel shift, UK online sales (representing 92% of total online sales) increased by 2.7% as we continued to develop our platforms to drive increases in both conversion rate and average transaction values. We acted early to mitigate against Brexit related increased export costs and this, combined with increased fulfilment times and range restrictions, meant that our total European sales reduced by 39.3%, declining 21.8% in our key territories of Germany, France and the Netherlands.

We continued to maintain a disciplined trading approach, promoting all that Angling Direct has to offer, coupled with a structured approach to pricing and inventory management achieving a 250bps improvement in gross margin and a 15.1% gross profit improvement on the prior year to £26.6m. Consequently, profit before tax improved 50.6% against FY21 to £4.0m. Strong trading, balanced by deeper stock investment, meant operating cashflow remained positive but declined year on year by 31.4% to £4.8m.

As previously reported, we suffered a malicious and disruptive cyber-attack in November 2021, in the midst of our European systems development project. After over 18 months of pandemic response, the Angling Team dug deep into their reserves and demonstrated again what a resilient and dedicated team they are. Thankful for earlier investments made in our systems infrastructure, once access and control were re-established, we were able to quickly re-build our web platforms [and resume trading to minimise disruption]. We have since provided all of the required information to the Information Commissioner's Office and they have closed their investigation with no action taken. Further, we have thoroughly reviewed our security protocols and made necessary changes but, as with all other businesses, we remain ever vigilant to this threat. I would like to thank our loyal customers for their patience and understanding during the disruption caused at this time.

Whilst the impacts of the pandemic are still being felt and significant consumer confidence and global security uncertainty persists, I am pleased that we have remained focused on our clear purpose and strategic opportunities across the breadth of our business. In particular, the opening of our new European distribution centre in the Netherlands is a significant step towards facilitating the full Angling Direct omni-channel offering within this highly attractive and sizeable market. I am confident that the investments we have made, and will continue to make, mean we are well positioned to get even more people fishing and continue to deliver sustainable, profitable growth.

Business review

Focused strategic progress in another turbulent year

We set out to maintain our UK growth momentum and protect margins, as well as activating plans for efficient European expansion, whilst wanting to remain agile to navigating challenges brought about by the pandemic, particularly our response to ongoing supply chain uncertainty. We have continued to focus on driving operational excellence, return on capital, and improving our customers' experience whichever sales channel they choose.

Operational excellence

Our investment in A.I. driven web search software has allowed our customers to experience increased site speed and improved search relevance. To drive customer loyalty and repeat purchase, we introduced AD+, our priority delivery subscription scheme, attracting 9,311 subscribers in its first year. Q4 saw the soft launch of our web trading App, which we believe is the first of its kind for the sector, allowing customers to access our full product range and rich content from the bankside. We have embedded a new email marketing platform driving 50%+ growth in email channel revenue. These initiatives, along with an ongoing drive to develop fresh relevant digital content, meant our UK online conversion rate improved by 45bps to 6.38%.

We continued to promote not only our everyday price competitiveness but also to highlight the breadth of our ranges, the quality of our service and customer inspiration. Our own brand (higher margin) **Advanta** grew by 24.9%.

To drive market share gains in the EU, improve our customer offer, and overcome post Brexit trading restrictions and increased costs, a key priority was to establish in region European fulfilment. We incorporated a new trading subsidiary ADNL BV which allowed us to complete a lease for a new distribution centre in Venlo, south Netherlands. After a huge organisational effort this facility opened in March 2022, ahead of the Spring fishing season with the majority of set up capital falling within this financial period.

In the UK distribution centre, our colleagues continued to work flexibly in response to COVID related store closures shifting channel demand. Streamlined goods in, increased packing bench capacity, multi skilling and ongoing review of operating practices improved labour cost distribution efficiency by 50bps, to 3.0% for the full year. We utilised recently increased pallet storage capacity to secure forward stocks of key lines, in particular our own brand ***Advanta*** range.

Across our supply chain we continued to focus upon process compliance, shrinkage and obsolescence management which resulted in a reduction in stock loss leading to margin accretion of c.23bps. Our category team have made good progress reviewing product range selection, optimising use of space and margin in store.

To further improve our in store experience, we deployed 81 Angling Trust qualified angling coaches, re-structured our field management team and, utilising newly installed footfall counters, re-allocated labour spends to match customer demand. We also developed and trialled our bespoke active selling programme BAITS in Q4 to drive conversion in the future. Average transaction values in store reduced by 1.9% to £39.55 from £40.30.

Early in the pandemic, we saw some property development market slowdown, despite this we opened four new stores in new catchments unserved by Angling Direct, fitted out in our new format, three of which were in Q4. Our target new store locations are becoming increasingly clearer as we match potential sales volumes from licence sales data set against more optimised ranging, fit out and colleague costs.

Return on capital

Our Category Management team is now well established with a new Commercial Director appointed mid-year. A customer focused range review commenced in Q4, tailoring ranges within five major fishing disciplines, Carp, Coarse, Predator, Sea and Game, supporting more efficient space utilisation and further margin development. This ongoing approach will ensure Angling Direct remains the 'go to' fishing tackle retailer for all anglers, regardless of ability or fishing discipline. Category management will also inform our supplier management strategy by encouraging partners to align with our growth objectives for mutual benefit. Our gross margin across all channels grew by 250bps in the period.

We continued to work closely with our product suppliers in response to extended manufacturing lead-times and shipping disruption. Utilising our long-established relationships and the strength of our balance sheet, we consciously invested to deepen our stock inventory ahead of the new spring 2022 season, protecting our growth ambition and supporting the activation of our new European distribution centre. As a result of these actions, stock turn in the year moved to 3.0x from 3.6x.

To ensure the widest possible product availability for our online customers we continued to develop our 'single stock file' approach. Utilising store stock holding to supplement central stocks facilitated direct to customer from in-store online fulfilment, improving customer conversion and further optimising sell through and stock turn.

Plans to develop our own-brand ***Advanta*** range have progressed well, to some extent made possible by investing in our dedicated own-brand team. Exciting range extension, re-branding and re-packaging plans were initiated and are well progressed. New product started to arrive for Spring 2022, although unfortunately we aren't immune from well documented supply chain delays, meaning the bulk of new lines will arrive later in the spring. We hold good stocks and continue to promote ongoing ***Advanta*** products, as a result increasing participation of this range to 5.6% (£4.1m sales) of total sales, a growth of 24.9% in the period.

We continue to focus on improved decision making and a disciplined approach to new expenditure, including new store site selection. Our investment in timely management data provision, revised processes, and much improved visibility of our cashflows, have allowed more forward planning and better trading decisions as well as tactical stock investment. As at 31 January 2022 the Group had increased the strength of its Balance Sheet to £36.4m, including £16.6m of cash resources.

New growth opportunities – European markets

Our clear ambition is to become Europe's first choice omni-channel fishing tackle destination for all anglers, regardless of experience and ability.

We set out in the period to establish the viability and commence execution of in-region European distribution, reducing adverse post Brexit trading restrictions and allowing us to offer much more competitive customer fulfilment options, along with the opportunity to supplement our sought-after UK brand selection with increasingly tailored local ranges from new local suppliers.

