11 May 2021

Angling Direct plc

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

Full Year Results

Delivering profitable growth in a year of significant strategic and operational progress

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 2021 (“FY21”).

Financial Highlights

- Group revenue increased 27.1% to £67.6m (FY20: £53.2m)
- Online sales up 39.9% to £35.3m (FY20: £25.2m), with international sales accounting for 12.4% of total online sales
- Retail store sales up 15.5% to £32.3m (FY20: £27.9m), despite impact of national lockdowns
- Gross profit of £23.1m, up 39.5% (FY20: £16.6m) with a 300bps improvement in gross margin to 34.2% (FY20: 31.2%), underpinned by more disciplined approach to pricing and inventory management
- Operating cashflow up 825% to £6.9m
- EBITDA (post IFRS 16) of £5.7m (FY20: £0.7m)
- Profit before tax of £2.6m, up 279% (FY20: (£1.5m loss))
- Basic earnings per share of 3.33p (FY20: (2.03p loss))
- Strong balance sheet with Group net cash of £15.0m at 31 January 2021

Operational Highlights

- Web platform upgrade delivering new and improved customer journey functionality across UK and international websites (.uk, .de, .fr, .nl)
- Online direct wage cost efficiency improvement of 240 bps to 3.6% of sales alongside distribution centre reconfiguration
- Four new stores opened (Warrington, Bristol, Northampton, Leicester) in strategically located, high density fishing catchments, bringing store estate total to 38 at period end (FY20: 34)
- Post period-end opening of new Redditch store (February) and Sittingbourne re-sited (April)
- Growing contribution from higher margin own brand *Advanta* range, representing 4.8% of total sales (FY20 2.8%)
- Became exclusive retail partner of Angling Trust’s Get Fishing campaign; at least two Angling Trust qualified fishing coaches now in each store
- Key hires within growth critical areas of Web development, Technology, Buying, Finance and Operations

Current Trading and Outlook

- Strong Q1 FY22 sales, up 54% on the prior year, reflecting closure periods in both years. Online sales up 42%, store sales up 75%
- Focused internationally on five key growth territories; Germany, France, Netherlands, Belgium and Austria
- Assuming no further lockdowns, the Group is well-placed to deliver profitable growth in revenues, albeit at a lower rate than the prior year as trading conditions and sales mix begin to normalise
- Financial guidance reinstated for FY22, on track to meet current year market expectations
- Cash at 30 April 2021 £15.5m
- Martyn Page to move from Executive Chairman to Non-Executive Chairman, Darren Bailey stepping down as Non-Executive Director at forthcoming Annual General Meeting

Andy Torrance, CEO of Angling Direct, said:
“In a year characterised by the unique challenges associated with the pandemic, I am extremely proud of the way our people responded to help deliver such a strong Group performance. We made great strides with our strategic and operational objectives, growing revenues both in the UK and key European territories, driving operational excellence across the business and delivering sustainable margin-accretive, profitable growth as part of our laser-focus on pricing and inventory management. As the health and wellbeing benefits of angling become more widely recognised and its popularity grows around the world, we are ideally positioned to fulfil our ambition of becoming Europe’s first choice omni-channel fishing tackle destination for all anglers, regardless of their experience or ability.

Having reopened our stores on 12 April and with the UK emerging from the pandemic, I am cautiously optimistic when I look to the future: the strong foundations we have put in place through 2020 will ensure the Group is able to take advantage of the numerous opportunities that will arise through the remainder of 2021 and beyond."

Analyst Webinar

A virtual meeting for sell-side analysts will be held at 09:30am (UK) today, 11 May 2021, the details of which can be obtained from FTI Consulting using the contact details below.

Investor presentation

Andy Torrance (CEO) and Steven Crowe (CFO) will provide a live presentation relating to the Full Year Results via the Investor Meet Company platform on Monday 17 May at 10.30am. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9.00am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Angling Direct 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.

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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 (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 38 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.

Chairman's Statement

Introduction and Board changes

I am pleased to present a successful performance, but I do so with somewhat mixed emotions as I reflect on the challenges that have impacted so many over the past year. As our year began COVID-19 was rocking the foundations of the world as we knew it, however we had no idea of the extent to which it might impact on lives and the wider global economy.

Since then, the dedication of so many frontline people, the commitment to lockdown measures and advances in treatment and vaccines has brought considerable hope that we are seeing the path to a new normal.

We started the year with risk analysis and prevention to protect our colleagues and customers, deferred non-essential costs, adopted COVID safe practices and secured additional funding by means of a Placing in June 2020, raising £5.1m net of costs.

