

**Angling Direct PLC**  
(‘Angling Direct’, the ‘Company’ or the ‘Group’)

**Half Year Results**

***Continued strong progress in H1, upgrading guidance for full year***

**Angling Direct PLC** (AIM: ANG), the leading omni-channel specialist fishing tackle and equipment retailer, is pleased to announce its unaudited financial results for the six months ended 31 July 2021.

The Group has delivered strong progress against its stated FY22 planned priorities including its plans to establish in-region online European fulfilment which is now entering the implementation phase. The Board is now of the view that pre IFRS 16 EBITDA for the year ending 31 January 2022 (FY22) will be no less than £5.0m (inclusive of the expected costs associated with opening its new European distribution centre), comfortably exceeding current market expectations. With the Group’s growing omni-channel offering and the strength of its balance sheet, the Board remains optimistic about the growth prospects and overall success of the business.

**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 six months ended 31 July 2019 (H1 2020).

£m	H1 2022	H1 2021	H1 2020	H1 2022 Growth	
				on H1 2021	on H1 2020
<b>Revenue</b>	<b>38.4</b>	32.1	26.5	+19.5%	+44.8%
<b>Online sales</b>	<b>18.5</b>	17.9	12.5	+3.2%	+47.6%
<b>Retail store sales</b>	<b>19.9</b>	14.2	14.0	+40.1%	+42.3%
<b>Gross profit</b>	<b>14.4</b>	10.8	8.5	+33.7%	+68.8%
<b>Gross margin %</b>	<b>37.4%</b>	33.5%	32.1%	+390bps	+530bps
<b>EBITDA (pre IFRS-16)</b>	<b>4.4</b>	2.1	0.8	+111.6%	+488.0%
<b>Profit before tax</b>	<b>3.7</b>	1.4	0.4	+174.2%	+914.4%
<b>Basic EPS</b>	<b>3.70p</b>	2.02p	0.51p	+83.2%	+625.5%

- Positive Operating cashflow of £5.8m
- Strong balance sheet with Group net cash at 31 July 2021 of £19.6m (31 July 2020: £21.0m)

**Operational highlights:**

- Further digital investment grew UK online conversion by 80 bps to 6.3%
- Recent investment in UK distribution centre capacity utilised to protect supply position relative to wider market
- ‘AD+’ priority delivery subscription service launched March 2021 driving customer loyalty and now accounts for 16% of all UK online orders
- Established business case and detailed operating model for a European distribution centre, facilitating moving to execution phase – terms agreed on 3,900 square metre facility in the Netherlands
- New category management model delivered agile stocking and pricing in short supply market supporting gross margin growth
- Store transformation programme starting to deliver sustainable levels of EBITDA earnings from retail stores. Stores average transaction value up 3.8% and like for like sales up 32.2%
- Healthy property pipeline for underserved catchments – two further store openings planned by year end

**Andy Torrance, CEO of Angling Direct, said:**

*"We are pleased to have delivered a robust financial performance in the first half of the year, building on the operational and strategic progress made last year. These results demonstrate that the increasingly efficient, market leading omni-channel nature of the Company's trading platform, combined with its strong balance sheet, ensures it is well placed to serve customers across all channels as it emerges from the challenges of the Covid 19 pandemic.*

*The Group has delivered strong progress against its stated key priorities for FY22 in the first half, including its plans to establish in-region online European fulfilment which is now entering implementation phase. With the Group's leading customer offering and optimised operational capabilities, combined with the scale of the market opportunity, the Board remains optimistic about the growth prospects and overall success of the business."*

**Sell-side analyst webinar and Investor Meet Company presentation**

A webinar for sell-side equity analysts will be held at 9.00 a.m. BST today, 13 October 2021, the details of which can be obtained from FTI Consulting using the contact details below.

Management will provide a live presentation via the Investor Meet Company platform at 11.00 a.m. BST on 18 October. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9.00 a.m. the day before the meeting or at any time during the live presentation. Investors can sign up to Investor Meet Company for free to meet Angling Direct plc via: <https://www.investormeetcompany.com/angling-direct-plc/register-investor>. Investors who already follow Angling Direct on the Investor Meet Company platform will automatically be invited.