As I mentioned earlier, we incorporated a wholly owned Dutch subsidiary, ADNL B.V., as a platform for accelerated growth into the significant, fragmented and highly attractive European angling market. In January 2022 ADNL B.V. signed a lease for a 4,000 sq m warehouse in Venlo, south Netherlands, ideally located to act as a centre for not only EU distribution, but also our growing European colleague team.

In the period we undertook the ambitious project to develop new ADNL B.V. trading and finance systems, fit out and stock the new facility and welcome a number of new colleagues in-country, ready to commence despatch to customers ahead of the Spring 2022 fishing season. This was a very significant project for a business of our size to undertake, especially given pandemic travel restrictions and the cyber-attack distraction. Early trading trends are supportive of the strategic rationale and I'm extremely proud of what's been successfully achieved so far and would like to thank my colleagues and our suppliers for the team effort that resulted in the facility despatching its first customer order on 1 March 2022. The distribution centre will service all orders generated outside the UK from our well-established native language German, French and Dutch websites, as well as our new .eu site, allowing us to despatch to all EU countries (an increase from 16 in FY21).

Alongside executing this project, we also acted quickly after Brexit to balance protecting our established core customer base against significant adverse costs and complexity as a result of leaving the EU. Throughout this period, we have been prevented from despatching B2C angling bait from the UK and we have incurred approximately 5.5% of European sales in additional customs administration costs. Despite us complying from day one with all the increased administrative burden, well documented delays at customs borders have extended delivery lead-times to a level well in excess of our customers' reasonable expectations, in some cases as long as four weeks. As a result, our international sales in the period reduced to £2.7m (FY21: £4.4m) but we were able to mitigate the channel profitability impact, limiting the trading loss to £0.3m in the year.

Going forward we are now actively investing to grow market share in the EU with a particular focus on our five identified key territories, namely Germany, France, Netherlands, Belgium and Austria, a combined market we estimate to amount to c.£1.9bn. We continue to ensure that our three international sites (German, French and Dutch) replicate our UK platform in terms of functionality and richness of content, including our new web trading app. Our in-country teams will continue to locally tailor ranges, local marketing and social media engagement.

We believe the opportunity for a market leading, contemporary, genuinely omni-channel proposition in mainland Europe is clear and very attractive to a huge group of prospective new customers. We are now actively engaged in the planning of this next step, ensuring that options are rigorously reviewed, and potential actions planned to optimise returns for all stakeholders.

New growth opportunities - Digital capability

We are committed to utilising market leading contemporary digital technologies and have been able to call upon our significant stock depth, semi-automated distribution facility, multilingual customer care team and significant social media reach to ensure that we can provide our customers with market leading advice, engagement, service and inspiration.

This year we developed what we believe to be the first fishing tackle trading app of its kind, soft launching in Q4. Early take up and feedback has been encouraging and we have now commenced the next phase of development. Our customers will be able to interact, in multiple languages, with the full breadth of Angling Direct's range and digital content, with contemporary advice and inspiration as well as local community and the potential for personalised membership offers.

Additionally, our in-house web development team has continued to progressively deploy our new customer journey functionality designed to improve relevance and ease of use. Visitors have experienced further improved site speed, new content, such as our New to Angling feature, new store locator, local pages and improved blog navigation. Conversion rates in the UK further increased by 45bps to above 6.38%. Our proactive online marketing investment gave a return on paid advertising spend in the UK of 14.5x, a reduction of 12.7% over the prior year as a more competitive landscape for paid advertising emerged as supply chain issues eased.

New growth opportunities – Evolving store formats

We are committed to delivering the very best physical retail interaction to create loyal customers and prompt recommendation. We opened four new retail stores during the period in Redditch (February 2021), Ipswich (November 2021), Southampton and Cheltenham (both January 2022). As well as specifically tailored product ranges, updated intensive merchandising techniques and improved clearer customer messaging, we have further refined our new store fit out concept to showcase new initiatives such as dedicated 'Learn to Fish' sections, space intensive hands-on rod and reel displays, tech demo tables, less space intensive checkouts and dedicated personal finance areas.

We have refined our UK store property search and investment modelling bringing the total portfolio at the end of FY22 to 42 stores. Location-wise, we remain focused on the concentration of fishing licence sales as well as our local competitive profile. Our property investment model ensures any new site is targeted with delivering appropriate returns within a minimum acceptable time. As a destination retailer our preference is convenient, easy to access sites. It remains to be seen how the continued demise of premium High Street retail space (an asset class that we are not exposed to) impacts upon the cost and availability of our target destination locations and we continue to monitor developments closely.

We have continued to develop our colleague cadre of Angling Trust certified fishing coaches to ensure that our customers get the very best advice and support regardless of their fishing ability. Now with over 80 coaches and growing, several colleagues have now achieved their Level 2 qualification. Coaches can offer support in store as well as angling tuition at external bankside events.

In the period we devised and successfully trialled our unique in-house assisted sales and service model. Designed to make sure we always thoroughly understand the needs of our customers, in order to ensure they get the most from their purchases this training will be rolled out to all store colleagues during Q1 FY23.

Organisational capability

As a growing business we continue to proactively invest in people's capability as well as capacity to support our growth plans. In the period we have appointed a new Commercial Director as well as welcoming new colleagues into our European team including experienced Commercial and Logistics managers.

We worked with specialist international web fulfilment partners in order to plan and establish our European distribution centre. We plan to manage the facility inhouse.

Having partnered with external specialist advisors, we have thoroughly reviewed our learnings from the November 2021 Cyber-attack and put in place additional monitoring and protection processes where applicable. Additionally, we continue to make prudent investments to ensure resilience, stability and growth capacity within our server provision for both our Epicor ERP and Magento web platforms.

Our colleagues and our role in the community

Our colleagues are the face of Angling Direct to our customers and are key to delivering an excellent service, both in store and online. They also play a key role in the angling community. We differentiate ourselves by providing expert help, trusted advice and inspiration for customers to get the most from their fishing.

Again, we were able to pay an enhanced all colleague annual Christmas bonus as a thank you for another successful year. Having reviewed our business planning processes, we were able to align functional objectives with our Purpose and Ambition, which facilitated for the first time incentivising our broader leadership team to deliver our annual business objectives. We continued to top up furlough payments to protect our colleagues' income. To promote our desire to 'Get everyone fishing', each team member now has the opportunity to take first time angling friends and family fishing for the day utilising an extra day's paid leave.

We established a colleague listening council, ADVoice, chaired by a colleague elected representative and attended by the CEO as well as other members of the senior leadership team. For the first time all colleagues received at least one development review during the year.

At Angling Direct, we passionately believe in the general wellbeing benefits of fishing and are very supportive of moves to include fishing as part of a programme for NHS social prescribing. To further facilitate this, we are working with Anglia Ruskin University to co-fund significant peer reviewed research in this area which we believe will raise awareness of not just the health benefits of angling but also the need to broadly invest in order to improve access for more people to fish.

We continue to work closely with Tackling Minds, a pioneering mental health charity which uses fishing as therapy. We offer support through the donation of fishing tackle, the utilisation of our social reach, our IT equipment, our colleagues' time at their events, as well as consulting expertise where necessary.