Retail businesses have been affected to different degrees. Fortunately Angling Direct has a strong purpose, diversified selling model and enjoys an experiential culture, growing on the back of being serious about our customers' successful and enjoyable fishing experience. We operate in a specialist niche sector and one well known for its wellbeing and mental health benefits as a result of time spent outside beside the water. Whilst we experienced store and fishing closures in the year, demand and popularity of angling grew with annual fishing licence sales increasing by 17%, equivalent to more than 100,000 new licences in 2020.

During the store closure periods, our online business saw exceptional growth, which was helped by our flexible stocking system. Additionally, during the summer, the huge pent-up demand resulted in larger than usual sales volumes after our stores reopened.

Our Board also saw a number of changes in the year. Darren Bailey stepped down as CEO in February 2020 and was appointed as a Non-Executive Director. Darren has now notified the Board of his intention to step down as a Non-Executive Director to take effect as at the close of the Company's forthcoming Annual General Meeting. Darren's contribution to the growth and success of the Company has been immeasurable and I offer my heartfelt thanks for everything he has done.

Andy Torrance became our new CEO (from his role as a Non-Executive Director) and Dilys Maltby joined as a Non-Executive Director in February 2020. In January 2020 we also appointed Steve Crowe as our new CFO. At the time I was confident that the variety and depth of experience provided by these appointments would prove invaluable during our next phases of growth, and I am pleased with the progress that has been delivered to date.

Our new Board members were immediately faced with the pandemic in addition to onboarding and learning the intricacies of the business, its processes and culture and its strengths and weaknesses. A 'baptism of fire' which they rose to and surpassed with exceptional efficiency whilst demonstrating a compassion for colleagues and customers. I am so very pleased to offer my gratitude and thanks for their commitment, dedication, and passion.

Financial performance

Despite COVID-19 the Group exceeded its growth forecast and achieved record revenue of £67.6m, up 27.1% (2020: £53.2m). Whilst our retail stores were affected by lockdowns throughout the year, our online sales grew by 39.9% to £35.3m (2020: £25.2m). Pleasingly, and as a result of our planning and drive for efficiency, the Group returned to profitability in the year, delivering a post-tax profit of £2.4m and a 300bps improvement in Gross margin to 34.2%. As a result of the share placing, our cost saving measures and strong cash generation, the Group ended the year with a strong balance sheet with net cash of £15.0m at 31 January 2021.

Operational progress

It is important to periodically strengthen pillars and build new platforms to provide capacity and functionality to support the next growth cycle. Prior to IPO we did that to enable the Group to grow to meet its 5 year £50m revenue target. We achieved this in just 3 years enabling us to make step changes operationally to embark on and support the next stage of our growth strategy. As such, despite COVID-19, we stayed focused on our strategic objectives; strengthening the Board, and reviewing operational processes to enable the Company to move strongly towards its future ambitions.

We thoroughly reviewed financial, purchasing and sales process efficiencies, including placing a big emphasis on margin and cash retention. We cut stock shrinkage and discounting and increased distribution efficiencies and capacity. We evaluated labour to turnover ratios and implemented best practices and processes to improve efficiency and provide store colleagues with more time for our customers. We implemented a customer segmented category management process to ensure that we buy the right product at the best prices, covering the various fishing disciplines and angling abilities. We also continued our online technology development to obtain benefits from ongoing in-house improvements following upgrades to our web platform, a key driver in our European strategy.

Whilst COVID-19 prevention was a major logistical exercise, we successfully introduced 'safe practice' processes in all our premises to ensure best possible protection for our colleagues and customers. We also opened four new stores and refurbished others, constantly aiming to improve our reach and exceed customers' expectations.

Change in market dynamics through 2021

Instore retailing has faced significant challenges in recent years and lockdown restrictions have acted as a further catalyst rapidly accelerating the trend towards online sales.

Fortunately, we operate in a specialist niche sector with stores based in destination locations that have proved more adaptable during lockdowns. Customers want to buy our broad range of products to facilitate the sport they love. Our unrivalled range of products allows us to offer the opportunity, supported by an experienced team, for customers to see, feel, buy and immerse themselves in their passion whether they are beginners or seasoned experts.

Additionally, our omni-channel strategy of operating the best stores and websites seamlessly together within our sector paid dividends as our online operation handled significant demand increases during the periods our stores were closed, supported by our flexible stocking policy.

The large pent-up demand built up whilst fishing was prohibited released with a flood of business from mid-June when stores reopened, whilst our online business continued to grow at pace. This proved that demand for well-located physical experiential stores, manned by trained enthusiastic colleagues, remains strong in our sector.

The large increase in fishing's popularity as a low cost activity with multiple well-being benefits attracted many new anglers to the sport which in turn, brought, we believe, the first real increase in licence sales for several years.

Maintaining consistent product availability with many suppliers closed for periods and shipping delays from China presented challenges, but we foresaw this risk with the increase in our available cash helping the Group to secure good stocks of the product available. Brand shortages also benefited our own higher margin *Advanta* own brand sales.