**For further information please contact:**

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This announcement contains information which, prior to its disclosure, was inside information as stipulated under the UK version of article 7 of the Market Abuse Regulation (EU) No. 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 ([www.anglingdirect.co.uk](http://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 39 retail stores. In 2015, the Company opened a 30,000 sq. ft central distribution centre in Rackheath, Norfolk, where the Company's head office is also located. Angling Direct has an established, and rapidly growing, presence in Europe with native language websites set up in key regions to address demand.

## Chief Executive Officer's Review

The Group is pleased to have delivered a strong set of results in the period due to the increasingly efficient, market leading omni-channel nature of the Angling Direct trading platform that allowed our customers to flexibly access our products and content, despite a significant period of store closures and unusual channel mix caused by government trading restrictions. This is also a period where the Group has delivered strong progress against all its stated strategic priorities.

As well as continued sales growth, alongside further improved margin growth and supply chain efficiency, the Group is now in the implementation phase of its plan to significantly improve its European customer offer and in-region fulfilment. We have established a wholly owned subsidiary, ADNL BV, and agreed Heads of Terms for a lease over a 3,900 square metre distribution centre in the Netherlands which we anticipate will be operational ahead of the spring 2022 fishing season. This underlines our confidence in the significant opportunity that exists for us to grow our presence in Europe and expand the Group's broader growth potential.

I would like to thank all my colleagues for their continued resilience and enthusiastic commitment to the ongoing profitable growth of the Group at this exciting time in our development.

## Results

Group revenue increased by 19.5% to £38.4m for the six months ended 31 July 2021 (H1 2021: £32.1m). The Company recorded strong sales growth in Q1 2022 of 53.6%. Measured against unprecedented levels of demand in the prior year following store re-openings on 15 June 2020, total sales growth in Q2 was pleasing at 3.5%.

Gross profit increased by 33.7% to £14.4m (H1 2021: £10.8m). Pre IFRS 16 EBITDA grew by 112% to £4.4m (H1 2021: £2.1m) as the Company's web distribution centre continued to operate during the third lockdown period, facilitated by drawing on existing stock levels as well as stock held in otherwise closed retail stores that offered a Call and Collect service throughout.

Since restrictions were lifted on 12 April 2021, and all stores safely re-opened, total sales to the end of the period returned to a more traditional profile when compared to the prior year when sales were skewed by the pent-up demand caused by the first lockdown.

Due to the strength of trading, associated cash conversion and working capital timing, the Company's net cash position at 31 July 2021 was £19.6m (31 July 2020: £21.0m).

## Operational Review

### Online

As part of our drive to grow market share and customer loyalty, we continue to invest in our contemporary digital infrastructure and customer marketing to ensure we stand apart from our competitors.

We are pleased to report overall online sales in the period grew by 3.2% to £18.5m (H1 2021: £17.9m) partially reflecting the year-on-year lockdown driven change in channel mix. Our UK website achieved strong online sales growth of 15.8%. In Europe, Brexit driven customs disruption significantly impacted delivery lead times and coupled with restrictions on the export of bait, meant that sales via the Company's three native language websites (which, during the period, comprised less than 5% of Group revenue) declined by 34.2%.

Lead-times to customers in Europe have started to improve as new customs and border practices slowly start to stabilise. We have now also partnered with one of Germany's leading bait manufacturers to supply direct to our customers via Angling Direct websites. The Board anticipates the new European fulfilment facility will, in the medium term, greatly facilitate trading and the scale of the Company's online opportunity in Mainland Europe.

As the Company seeks to exit unprofitable online activity, sales via eBay and non-core international territories combined reduced by £0.9m, or 5.0% of H1 21 total online sales.

Continued investment and development of our UK search functionality meant that despite decreased browsing, driven by the wider economy re-opening, UK conversion increased by 80bps to 6.3% and average online transaction value grew by 11.2% to £77.19. As we expected, Brexit trading restrictions impacted conversion on the Group's native language websites with a reduction of 90bps to 1.6%: (H1 2021 2.5%).