As market leaders we have a key role to play supporting fishing participation for the wider benefit of our industry. After a very successful first year as exclusive retail sponsors of the Angling Trusts 'Get Fishing campaign', designed to attract new anglers through a bankside coaching programme, we're delighted to continue into a second year. We were also principal retail sponsor of the Angling Trades Association 'National Fishing Month' designed to get more people out on the bank. We have co-funded the training of over 80 Angling Direct colleagues as certified angling coaches who will offer advice and support to anglers of all abilities, both in store and at local events.

We continued to extend our social media and YouTube reach. In the period, our Facebook reach exceeded 132,000 for the first time and we have now achieved over 125,000 viewing hours of our YouTube Channel, ADTV. We have seen particular success with our how to style, 'Quick Bites' skills development features. Using a fresh, new and more inclusive approach, we have featured various articles with colleagues of a broad range of ages, genders, fishing abilities and disciplines, designed to appeal to an ever more diverse customer base.

We take our responsibilities seriously and that extends to ensuring Angling Direct is a sustainable business across the areas of environmental protection, economic viability, and social equality.

Outlook

We are extremely pleased with the Company's robust trading performance in FY22 alongside significant strategic and operational progress, through what has been another challenging year. Despite Government restrictions and the distractions of a substantial cyber-attack, we were able to continue to further grow our business, embed efficiencies and progress gross margin improvement. Establishing our European subsidiary and opening its dedicated EU distribution centre to service our native language websites is a significant strategic milestone and will facilitate further attractive growth opportunities.

Our progress is in no small way due to the ongoing loyal support of our customers and suppliers, along with the dedication of our fabulous colleagues. Again, I would like to thank all our stakeholders for the role they have played and continue to play in our ongoing success.

We remain vigilant as to continuing challenges in the macro-environment such as rising inflation, supply chain disruption and Russia's invasion of Ukraine. Angling is not immune from the cost-of-living crisis but is an enduring pastime with broad appeal and is accessible to all budgets. Our work to strengthen the foundations of Angling Direct, as well as significant investment in its future growth, leave it securely placed to progress towards its ambition within a substantial accessible market.

In the year ahead we will continue to evolve our customer offering across all channels but with a particular focus on growing our European presence where we see a big opportunity. Alongside capitalising on profitable organic growth opportunities, we will, if appropriate, consider business acquisition within the UK and Europe, utilising the strength of our balance sheet to gain market share, optimised to create value for all stakeholders. We will continue to invest in technology and digitisation with a focus on seamless integration between channels and accessibility through web applications to extend our reach into new and existing angling communities.

We are actively working to deepen our sense of purpose, building on our founding philosophies to Get Everyone Fishing. Developing a wider Team AD approach will increase our relevance and drive further participation in local communities for the benefit of all our stakeholders.

Our first quarter of the new financial year has seen growth trends which are broadly in line with our expectations having annualised significant prior year post lockdown peaks. However, we recognise that consumer confidence is fragile given the degree of uncertainty around the world currently. Whilst our industry is not immune to the inflationary cost pressures being experienced across the economy, the strong foundations we have built over the course of the last two years means we are able to continue investing appropriately in product pricing to protect our market leading competitiveness and still focus on building profitable sales in line with our stated ambition.

We remain financially sound and approach our two busiest trading quarters of our financial year with an improved customer offer, operationally strengthened business, deeper stock availability, and with a loyal customer base. Our new distribution centre in Europe is fully operational and we are focused on building sales momentum in this substantial market.

As a result, I am cautiously optimistic when I look to the future, and confident that the strategic and operational progress made through FY22 will ensure the Group is able to take advantage of the numerous opportunities that will arise through the remainder of 2022 and beyond.

Andy Torrance
Chief Executive Officer
16 May 2022

Chief Financial Officer's Review

Strong financial performance underpinned by the execution of our stated strategy

The Group continued to be resilient despite the difficulties presented by the COVID-19 pandemic and ongoing wider macroeconomic headwinds, delivering strong growth in revenues and adjusted EBITDA. The strong financial performance was underpinned by the execution of our stated strategy, supported by favourable consumer dynamics with investment opportunities ahead to deliver further growth.

Financial highlights

In FY22 the Group continued to generate strong revenue growth. The pace of growth in the UK retail stores outstripped the UK online business by 7x, influenced by the backdrop of COVID-19 store trading restrictions in both FY21 and FY22.

FY22 saw continued emphasis on margin development through greater focus from our category management teams on buying and pricing. The progress in this area enabled the Group to absorb both the set-up costs associated with the execution phase of our European distribution strategy as well as £0.6m lower direct government support (in the form of the Coronavirus Job Retention Scheme "CJRS" and Restart Grant Scheme "RGS") without eroding year on year profitability. Profit after tax was £3.1m (FY21 £2.4m).

During Q3 FY22 the Group incorporated its wholly owned Dutch subsidiary ADNL B.V., this entity did not despatch product to consumers during the period.

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 as well as within our covering Brokers' market forecasts.

Some comparative figures for right of-use land and buildings assets and their associated lease liability have been restated to reflect confirmed contractual lease end dates. The impact to earnings in prior years is negligible with retained equity increasing by £29k at 31 January 2021 and 0.03p and 0.02p positive impact on basic earnings per share in FY21 and FY20 respectively. Note 3 provides further detail and reconciliation. Note 6 provides more information and reconciliations relating to EBITDA on both a pre and post IFRS 16 basis. An explanation of the difference between the reported operating profit figure and adjusted EBITDA is shown below:

Financial Highlights

Year ended 31 January	2022 Post-IFRS 16	2022 Pre-IFRS 16	2021 Post-IFRS 16	2021 Pre-IFRS 16	Change % Post-IFRS 16	Change % Pre-IFRS 16
Revenue (£m)	72.5	72.5	67.6	67.6	7.2%	7.2%
EBITDA (£m)	7.3	5.2	5.7	4.0	28.3%	30.6%
Operating profit / (loss) (£m)	4.4	3.8	3.1	2.7	45.0%	38.6%
Profit / (loss) before tax (£m)	4.0	3.8	2.6	2.7	50.6%	38.1%
Basic earnings per share (pence)	3.98		3.36		18.5%	

- Adjusted financial measures are defined on page 85 of the Annual Report and reconciled to the financial measures defined by International Financial Reporting Standards ("IFRS"). Management uses EBITDA on a pre IFRS16 as the basis for assessing the financial performance of the Group. These terms are not defined by IFRS and therefore may not be directly comparable with other companies adjusted profit measures.

Another year of strong revenue growth

Revenue grew 7.2% year on year with store sales increasing 19.9% and the online business contracting 4.3%. UK online sales increased 2.7% against FY21 and 65.8% on a two-year basis despite the impact of physical retailing having fewer restrictions in FY22. The Group's European business contracted 39.3%. The Brexit ports' hiatus impacted customer delivery lead times while customs restrictions essentially stopped the exporting of bait, as well as increased minimum basket thresholds to negate frictional export costs and tariffs, which all affected website visitors and customer conversion.