During the first half, the Company invested in the development of a mobile web App, believed to be the first of its kind in our sector in the UK. The App is now in the final stage of testing, with launch date scheduled pre-Christmas, and will

provide our customers with further choice, convenience and inspiration on the move, as well as the opportunity for us to improve online marketing efficiency. AD+, our priority delivery subscription service designed to build ongoing customer loyalty, was launched in March 2021 and now accounts for 16% of all UK online orders.

### **Retail Stores**

We are really encouraged to see customers enthusiastically returning to our stores. Our store colleagues are the vital touch point between Angling Direct and our customers. They are crucial for driving conversion, creating loyal customers and prompting recommendation.

Total store sales in the period increased 40.1% to £19.9m (H1 2021: £14.2m). Like-for-like ('LFL') store sales grew by 32.2%. All retail stores were closed at the beginning of the period from 1 February to 12 April 2021 due to government restrictions during the third lockdown. This compares to stores being originally closed in the prior period from 24 March to 14 June 2020.

In line with our strategic commitment to being the first choice omni-channel retailer in all our markets, we opened one new store in the period: Redditch (February 2021, restricted until April 2021), re-sited a further store: Sittingbourne (April 2021 with a considerably improved shopping environment) and re-fitted another: (Hull with improved layout and ranging).

We have a healthy new store pipeline focused on unserved catchments, with two further stores planned before the FY22 year end.

We have established a two-year Retail Transformation plan which is now well underway. The plan is focused on radically improving our store shopping environment through improved layouts and merchandising, promotional messaging and, crucially, colleague interaction focused on customer satisfaction.

### **Trading**

We are committed to providing the most comprehensive range of products for major fishing disciplines, always delivering choice, value, quality and stock availability.

The Company's newly implemented category management process, along with continued focus on pricing and promotional discipline, has resulted in gross margin growing by 390bps to 37.4%.

Higher margin own brand sales in the period grew by 10.1%, whilst its proportion of total sales slipped modestly by 40 bps to 5.2%. The slightly higher proportion of own brand sales in H1 2021 reflects the scarcity of branded equivalent products towards the end of that period. Current Q3 own brand sales as a proportion of total sales have improved to 6.8% following a refresh of our promotional activity. New own brand SKUs and ranges have been developed which, along with new packaging, are due to be launched by summer 2022.

The Board has been following a strategy of prudently using the Company's balance sheet strength to ensure the Group is well invested in key stock lines as they become available from product suppliers. We believe this provides a significant competitive advantage given ongoing global supply chain disruption and suppliers forecasting upward cost price pressure. Our Category Management team continues to maintain a key focus on cost price inflation with the objective of maintaining strong stock availability for customers, whilst at the same time actively investing to protect our price competitiveness.

This relative depth of stock has facilitated a degree of pricing stability in the period beyond traditional levels, however, the Company remains committed to protecting its competitive customer offering, and will, where considered necessary, invest gross margin in its pricing proposition.

We will also take the opportunity in the coming months to further tailor ranges more closely to our customer needs.

### **International**

The opportunity for profitable growth within Europe remains clear and as outlined in the Group's Annual Results, considerable management resource has been focused upon realising our plans to become Europe's first choice omni-channel destination.

The Board has confidence in the business case for establishing in-region fulfilment which will allow the Group to improve customer order fulfilment, broaden the appeal of our ranges locally and facilitate the further development of our full omni-channel proposition. Working with expert partners we have defined a clear view of our business requirements in terms of optimal location and operating model, providing a strong platform for future growth

As a result, we have incorporated a new wholly owned Dutch subsidiary, ADNL B.V., engaged in-country commercial management and agreed terms for the lease of a 3,900 square metre distribution facility in the Netherlands, with a targeted opening date of Spring 2022. We have also received strong support from both existing and potentially new supply partners to support range extensions for Europe.

Management's current financial projections show that this new facility is expected to provide the Company with European growth capacity to 2027, with the Board anticipating that it will be earnings positive by 2025. All costs associated with this phase of expansion will be funded from existing cash resources.

Given our increased confidence in the robustness of the European business case we have subsequently commenced investment into stimulating customer engagement ahead of the new facility going online in Spring 2022.

### **Organisational Development**

We remain fully committed to acting responsibly and sustainably within our environment and communities. We continue to supplement and upskill key capabilities within our category management, digital and operational teams. We have appointed a new Commercial Director, a new Head of Product Development and a new European Commercial Manager. As well as human resource, we continue to invest in digital technologies and customer acquisition marketing to further differentiate our competitive position.

### **Current trading and Outlook**

Sales in Q3 are anticipated to decline relative to the unprecedented levels in Q3 in the prior year (post lock down 1). It is not yet clear the extent to which the Company will track sales levels during Q4 against the comparative period, which included the second lockdown (all stores closed November 2020) and the beginning of the third lockdown (all stores closed January 2021). Post period-end, we have not experienced any material impact from supply chain disruption and continue to hold good levels of stock in mitigation. As with other retailers, we are not immune to increased raw material and freight costs, however, these will be offset by our margin growth and we are well placed to continue mitigating any impact.

Whilst some uncertainty persists, the Company's overall performance in the current year to date means that the Board is now of the view that pre IFRS-16 EBITDA for the year ending 31 January 2022 will be no less than £5.0m, inclusive of the expected costs associated with opening the Group's new European distribution centre and comfortably exceeding current market expectations.

Looking ahead, our strong balance sheet means we have the firepower to continue investing in both online and in-store growth along with particular focus on accelerating penetration into our five key European mainland territories of Germany, France, The Netherlands, Austria and Belgium. The Board believes that with Angling Direct's profitable growth and established competitive advantage, combined with the increasing resonance of its refreshed purpose to Get Everyone Fishing, the Group is well placed to benefit from the clear opportunities within its markets both within the UK and Mainland Europe. With the Group's growing multi-channel offering and the strength of the balance sheet, the Board remains optimistic about the growth prospects and overall success of the business.

**Andy Torrance**  
**Chief Executive Officer**  
**12 October 2021**

**Consolidated statements of profit or loss and other comprehensive income**  
**For the period ended 31 July 2021**

		Unaudited six months ended		Audited year
	Note	2021	31 July	ended 31
		£'000	2020	January
			£'000	2020
				£'000
Revenue from contracts with customers	4	38,404	32,128	67,581
Cost of sales of goods		<u>(24,022)</u>	<u>(21,369)</u>	<u>(44,458)</u>
Gross profit		<u>14,382</u>	<u>10,759</u>	<u>23,123</u>
Other income	5	932	1,503	1,540
Interest revenue calculated using the effective interest method		19	12	24
<b>Expenses</b>				
Administrative expenses		(9,608)	(8,971)	(18,183)
Distribution expenses		(1,787)	(1,734)	(3,424)
Finance costs		<u>(215)</u>	<u>(211)</u>	<u>(434)</u>
<b>Profit before income tax expense</b>		<b>3,723</b>	<b>1,358</b>	<b>2,646</b>
Income tax expense	7	<u>(863)</u>	<u>(2)</u>	<u>(241)</u>
<b>Profit after income tax expense for the period attributable to the owners of Angling Direct PLC</b>		<b>2,860</b>	<b>1,356</b>	<b>2,405</b>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period attributable to the owners of Angling Direct PLC</b>		<b><u>2,860</u></b>	<b><u>1,356</u></b>	<b><u>2,405</u></b>
Earnings per share (Pence)				
Basic earnings	15	3.70	2.02	3.33
Diluted earnings	15	3.65	2.02	3.28