Revenue	31 January 2022 £m	31 January 2021 £m
UK Revenue	69.8	63.2
Germany, France and Netherlands revenue	2.2	2.9
Other countries revenue	0.4	1.5
	72.5	67.6
Retail stores revenue	38.7	32.3
Ecommerce revenue	33.8	35.3
	72.5	67.6

The Group continues to focus on its online sales to international territories which have the market size to deliver strong sales growth and promising levels of profitability. Our international footprint is predominantly in mainland Europe and these international sales accounted for 7.9% of total online sales (FY21: 12.4%). Our German, French and Dutch websites, which make up the Group's core European markets, reduced in sales by 1.7%, 31.7% and 51.8% respectively. These three territories now represent 84.4% of total international sales (FY21: 65.6%). During Q4, as the Group advanced through its execution phase of its European distribution strategy, sales to these key territories increased 5.6% in the quarter.

Stores were impacted by trading restrictions during Q1 of FY22 and were only able to operate on a "Call & Collect" basis; despite this like-for-like store sales increased by 14.1% for the full year FY22. The increase in store sales from the expansion of the Group's four new stores during the year was £0.7m with £3.7m from the four new store openings in FY21, collectively contributing £4.4m (6.1%) to total revenue.

Our own brand ***Advanta*** contributed 5.6% (FY21 4.8%) of total sales, £4.1m, during the year (FY21: £3.2m).

Gross margin

Our gross profit increased by 15.1% to £26.6m (FY21: £23.1m). Gross margin improved 250 bps to 36.7% (FY21: 34.2%) and the key underlying factors are explained below:

Category management buying and pricing

In Q4 FY21, the Group commenced its category management methodology and restructured its category team composition to deliver excellence in buying and pricing. This approach yielded positive benefits across 17 of the 18 key categories as the team were able to secure buying and pricing positions which enhanced the year-on-year gross margin ratio. The strength of the Group's commercial relationships in conjunction with our liquidity position supported these buying dynamics to access stocks within an unpredictable supply chain environment.

Supplier terms

Throughout the COVID-19 pandemic, challenged supply chains and longer lead times meant the Group focused on security of stock as opposed to challenging our category teams to negotiate improved terms. As supply chains have become relatively less challenged, and stocking positions more certain during FY22, the ability to secure commercial agreements which reward both parties for growing their businesses have started to feature increasingly in commercial agreements, which have enhanced the margin during FY22.

Legacy inventories

One of the early objectives of the category management approach was to execute in early FY22 a full range review of the business. The expectation of this review was to potentially exit several ranges quickly from the business, requiring these identified ranges to be sold below their cost price, hence the FY21 results reflected this potential cost through a reduction in inventory line values. However, during FY22, against the backdrop of continued supply chain challenges, management deferred the execution of this overarching range review until Q1 FY23 when suppliers were anticipated to give greater transparency over future product supply volumes for the FY23 core fishing season. The one-off nature of this review results in no recurring reduction in inventory value or charge to gross margin in FY22.

Other income

As highlighted above, the Group was able to access direct government support to compensate for costs incurred whilst the business was unable to fully trade during the ongoing COVID-19 pandemic. The Group accessed £0.9m of support, £0.7m for RGS and £0.2m for CJRS. This compared to FY21 when the Group accessed £1.5m of direct government support, £0.9m for CJRS and £0.6m under the Government's Retail Hospitality and Leisure Grant Fund. Year on year the Group accessed £0.6m less of direct government support.

Administrative expenses

Total administrative expenses increased by 8.2% to £19.7m (FY21: £18.2m) compared to a 7.2% increase in revenue. Much of the increase is sales volume driven and reflects the Group's broader organisational scale in terms of physical store footprint and investment in colleagues. Headcount cost has increased by 6.0% to £10.8m (FY21: £10.1m). The additional depreciation and amortisation charged mainly relates to new store leased assets which increased to £2.9m (FY21: £2.7m). In addition, the Group's incurred £0.4m of set up costs during the execution phase of its European distribution strategy, as well as a further £0.1m of non-cash share options charge relating to the share options issued to key management during the year, and a full year's charge in respect of the Executive team.

The Group was the subject of a malicious cyber-attack during Q4 FY22 which resulted in 7 days lost trading for the online business. The incident is subject to an ongoing insurance claim with the Group's insurers who directly incurred a substantial proportion of incremental costs due to the incident. Based on the range of outcomes and the materiality of these ranges for this claim, no asset or liability has been recognised within the FY22 results in respect of the incident.

Profit before tax and EBITDA

Profit before tax increased 50.6% to £4.0m with the ratio to sales improving from 4.0% FY21 to 5.6%, gross margin representing 2.5% of the movement, the cost base 0.1% and reduced government support (1.0) %. EBITDA improved 28.3% to £7.3m (FY21: £5.7m), as a ratio of sales 10.1% (FY21: 8.5%) and on a pre IFRS 16 basis 30.6% to £5.2m (FY21: £4.0m), as a ratio of sales 7.2% (FY21: 5.9%).

Tax

The Group's effective tax rate was 23.5% (FY21: 9.2%). A reconciliation of the expected tax charge at the standard rate to the actual charge is shown below. All the Group's revenues and the majority of its expenses are all subject to corporation tax. The main expenses that are not deductible for tax purposes are professional fees. The tax rate benefitted from the 130% super deduction for capital allowances. Tax relief for some expenditure, mainly fixed assets and unapproved share options is received over a longer period than that for which the costs are charged to the financial statements.

Taxation	£m	%
Profit before tax	4.0	
Expected tax at UK standard rate of tax	0.7	19.0%
Ineligible depreciation	0.0	0.2%
Expenses not deductible for tax purposes	0.1	1.3%
Capital allowances enhanced deduction	(0.1)	(1.3%)
Difference in current and deferred tax rate	0.1	2.4%
Effect of tax rate change on opening deferred tax balances	0.1	2.0%
Adjustments in respect of previous year's tax charge	(0.0)	(0.1%)
Actual charge / effective tax rate	0.9	23.5%

Returns and dividends

Basic earnings per share ('EPS') was 3.98p (FY21: 3.36p) progressing 18.5% for the year, below the rate of growth of profit before tax due to the change in effective tax rate explained above. The lower diluted earnings per share reflects the current LTIP share options in issue which would dilute the basic earnings per share.
There were no dividends paid, recommended or declared during the current and prior financial year. With the last of the Government's COVID-19 restrictions being removed, the Group is focused on carefully navigating any further supply chain disruption and will reinvest all 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 2022. The dividend policy will be kept under review as strategic expansion plans progress.

Statement of financial position

Our consolidated statement of financial position is robust. As at 31 January 2022, the Group had a net asset position of £36.4m (FY21: £33.1m) and a net current asset position of £23.2m (FY21: £20.2m). The Group for the first time includes the assets and liabilities of its wholly owned subsidiary ADNL B.V.

The Group also had no external borrowing as at the reporting date and closed FY22 with a cash and cash equivalents position of £16.6m (FY21: £15.0m). Net debt* improved to (£5.6m) from (£4.8m) FY21 reflecting the strength of the earnings and cash generation in the period.

The key movements in the consolidated statement of financial position, largely reflect additional net current assets. The table shows the key components with the movements of note being the increase in inventory levels reflecting our strategy of building stock holdings to de-risk continued supply chain disruption during the period. The Group had four new stores in the estate as well as also building up our own branded stock, ***Advanta***. The year-end balance also reflects a modest stock build of £0.3m to support the opening of the European distribution centre in FY23. Stock turn for the Group as a result of these factors reduced to 3.0x from 3.6x.