**Consolidated statements of financial position**  
**As at 31 July 2021**

		Unaudited six months ended		Audited year
	Note	2021	31 July	ended 31
		£'000	2020	January
			£'000	2020
				£'000
<b>Non-current assets</b>				
Intangibles	8	6,218	6,252	6,252
Property, plant and equipment	9	5,831	5,784	6,019
Right-of-use assets	10	10,385	10,389	10,910
Total non-current assets		<u>22,434</u>	<u>22,425</u>	<u>23,181</u>
<b>Current assets</b>				
Inventories		15,724	11,081	12,487
Trade and other receivables		474	674	623
Prepayments		324	108	243
Cash and cash equivalents		19,584	20,983	14,996
Total current assets		<u>36,106</u>	<u>32,846</u>	<u>28,349</u>
<b>Current liabilities</b>				
Trade and other payables	11	10,400	12,478	6,741
Lease liabilities		1,421	1,251	1,358
Income tax		503	-	-
Total current liabilities		<u>12,324</u>	<u>13,729</u>	<u>8,099</u>
<b>Net current assets</b>		<u>23,782</u>	<u>19,117</u>	<u>20,246</u>
<b>Total assets less current liabilities</b>		<u>46,216</u>	<u>41,542</u>	<u>43,426</u>
<b>Non-current liabilities</b>				
Lease liabilities		9,249	9,264	9,773
Provision		289	265	277
Deferred tax		618	19	258
Total non-current liabilities		<u>10,156</u>	<u>9,548</u>	<u>10,308</u>
<b>Net assets</b>		<u>36,060</u>	<u>31,994</u>	<u>33,118</u>
<b>Equity</b>				
Share capital	12	773	773	773
Share premium		31,037	31,037	31,037
Reserves		157	-	75
Retained profits/(accumulated losses)		4,093	184	1,233
<b>Total equity</b>		<u>36,060</u>	<u>31,994</u>	<u>33,118</u>

**Consolidated statements of changes in equity**  
**For the period ended 31 July 2021**

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Retained profits £'000	Total equity £'000
<b>Unaudited six months ended 31 July</b>					
Balance at 1 February 2021	773	31,037	75	1,233	33,118
Profit after income tax expense for the period	-	-	-	2,860	2,860
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,860	2,860
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	82	-	82
Balance at 31 July 2021	773	31,037	157	4,093	36,060
<b>Audited year ended 31 January</b>					
Balance at 1 February 2020	646	26,017	-	(1,172)	25,491
Profit after income tax expense for the period	-	-	-	2,405	2,405
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,405	2,405
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	127	-	-	-	127
Share premium, net of transaction costs	-	5,020	-	-	5,020
Share-based payments	-	-	75	-	75
Balance at 31 January 2021	773	31,037	75	1,233	33,118



**Consolidated statements of cash flows**  
**For the period ended 31 July 2021**

	Note	Unaudited six months ended 31 July 2021 £'000	2020 £'000	Audited year ended 31 January 2021 £'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax expense for the period		3,723	1,358	2,646
Adjustments for:				
Depreciation and amortisation		1,452	1,314	2,662
Share-based payments		82	-	75
Net movement in provisions		7	16	18
Interest received		(19)	(12)	(24)
Interest and other finance costs		215	211	434
		<u>5,460</u>	<u>2,887</u>	<u>5,811</u>
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables		149	(165)	(114)
Decrease/(increase) in inventories		(3,243)	2,372	972
Decrease/(increase) in prepayments		(79)	366	229
Increase in trade and other payables		3,697	6,008	407
		<u>5,984</u>	<u>11,468</u>	<u>7,305</u>
Interest received		19	12	24
Interest and other finance costs		(210)	(211)	(424)
Net cash from operating activities		<u>5,793</u>	<u>11,269</u>	<u>6,905</u>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	9	(342)	(614)	(1,382)
Payments for intangibles	8	(170)	(179)	(338)
Payment of contingent consideration		-	-	(48)
Net cash used in investing activities		<u>(512)</u>	<u>(793)</u>	<u>(1,768)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares and premium		-	5,147	5,147
Repayment of lease liabilities		(693)	(618)	(1,266)
Net cash from/(used in) financing activities		<u>(693)</u>	<u>4,529</u>	<u>3,881</u>
Net increase in cash and cash equivalents		4,588	15,005	9,018
Cash and cash equivalents at the beginning of the financial period		<u>14,996</u>	<u>5,978</u>	<u>5,978</u>
Cash and cash equivalents at the end of the financial period		<u>19,584</u>	<u>20,983</u>	<u>14,996</u>

## Notes to the consolidated financial statements

### Note 1. General information

The financial statements cover Angling Direct PLC as a Group consisting of Angling Direct PLC ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (collectively referred to in these financial statements as the 'Group'). The financial statements are presented in British Pound Sterling ('GBP'), which is Angling Direct PLC's functional and presentation currency.

Angling Direct PLC is a public limited company incorporated under the Companies Act 2006, listed on the AIM (Alternative Investment Market), a sub-market of the London Stock Exchange. The Company is incorporated and domiciled in the United Kingdom. The registered number of the Company is 05151321. Its registered office and principal place of business is:

2d Wendover Road,  
Rackheath Industrial Estate  
Rackheath  
Norwich, Norfolk  
NR13 6LH

The principal activity of the Group is the sale of fishing tackle through its websites and stores. The Group's business model is designed to generate growth by providing excellent customer service, expert advice and ensuring product lines include a complete range of premium equipment. Customers range from the casual hobbyist through to the professional angler.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 October 2021. The Directors have the power to amend and reissue the financial statements.

### Note 2. Significant accounting policies

These financial statements for the interim half-year reporting period ended 31 July 2021 have been prepared in accordance with the AIM Rules for Companies, International Accounting Standard IAS 34 'Interim Financial Reporting' and the Companies Act for for-profit oriented entities.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 January 2021 and any public announcements made by the Company during the interim reporting period.

The interim consolidated financial information has been prepared on a going-concern basis.

The principal accounting policies adopted are consistent with those set out on pages 78 to 87 of the consolidated financial statements of Angling Direct PLC for the year ending 31 January 2021, except for taxation which has been accounted for as described in note 7.

#### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board that are mandatory for the current reporting period. There was no impact on the adoption of these new or amended Accounting Standards and Interpretations

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Note 3. 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 July 2021, 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.

#### *Operating segments*

The Group is split into two operating segments (Stores and Online) and a centralised support function (Head Office) for business segment analysis. In identifying these operating segments, management follows the route to market for the generation of the customer order for its products. Due to the growth in the Group's online sales, management has made a judgement that there are now two operating segments. In the comparative period, management considered there to be only one segment, therefore comparative information is not available to be restated.

Each of these operating segments is managed separately as each segment requires different specialisms, marketing approaches and resources. Head Office includes costs relating to the employees, property and other overhead costs associated with the centralised support functions.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation) pre IFRS 16. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements, save for IFRS 16. A full reconciliation of pre IFRS 16 EBITDA to post IFRS 16 EBITDA performance is provided to the CODM.

The information reported to the CODM is on a monthly basis.

All non-current assets are located in the UK.

#### *Operating segment information*

	Stores £'000	Online £'000	Head office £'000	Total £'000
Revenue	19,938	18,466	-	38,404
Profit/(loss) before income tax	2,832	2,809	(1,918)	3,723
EBITDA post IFRS 16	3,965	3,140	(1,734)	5,371
Total assets	23,669	8,418	26,453	58,540
Total liabilities	(13,249)	(6,061)	(3,170)	(22,480)

#### **EBITDA Reconciliation**

Profit/(loss) before income tax	2,832	2,809	(1,918)	3,723
Less: Interest income	-	-	(19)	(19)
Add: Interest expense	176	25	14	215
Add: Depreciation and amortisation	956	306	190	1,452
EBITDA post IFRS 16	<u>3,964</u>	<u>3,140</u>	<u>(1,733)</u>	<u>5,371</u>
Less: Costs relating to IFRS 16 lease liabilities	<u>(816)</u>	<u>(79)</u>	<u>(48)</u>	<u>(943)</u>
EBITDA pre IFRS 16	<u>3,148</u>	<u>3,061</u>	<u>(1,781)</u>	<u>4,428</u>

#### Note 4. Revenue from contracts with customers

##### Disaggregation of revenue

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

	Unaudited six months ended		Audited year
	31 July	31 July	ended 31
	2021	2020	January
	£'000	£'000	2021
			£'000
<i>Route to market</i>			
Retail store sales	19,938	14,232	32,259
Online sales	18,466	17,896	35,322
	<u>38,404</u>	<u>32,128</u>	<u>67,581</u>
<i>Geographical regions</i>			
United Kingdom	37,144	29,690	63,206
Germany, France and Netherlands	1,033	1,569	2,868
Other countries	227	869	1,507
	<u>38,404</u>	<u>32,128</u>	<u>67,581</u>
<i>Timing of revenue recognition</i>			
Goods transferred at a point in time	<u>38,404</u>	<u>32,128</u>	<u>67,581</u>