Property, plant and equipment grew by £1.0m with the introduction of four new stores, three of these alongside £0.3m relating to the new European distribution centre being in the second half of the year. Right of use assets have grown reflecting four new stores which were brought into the estate in addition to the European distribution centre lease executed in Q4. Offsetting this growth in asset, the depreciation charge grew to £1.6m, while the Group continued to evaluate its dilapidation obligations and associated restoration provision for its growing physical store and distribution centre footprint. The average length of lease remaining for the Group has reduced to 6.0 years (FY21 6.7 years). Additional investment in our software and IT platforms of £327k was offset by a corresponding depreciation charge as the business starts to reach a level of maturity on its investing profile.

Statement of financial position	31 January 2022 £m	31 January 2021 £m
Property, plant and equipment	6.9	6.0
IFRS 16 Right-of-use assets	11.0	10.0
Intangible assets	6.2	6.3
Total non-current assets	24.1	22.3
Stock	16.3	12.5
Cash	16.6	15.0
Other current assets	1.1	0.9
Total current assets	34.0	28.3
Trade payables	(8.7)	(6.7)
Lease liabilities	(1.6)	(1.4)
Other current liabilities	(0.5)	-
Total current liabilities	(10.8)	(8.1)
Lease liabilities	(9.4)	(8.8)
Other non-current liabilities	(1.5)	(0.5)
Total non-current liabilities	(10.9)	(9.4)
Net assets	36.4	33.1

**Net debt represents the Group's IFRS 16 lease liabilities less the cash position as at the reporting date.*

Cash flow and funding

During FY22, the Group generated cash from operating activities of £4.8m (FY21: £6.9m). Operating cash generation was impacted by a working capital drag of £3.8m year on year, primarily as a result of the stocking strategy described earlier in this statement, however, the increased levels of profitability negated some of this investment.

The Group has pursued its growth strategy by continuing to deploy available cash resources into our e-commerce platforms both in the UK and internationally, alongside investment in our technology and inventory management systems. During the period, the Group spent £1.2m on property plant and equipment primarily relating to the four new store roll outs and the fit out of the European distribution centre. Given the timing of these investments during the year, of the £2.2m intangible and property plant and equipment additions, £0.4m was settled after the balance sheet date, and £0.3m reflects the early settlement of the Kardex semi-automated picking system lease. This cash flow is reflected through the financing activities on the statement of cash flows.

Total cash generation for the period was £1.6m (FY21: £9.0m). FY21 included £5.1m of net proceeds from a share placing at the height of the COVID-19 pandemic. Excluding the proceeds of this placing the cash generation reduced by £2.3m year on year with operating cash 1.5x investing and financing cash flows versus 2.3x in FY21 (excluding share placing).

The Group will be tax paying during FY23.

Cash flow	31 January 2022 £m	31 January 2021 £m
Opening cash	15.0	6.0
Profit / (loss) for year	4.0	2.6
Movement in working capital	(2.4)	1.5
Depreciation and amortisation	2.9	2.7
Other operating adjustments	0.3	0.1
Net cash from operating activities	4.8	6.9
Net cash from investing activities	(1.5)	(1.8)
Net cash from financing activities	(1.7)	3.9
Increase in cash in year	1.6	9.0
Closing cash	16.6	15.0

Going concern and viability

At the Statement of Financial Position date, the Group had cash balances of £16.6m. The Directors consider that £16.6m enables them to meet all current liabilities as they fall due. Since the year end, the Group has continued to trade within the range of internal plans upon which this assessment has been made with c£2.2m of working capital investment into European inventories post the balance sheet date.

After consideration of market conditions, the Group's financial position, financial forecasts for two years, its profile of cash generation and principal risks, the Directors have a reasonable expectation that both the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over the period. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Long-term growth

The Group has generated consistent growth in the scale of its business and profits over recent years. A summary of the compound growth rates ("CAGR") over the past two full trading years in the key financial figures is as follows:

Long-term growth – Year ended 31 January	2022 Post-IFRS 16	2022 Pre-IFRS 16	2020 Post-IFRS 16	2020 Pre-IFRS 16	CAGR % Post-IFRS 16	CAGR % Pre-IFRS 16
Revenue (£m)	72.5	72.5	53.2	53.2	16.7%	16.7%
EBITDA (£m)	7.3	5.2	0.7	(0.5)	233.6%	
Profit before tax (£m)	4.0	3.8	(1.5)	(1.2)		
EPS (pence)	3.98		(2.01)			

FY23 outlook

FY22 was characterised by continued disruption to trading conditions, condensing store trading periods and associated sales, alongside challenging comparatives for the online business, exacerbated by the Brexit disruption. Wider social and travel restrictions both in the UK and globally supported UK angling as a pastime negating some of the earlier trading restrictions in Q1 FY22. An improvement in gross margins was achieved as the Group was able to use its strong balance sheet to secure stocks in a disrupted supply chain environment, alongside significant direct financial assistance from the UK Government improved operating margins.

Following an exceptional period and emerging from the pandemic, the Board is now seeing increasing levels of visibility in its markets. As such, the Board believes that the Group is well-placed to deliver growth in revenues both in the UK and its European markets, albeit it is reasonable to expect that this growth will be at a lower rate for the UK than the prior year where we have greater market share, as trading conditions normalise and inflationary pressures with the associated impact on consumers becomes clearer. The Board is also mindful of the likelihood that uncertainty around the Group's Far East supply chain will continue to persist at least in the short-term and, as such, the Group will, where appropriate, continue to use its strong balance sheet to secure stock and mitigate exposure here.

The measures taken by the Group to drive gross margin enhancement and a more efficient cost base that will underpin this growth are now well established. The Group took further financial assistance from the UK Government during FY22 but, on the basis that there are no further national lockdowns, we expect no income from this source in the current year compared with FY22. We expect that the impact on profitability of this factor alongside the new "national living wage" and reduced indirect government support through Business rates increasing back above pre-COVID-19 levels, will be partially mitigated by further underlying operational efficiency improvements.

We have continued to focus on building disciplined financial controls both in the UK and more latterly in Europe with the opening of the European distribution centre in Q1 FY23. In addition, our focus has been upon achieving operational excellence, strengthening corporate governance, maintaining our robust balance sheet and capitalising on the renaissance of fishing as a pastime and our improved and evolving online and store customer offerings.

Q1 FY23 saw the first despatch of product from our European distribution centre and the Board remains focused on optimising this opportunity.

Steven Crowe
Chief Financial Officer
16 May 2022

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 January 2022

	Note	2022 £'000	Restated 2021 £'000
Revenue from contracts with customers	*5*	72,474	67,581
Cost of sales of goods	*8*	(45,864)	(44,458)
Gross profit		26,610	23,123
Other income	*6*	914	1,540
Interest revenue calculated using the effective interest method		14	24
Expenses			
Administrative expenses	*8*	(19,687)	(18,194)
Distribution expenses		(3,423)	(3,424)
Finance costs		(406)	(398)
Profit before income tax (expense)/benefit		4,022	2,671
Income tax (expense)	*10*	(945)	(246)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Angling Direct PLC		3,077	2,425
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Angling Direct PLC		3,077	2,425
		Pence	**Pence**
Basic earnings per share	*24*	3.98	3.36
Diluted earnings per share	*24*	3.93	3.31

Consolidated statement of financial position
As at 31 January 2022

	Note	2022 £'000	Restated 2021 £'000	Consolidated Restated 2020 £'000
Non-current assets				
Intangibles	11	6,176	6,251	6,216
Property, plant and equipment	12	6,908	6,019	5,593
Right-of-use assets	13	11,028	10,007	9,588
Total non-current assets		24,112	22,277	21,397
Current assets				
Inventories	14	16,273	12,481	13,453

	Note			
Trade and other receivables	15	542	623	509
Prepayments		545	245	474
Cash and cash equivalents		16,604	14,996	5,978
Total current assets		33,964	28,345	20,414
Current liabilities				
Trade and other payables	16	8,680	6,741	6,430
Lease liabilities	17	1,648	1,358	1,182
Derivative financial instruments		1	-	-
Income tax		464	-	17
Total current liabilities		10,793	8,099	7,629
Net current assets		23,171	20,246	12,785
Total assets less current liabilities		47,283	42,523	34,182
Non-current liabilities				
Lease liabilities	17	9,402	8,831	8,428
Restoration provision	18	722	282	254
Deferred tax	19	744	263	-
Total non-current liabilities		10,868	9,376	8,682
Net assets		36,415	33,147	25,500
Equity				
Share capital	20	773	773	646
Share premium	21	31,037	31,037	26,017
Reserves	22	266	75	-
Retained profits / (accumulated losses)		4,339	1,262	(1,163)
Total equity		36,415	33,147	25,500

Consolidated	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 February 2020	646	26,017	-	(1,172)	25,491
Adjustment for restatement (note 3)	-	-	-	9	9
Balance at 1 February 2020 – restated	646	26,017	-	(1,163)	25,500
Profit after income tax expense for the year	-	-	-	2,425	2,425
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,425	2,425

Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	127	-	-	-	127
Share premium, net of transaction costs (note 21)	-	5,020	-	-	5,020
Share-based payments	-	-	75	-	75
Balance at 31 January 2021	773	31,037	75	1,262	33,147

Consolidated	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Retained profits £'000	Total equity £'000
Balance at 1 February 2021	773	31,037	75	1,262	33,147
Profit after income tax expense for the year	-	-	-	3,077	3,077
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,077	3,077
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	191	-	191
Balance at 31 January 2022	773	31,037	266	4,339	36,415

	Note	Consolidated 2022 £'000	Restated 2021 £'000
Cash flows from operating activities			
Profit before income tax expense for the year		4,022	2,671

Adjustments for:			
Depreciation and amortisation		2,922	2,673
Share-based payments		191	75
Net movement in provisions		12	18
Interest received		(14)	(24)
Interest and other finance costs		394	398
		7,527	5,811
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		81	(114)
(Increase)/decrease in inventories		(3,792)	972
(Increase)/decrease in prepayments		(300)	229
Increase in trade and other payables		1,626	407
		5,142	7,305
Interest received		14	24
Interest and other finance costs		(393)	(388)
Net cash from operating activities		4,763	6,941
Cash flows from investing activities			
Payments for property, plant and equipment	13	(1,202)	(1,382)
Payments for intangibles	12	(327)	(338)
Payment of contingent consideration	26	-	(48)
Proceeds from disposal of property, plant and equipment		5	-
Net cash used in investing activities		(1,524)	(1,768)
Cash flows from financing activities			
Proceeds from issue of shares and premium		-	5,147
Repayment of lease liabilities	32	(1,631)	(1,302)

Net cash (used in)/from financing activities	(1,631)	3,845
Net increase in cash and cash equivalents	1,608	9,018
Cash and cash equivalents at the beginning of the financial year	14,996	5,978
Cash and cash equivalents at the end of the financial year	16,604	14,996

Notes to the consolidated financial statements
31 January 2022

1. Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK adopted international accounting standards 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 2022 or 2021. Statutory accounts for the years ended 31 January 2022 and 31 January 2021 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for the years ended 31 January 2021 and 31 January 2022 are unqualified.

Statutory accounts for the year ended 31 January 2021 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 January 2022 will be delivered to the Registrar in due course.

Restatement of comparatives

Following a review of the Company's 2021 Annual report by the Directors the statement of financial position for 2021 and 2020 has been restated to reflect the contracted lease expiry dates for three of the land and buildings right of use assets.

The overall impact of the restatement is to increase equity by £29,000 at 31 January 2021.

The impact of this restatement was to reduce 2021 right of use assets by £903,000 and reduce lease liabilities by £942,000. The impact of this restatement increased the 2021 profit after income tax by £20,000.

The impact of this restatement was to reduce 2020 right of use assets by £892,000 and reduce lease liabilities by £906,000. The impact of this restatement increased the 2020 profit after income tax by £9,000.

For each financial statement line item affected see note 3.

2. Going concern including liquidity

The Group has considerable financial resources together with long-standing relationships with a number of key suppliers and an established reputation in the retail sector across the UK and Europe.

The Directors have considered the Group's growth prospects in the period to 31 January 2024 based on its customer proposition and online offering in the UK and Europe and concluded that potential growth rates remain strong. The Group has conducted various stress tests, none of which resulted in a change to the assessment of the Group as a going concern.

In making this judgement, the Directors have reviewed the future viability and going concern position of the Group for the foreseeable future.
The Group's policy is to ensure that it has sufficient facilities to cover its future funding requirements. At 31 January 2022, the Group had cash and cash equivalents of £16.6m (FY21: £15.0m). This significant headroom has been factored into the Directors' going concern assessment.

Having duly considered all of these factors and having reviewed the forecasts for the coming year, the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future, and as such continue to adopt the going concern basis of accounting in preparing the financial statements.

3. Restatement of comparatives

Restatement of Right of use asset expiry dates

The Group has restated right of use asset land and building lease expiry dates. The overall impact on total equity as at 31 January 2021 was an increase of £29,000. The restatement to comparatives of the statement of profit or loss and other comprehensive income for the year ended 31 January 2021 and the statement of financial position as at 31 January 2021 and as 1 February 2020 is as follows:

- Reduction in lease liabilities of £942,000 (current £nil and non-current £942,000) (discounted based on the weighted average incremental borrowing rate of 4%) as at 31 January 2021 (1 February 2020: £906,000; current £nil and non-current £906,000);
- Right-of-use assets of £903,000 were reduced as at 31 January 2021 (1 February 2020: £892,000);
- Additional depreciation of £11,000 was recognised against the right-of-use assets as at 31 January 2021 (1 February 2020: £5,000);
- A reduction in interest payments of £36,000 was recognised against the lease liabilities as at 31 January 2021 (1 February 2020 £14,000)
- Restoration provision was increased by £5,000 as at 31 January 2021 (1 February 2020: £5,000)
- Deferred tax liability increased by £5,000 as at 31 January 2021 (as a result of the net tax effect on right-of-use assets and lease liabilities) (1 February 2020: £nil);
- The overall impact on total equity as at 31 January 2021 was an increase of £29,000. This comprises an increase of £20,000 in the year 31 January 2021 and £9,000 in the period to 31 January 2020.