#### Note 5. Other income

	Unaudited six months ended		Audited year
	31 July	31 July	ended 31
	2021	2020	January
	£'000	£'000	2021
			£'000
Net foreign exchange gain	-	-	13
Government grants	932	1,503	1,527
Other income	<u>932</u>	<u>1,503</u>	<u>1,540</u>

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 six months to 31 July 2021, the Group recognised an amount totalling £216,000 (2020: £893,000) receivable under the UK Government's Coronavirus Job Retention Scheme and an amount totalling £716,000 (2020: £nil) receivable under the UK Government's Restart Grant Scheme. There was an amount of £610,000 receivable under the UK Government's Retail Hospitality and Leisure Grant Fund as at 31 July 2020.

#### Note 6. 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.

Unaudited six	Unaudited six	Audited year
months ended	months ended	ended 31
31 July	31 July	January
2021	2020	2021

	£'000	£'000	£'000
<b>EBITDA reconciliation</b>			
Profit before income tax expense post IFRS 16	3,723	1,358	2,646
Less: Interest income	(19)	(12)	(24)
Add: Interest expense	215	211	434
Add: Depreciation and amortisation	1,452	1,314	2,662
EBITDA post IFRS 16	<u>5,371</u>	<u>2,871</u>	<u>5,718</u>
Less: costs relating to IFRS 16 lease liabilities	<u>(943)</u>	<u>(778)</u>	<u>(1,737)</u>
EBITDA pre IFRS 16	<u>4,428</u>	<u>2,093</u>	<u>3,981</u>

### Note 7. Income tax expense

The tax charge for the six months ended 31 July 2021 is recognised based on management's estimate of the weighted average annual effective tax rate expected for the full financial year, adjusted for the tax impact of any discrete items arising in the period. Deferred tax balances are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and that are expected to apply in the period when the liability is settled or the asset realised.

In the March 2021 budget, the Chancellor of the Exchequer announced an increase to the standard rate of UK corporation tax from 19% to 25% from 1 April 2023. The impact on the half year due to the enacted change in the taxation rate is an increase in the opening deferred taxation liability by £82,000. This increases the effective taxation rate for the period by approximately 2%.

### Note 8. Intangibles

	Unaudited six months ended 2021 £'000	31 July 2020 £'000	Audited year ended 31 January 2021 £'000
<i>Non-current assets</i>			
Goodwill - at cost	5,802	5,802	5,802
Less: Impairment	(182)	(182)	(182)
	<u>5,620</u>	<u>5,620</u>	<u>5,620</u>
Software - at cost	1,274	945	1,104
Less: Accumulated amortisation	(676)	(313)	(473)
	<u>598</u>	<u>632</u>	<u>631</u>
	<u>6,218</u>	<u>6,252</u>	<u>6,251</u>

### Reconciliations

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

	Goodwill £'000	Software £'000	Total £'000
<b>Unaudited six months ended 31 July</b>			
Balance at 1 February 2021	5,620	631	6,251
Additions	-	170	170
Amortisation expense	-	(203)	(203)
Balance at 31 July 2021	<u>5,620</u>	<u>598</u>	<u>6,218</u>

### Note 9. Property, plant and equipment

	Unaudited six months ended 2021	31 July 2020	Audited year ended 31 January 2021
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	£'000	£'000	£'000
<i>Non-current assets</i>			
Land and buildings improvements - at cost	1,002	1,002	1,002
Less: Accumulated depreciation	<u>(295)</u>	<u>(313)</u>	<u>(287)</u>
	<u>707</u>	<u>689</u>	<u>715</u>
Plant and equipment - at cost	6,660	5,910	6,411
Less: Accumulated depreciation	<u>(2,041)</u>	<u>(1,326)</u>	<u>(1,685)</u>
	<u>4,619</u>	<u>4,584</u>	<u>4,726</u>
Motor vehicles - at cost	15	15	15
Less: Accumulated depreciation	<u>(9)</u>	<u>(6)</u>	<u>(8)</u>
	<u>6</u>	<u>9</u>	<u>7</u>
Computer equipment - at cost	1,326	1,093	1,271
Less: Accumulated depreciation	<u>(827)</u>	<u>(591)</u>	<u>(700)</u>
	<u>499</u>	<u>502</u>	<u>571</u>
	<u>5,831</u>	<u>5,784</u>	<u>6,019</u>