Statement of profit or loss and other comprehensive income

			Consolidated Restated
	2021		2021
	£'000	£'000	£'000
Extract	**Reported**	**Adjustment**	**Restated**
Expenses			
Administrative expenses	(18,183)	(11)	(18,194)
Finance costs	(434)	36	(398)
Profit before income tax (expense)	2,646	25	2,671
Income tax (expense)	(241)	(5)	(246)
Profit after income tax expense for the year attributable to the owners of Angling Direct PLC	2,405	20	2,425
Other comprehensive income for the year, net of tax	-	-	-

Total comprehensive income for the year attributable to the owners of Angling Direct PLC	2,405	20	2,425

	Pence	Pence	Pence
	Reported	Adjustment	Restated
Basic earnings per share	3.33	0.03	3.36
Diluted earnings per share	3.28	0.03	3.31

Statement of financial position at the beginning of the earliest comparative period

			Consolidated
	1 Feb 2020		1 Feb 2020
	£'000	£'000	£'000
Extract	**Reported**	**Adjustment**	**Restated**
Non-current assets			
Right-of-use assets	10,480	(892)	9,588
Total non-current assets	22,289	(892)	21,397
Current assets			
Total current assets	20,414	-	20,414
Current liabilities			
Total current liabilities	7,629	-	7,629
Net current assets	12,785	-	12,785
Total assets less current liabilities	35,074	(892)	34,182
Non-current liabilities			
Lease liabilities	9,334	(906)	8,428
Restoration provision	249	5	254
Total non-current liabilities	9,583	(901)	8,682

Net assets	25,491	9	25,500
Equity			
Retained accumulated losses	(1,172)	9	(1,163)
Total equity	25,491	9	25,500

Statement of financial position at the end of the earliest comparative period

			Consolidatec
	2021		**Restatec 2021**
	£'000	**£'000**	**£'00(**
Extract	**Reported**	**Adjustment**	**Restatec**
Non-current assets			
Right-of-use assets	10,910	(903)	10,007
Total non-current assets	23,180	(903)	22,277
Current assets			
Total current assets	28,345	-	28,345
Current liabilities			
Total current liabilities	8,099	-	8,099
Net current assets	20,246	-	20,246
Total assets less current liabilities	43,426	(903)	42,523
Non-current liabilities			
Lease liabilities	9,773	(942)	8,831
Restoration provision	277	5	282

Deferred tax	258	5	263
Total non-current liabilities	10,308	(932)	9,376
Net assets	33,118	29	33,147
Equity			
Retained profits	1,233	29	1,262
Total equity	33,118	29	33,147

4. Segmental reporting

Segmental information is presented in respect of the Group's operating segments, based on the Group's management and internal reporting structure, and monitored by the Group's Chief Operating Decision Maker (CODM).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly own brand stock in transit from the manufacturers, Group cash and cash equivalents, taxation related assets and liabilities, centralised support functions salary and premises costs, and government grant income.

Geographical segments

The business operated predominantly in the UK. As at 31 January 2022, it has three native language web sites for Germany, France and the Netherlands. In accordance with IFRS 8 'Operating segments' no segmental results are presented for trade with European customers as these are not reported separately for management purposes and are not considered material for separate disclosure, save for disaggregation of revenue in note 4. Trading through the subsidiary in the Netherlands commenced on 1 March 2022.

	Stores	Online	Head office	Tota
	£'000	£'000	£'000	£'00
Revenue	38,665	33,809	-	72,474
Profit/(loss) before income tax	4,816	3,940	(4,734)	4,022
EBITDA post IFRS 16	7,141	4,510	(4,318)	7,333
Total assets	25,983	8,724	23,369	58,076
Total liabilities	(13,262)	(4,095)	(4,304)	(21,661

EBITDA Reconciliation

Profit/(loss) before income tax	4,816	3,940	(4,734)	4,022
Less: Interest income	-	-	(14)	(14
Add: Interest expense	330	49	27	406
Add: Depreciation and amortisation	1,998	521	403	2,922
EBITDA post IFRS 16	7,144	4,510	(4,318)	7,336
Less: Costs relating to IFRS 16 lease liabilities	(1,813)	(182)	(140)	(2,135
EBITDA pre IFRS 16	5,331	4,328	(4,458)	5,201

5. Revenue from contracts with customers

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2022	2021
	£'000	£'000
Route to market		
Retail store sales	38,665	32,259
E-commerce	33,809	35,322
	72,474	67,581
Geographical regions		
United Kingdom	69,818	63,206
Germany, France and Netherlands	2,242	2,868
Other countries	414	1,507
	72,474	67,581
Timing of revenue recognition		
Goods transferred at a point in time	72,474	67,581

6. Other income

	2022	2021
	£'000	£'000
Net foreign exchange (loss)/gain	(18)	13
Government grants	932	1,527
Other income	914	1,540

As a result of the economic impacts of the COVID-19 pandemic, a number of government programmes have been put into place to support businesses and consumers. Examples of such initiatives include the UK's Coronavirus Job Retention Scheme. In accounting for the impacts of these measures, the Group has applied IAS 20: 'Government Grants'.

During the year to 31 January 2022, the Group recognised an amount totalling £216,000 (2021: £917,000) receivable under the UK Government's Coronavirus Job Retention Scheme, an amount totalling £716,000 (2021:£nil) receivable under UK Governments Restart Grants and an amount totalling £nil (2021: £610,000) receivable under the UK Government's Retail Hospitality and Leisure Grant Fund.

7. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation)

The Directors believe that adjusted profit provides additional useful information for shareholders on performance. This is used for internal performance analysis. This measure is not defined by IFRS and is not intended to be a substitute for, or superior to, IFRS measurements of profit. The following table is provided to show the comparative earnings before interest, tax, depreciation and amortisation ("EBITDA") after adjusting for costs relating to IFRS 16 lease liabilities.

		Consolidated
		Restated
	2022	2021
	£'000	£'000
EBITDA reconciliation		
Profit before income tax expense post IFRS 16	4,022	2,671
Less: Interest income	(14)	(24)
Add: Interest expense	406	398
Add: Depreciation and amortisation	2,922	2,673
EBITDA post IFRS 16	7,336	5,718
Less: costs relating to IFRS 16 lease liabilities	(2,135)	(1,737)
EBITDA pre IFRS 16	5,201	3,981

8. Expenses

	2022	Restated 2021
	£'000	£'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of inventories as included in 'cost of sales'	45,864	44,458
Depreciation		
Land and buildings improvements	16	18
Plant and equipment	643	674
Motor vehicles	2	3
Computer equipment	282	213
Land and buildings right-of-use assets	1,454	1,320
Plant and equipment right-of-use assets	56	57
Motor vehicles right-of-use assets	61	80
Computer equipment right-of-use assets	6	5
Total depreciation	2,520	2,370
Amortisation		
Software	402	303
Total depreciation and amortisation *	2,922	2,673
Finance costs		
Interest and finance charges paid/payable on lease liabilities	393	388
Interest and finance charges on restoration provision	12	10
Forward foreign currency hedges	1	-
Finance costs expensed	406	398

Leases		
Short-term lease payments	51	25
Low-value assets lease payments	16	15
	67	40

* Depreciation and amortisation expense is included within "administrative expenses" in the Statement of profit or loss and other comprehensive income.