### Reconciliations

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

	Land and buildings improvements £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Tot: £'000
<b>Unaudited six months ended 31 July</b>					
Balance at 1 February 2021	715	4,726	7	571	6,019
Additions	-	249	-	55	304
Depreciation expense	<u>(8)</u>	<u>(356)</u>	<u>(1)</u>	<u>(127)</u>	<u>(492)</u>
Balance at 31 July 2021	<u>707</u>	<u>4,619</u>	<u>6</u>	<u>499</u>	<u>5,831</u>

### Note 10. Right-of-use assets

	Unaudited six months ended		Audited year
	2021	31 July 2020	ended 31 January 2021
	£'000	£'000	£'000
<i>Non-current assets</i>			
Land and buildings - right-of-use	15,235	13,752	15,003
Less: Accumulated depreciation	<u>(5,305)</u>	<u>(3,937)</u>	<u>(4,610)</u>
	<u>9,930</u>	<u>9,815</u>	<u>10,393</u>
Plant and equipment - right-of-use	575	575	575
Less: Accumulated depreciation	<u>(194)</u>	<u>(137)</u>	<u>(166)</u>
	<u>381</u>	<u>438</u>	<u>409</u>
Motor vehicles - right-of-use	269	254	269
Less: Accumulated depreciation	<u>(218)</u>	<u>(146)</u>	<u>(187)</u>
	<u>51</u>	<u>108</u>	<u>82</u>
Computer equipment - right-of-use	59	59	59
Less: Accumulated depreciation	<u>(36)</u>	<u>(31)</u>	<u>(33)</u>
	<u>23</u>	<u>28</u>	<u>26</u>
	<u>10,385</u>	<u>10,389</u>	<u>10,910</u>

### Reconciliations

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

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
<b>Unaudited six months ended 31 July</b>					
Balance at 1 February 2021	10,393	409	82	26	10,910
Additions	232	-	-	-	232
Depreciation expense	(695)	(28)	(31)	(3)	(757)
Balance at 31 July 2021	<u>9,930</u>	<u>381</u>	<u>51</u>	<u>23</u>	<u>10,385</u>

### Note 11. Trade and other payables

	Unaudited six months ended		Audited year
	2021	31 July 2020	ended 31 January 2021
	£'000	£'000	£'000
<i>Current liabilities</i>			
Trade payables	6,334	8,444	3,287
Accrued expenses	1,894	1,030	1,462
Refund liabilities	96	35	102
Social security and other taxes	1,097	2,240	537
Contingent consideration	-	50	-
Other payables	979	679	1,353
	<u>10,400</u>	<u>12,478</u>	<u>6,741</u>

### Note 12. Share capital

	2021	Unaudited six months ended 31 July		2020
	Shares	2020	2021	2020
		Shares	£'000	£'000
Ordinary shares of £0.01 each - fully paid	<u>77,267,304</u>	<u>77,267,304</u>	<u>773</u>	<u>773</u>

### Note 13. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

### Note 14. Contingent liabilities

The Group had no material contingent liabilities as at 31 July 2021, 31 January 2021 and 31 July 2020.

### Note 15. Earnings per share

	Unaudited six months ended 31 July 2021 £'000	Unaudited six months ended 31 July 2020 £'000	Audited year ended 31 January 2021 £'000
Profit after income tax attributable to the owners of Angling Direct PLC	<u>2,860</u>	<u>1,356</u>	<u>2,405</u>
	Number	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	77,267,304	67,172,185	72,226,957
Adjustments for calculation of diluted earnings per share:			
Options over ordinary shares	<u>970,610</u>	<u>-</u>	<u>1,049,867</u>

Weighted average number of ordinary shares used in calculating diluted earnings per share	78,237,914	67,172,185	73,276,824
	Pence	Pence	Pence
Basic earnings per share	3.70	2.02	3.33
Diluted earnings per share	3.65	2.02	3.28