9. Staff costs

	2022	2021
	£'000	£'000
Aggregate remuneration:		
Wages and salaries	9,591	9,140
Social security costs	815	772
Other pension costs	347	234
Total staff costs	10,753	10,146

The average number of employees during the year was as follows:

	2022	2021
Stores	272	264
Warehouse	45	50
Administration	41	45
Marketing & online content	27	21
IT and web	12	13
Management	9	9
Other	4	5

Average number of employees	410	407

Staff costs above include Directors' salaries, social security costs and other pension costs.

10. Income tax expense

	2022	Restated 2021
	£'000	£'000
Income tax expense/(benefit)		
Current tax	464	-
Deferred tax - origination and reversal of temporary differences	305	263
Deferred tax – rate change	179	-
Current tax adjustment recognised for prior periods	-	(17)
Deferred tax adjustment recognised for prior periods	(3)	-
Aggregate income tax expense/(benefit)	945	246
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	4,022	2,671
Tax at the statutory tax rate of 19%	763	508
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non qualifying depreciation	7	-
Super deduction capital allowances	(54)	-
EMI share scheme exercised	-	(161)
Non-deductible expenses	53	12
Deferred tax rate impact	179	(5)
Recognition of previously unrecognised tax losses	-	(41)
	948	313
Adjustment recognised for prior periods	(3)	(17)
Unrecognised losses prior year	-	(50)

Income tax expense	945	246

11. Intangibles

	2022	2021
	£'000	£'000
Non-current assets		
Goodwill - at cost	5,802	5,802
Less: Impairment	(182)	(182)
	5,620	5,620
Software - at cost	1,431	1,104
Less: Accumulated amortisation	(875)	(473)
	556	631
	6,176	6,251

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Software	Total
	£'000	£'000	£'000
Balance at 1 February 2020	5,620	596	6,216
Additions	-	338	338
Amortisation expense	-	(303)	(303)
Balance at 31 January 2021	5,620	631	6,251
Additions	-	327	327
Amortisation expense	-	(402)	(402)
Balance at 31 January 2022	5,620	556	6,176

12. Property, plant and equipment

	2022 £'000	2021 £'000
Non-current assets		
Land and buildings improvements - at cost	1,002	1,002
Less: Accumulated depreciation	(303)	(287)
	699	715
Plant and equipment - at cost	7,640	6,411
Less: Accumulated depreciation	(1,974)	(1,685)
	5,666	4,726
Motor vehicles - at cost	15	15
Less: Accumulated depreciation	(10)	(8)
	5	7
Computer equipment - at cost	1,118	1,271
Less: Accumulated depreciation	(580)	(700)
	538	571
	6,908	6,019

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings improvements £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Balance at 1 February 2020	733	4,274	10	576	5,593

Additions	-	1,126	-	208	1,334
Depreciation expense	(18)	(674)	(3)	(213)	(908)
Balance at 31 January 2021	715	4,726	7	571	6,019
Additions	-	1,588	-	249	1,837
Disposals		(5)			(5)
Depreciation expense	(16)	(643)	(2)	(282)	(943)
Balance at 31 January 2022	699	5,666	5	538	6,908

13. Right-of-use assets

		Restated
	2022	2021
	£'000	£'000
Non-current assets		
Land and buildings – long leasehold - right-of-use	16,979	14,116
Less: Accumulated depreciation	(6,080)	(4,626)
	10,899	9,490
Plant and equipment - right-of-use	80	575
Less: Accumulated depreciation	(49)	(166)
	31	409
Motor vehicles - right-of-use	326	269
Less: Accumulated depreciation	(248)	(187)
	78	82
Computer equipment - right-of-use	59	59
Less: Accumulated depreciation	(39)	(33)
	20	26
	11,028	10,007

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Balance at 1 February 2020 – restated	8,952	466	139	31	9,588
Additions	1,214	-	23	-	1,237
Remeasurement	644	-	-	-	644
Depreciation expense	(1,320)	(57)	(80)	(5)	(1,462)
Balance at 31 January 2021 – restated	9,490	409	82	26	10,007
Additions	2,519	-	57	-	2,576
Disposals	-	(322)	-	-	(322)
Remeasurement	344	-	-	-	344
Depreciation expense	(1,454)	(56)	(61)	(6)	(1,577)
Balance at 31 January 2022	10,899	31	78	20	11,028

14. Inventories

	2022 £'000	2021 £'000
Current assets		
Finished goods - at cost	16,273	12,481

Finished goods include £0.3m (FY21: £0.3m) of provisions to remove certain product lines from the Group as part of a product ranging exercise. This write down to reflect net realisable value of these product lines was recognised as an expense during the year to 31 January 2021.

15. Trade and other receivables

	2022 £'000	2021 £'000

Current assets		
Trade receivables	62	99
Other receivables	480	524
	542	623

16. Trade and other payables

	2022 £'000	2021 £'000
Current liabilities		
Trade payables	4,844	3,287
Accrued expenses	2,000	1,462
Refund liabilities	42	102
Social security and other taxes	711	537
Other payables	1,083	1,353
	8,680	6,741

17. Lease liabilities

	2022 £'000	Restated 2021 £'000
Current liabilities		
Lease liability	1,648	1,358
Non-current liabilities		
Lease liability	9,402	8,831

	11,050	10,189

18. Restoration provision

	2022	Restated 2021
	£'000	£'000
Non-current liabilities		
Restoration provision	722	282

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Restoration provision £'000
Carrying amount at the start of the year - restated	282
Additional provisions recognised	84
Revised estimated cost of future restoration	344
Unwinding of discount	12
Carrying amount at the end of the year	722

19. Deferred tax

	2022	Restated 2021
	£'000	£'000

Non-current liabilities

Deferred tax liability comprises temporary differences attributable to:

Property, plant and equipment	898	561
Tax losses	-	(213)
IFRS 16 transitional adjustment	(82)	(71)
Unapproved share options issued	(67)	(14)
Short term timing differences	(5)	-
Deferred tax liability	744	263

Movements:		
Opening balance	263	-
Adjustment recognised for prior periods	(3)	-
Deferred tax – rate change	179	-
Other temporary differences	305	263
Closing balance	744	263

20. Share capital

	2022 Shares	2021 Shares	2022 £'000	2021 £'000
Ordinary shares of £0.01 each - fully paid	77,267,304	77,267,304	773	773

21. Share premium

	2022 £'000	2021 £'000

Share premium account	31,037	31,037

22. Reserves

	2022 £'000	2021 £'000
Share-based payments reserve	266	75

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments £'000
Balance at 31 January 2020	-
Options granted	75
Balance at 31 January 2021	75
Options granted	191
Balance at 31 January 2022	266

23. Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

24. Earnings per share

	2022	Restated 2021
	£'000	£'000
Profit/(loss) after income tax attributable to the owners of Angling Direct PLC	3,077	2,425

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	77,267,304	72,226,957
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,000,912	1,049,867
Weighted average number of ordinary shares used in calculating diluted earnings per share	78,268,216	73,276,824

	Pence	Pence
Basic earnings per share	3.98	3.36
Diluted earnings per share	3.93	3.31

25. Events after the reporting period

The Group commenced trading from its new European distribution centre in the Netherlands on 1st March 2022, allowing orders to be despatched to all EU countries.

No other matter or circumstance has arisen since 31 January 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.