People and community

Supporting people and communities is one of our key strategic pillars and we focus on the role the Group plays, aiming to not just enhance the lives of anglers and colleagues, but also to have a positive impact on our suppliers, shareholders, local communities, the wider society and environment.

We have an incredible team of colleagues sharing our vision and passion to deliver the very best experience to all our customers. Our ambition is to be the best employer in our sector, caring for our colleagues' wellbeing and fulfillment. Our people are core to our culture and to delivering our purpose and I am grateful to them for their tremendous contributions and dedication, particularly during these times.

"There are two distinct visits to tackle shops, the visit to buy tackle and the visit which may be described as Platonic when, being for some reason unable to fish, we look for an excuse to go in, and waste the tackle dealer's time" Arthur Ransome

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. In addition to our own direct initiatives, we have teamed up with the Angling Trust and their "Get fishing" campaign. We endorse evidence that fishing is a great way to improve all round well-being and we support bodies set up to encourage those with disabilities, of any kind, to benefit from fishing.

Looking ahead

In conclusion, it has been a year of great difficulty and sadness for the whole world and we are aware and respectful that Angling Direct has been more fortunate than many. We have faced challenges, arising from the pandemic and at a time that coincided with the first ever major changes to our Board. What stands out is the way the whole Board, new and old, rose to those challenges and has melded together into an efficient, passionate, and caring team.

As already mentioned, I am delighted at the way the new Executive Board members have on-boarded in such an efficient and seamless fashion despite the exceptional challenges of the last year. This has given me total confidence in their ability to ensure the Company continues to grow in accordance with our purpose and ambition, so much so that I have decided to seek re-appointment at the Company's forthcoming Annual General Meeting in the reduced role of Non-Executive rather than Executive Chairman.

As we head into the summer, our stores have been open since 12 April and anglers are returning to the waterside as virus infections thankfully reduce. This gives me increased confidence to look forward with measured optimism, as we adjust to the new normal. I have confidence in the strength and experience of our team, our determination and passion for this special sector. Coupling this with a strong balance sheet, good stock depth, solid operations, platform and processes for growth, I believe the Angling Direct brand remains exceptionally well placed to continue to deliver on its founding ethos and purpose.

Martyn Page
Executive Chairman
11 May 2021

Chief Executive's Review

Introduction

FY21 was an unprecedented year on a number of fronts, presenting unexpected challenges well beyond anyone's existing experience. Our business model and organisational resilience has been thoroughly tested. I'm very pleased to report that not only has our amazing team been able to maintain our strong sales record, with total sales increasing by 27.1%, but they have also risen to the challenge and ensured that we made solid strategic progress to strengthen the Group for our next phase of growth. I would like to thank all my colleagues for their exceptional commitment, spirited resilience, and adaptability during this year.

As the UK market leader Angling Direct is uniquely placed to deliver further profitable growth within the thriving European fishing tackle market as an increasing number of people of all ages discover the restorative pleasure, challenge and wellbeing benefits of angling.

This is my first full financial year as CEO having moved into the role from Non-Executive Director in February 2020. Our ambition in this period was to continue to grow market share both in the UK and Europe, whilst also strengthening the Group to optimise core business return and achieve its strategic objectives. As well as driving growth across all UK and key European channels and ensuring operational efficiency, we set out to protect and improve our profit margins, ensuring that our investments generate an increasingly appropriate and sustainable return for all stakeholders.

Investments in warehousing automation, capacity and operating processes allowed our colleagues to safely continue to provide an excellent service to our growing customer base throughout the year. Our upgraded online platform enabled online sales growth of 39.9%, accounting for 52% of total revenue. This has been a year that was characterised by three significant periods of forced nationwide store closures, along with other localised periods of retail restrictions and social distancing. Over 30% of store trading days were lost to closure in the year. Despite this backdrop, as a result of call and collect and sustained customer demand in open periods, store revenues grew by 15.5%, including £2.2m sales from the four new stores that were opened in the year.

Our revised trading approach, promoting all that Angling Direct has to offer, coupled with a more disciplined approach to pricing and inventory management meant a 300bps improvement in gross margin and a 39.5% gross profit improvement on the prior year to £23.1m. Consequently, profit before tax moved to a positive position and improved 279% against FY20. Strong trading and improved working capital disciplines meant operating cashflow improved by 825% to £6.9m.

We are slowly emerging from an extraordinary period of pandemic disruption and Brexit uncertainty. Whilst the impacts are still being felt and some degree of uncertainty remains, I am pleased that we have remained focused on the clear areas of opportunity for Angling Direct. We have emerged as a much stronger business as a result of the actions we have taken in the past year. I am confident that the investments we will continue to make going forward mean that we are well positioned to get even more people out fishing and continue to deliver sustainable, profitable growth.

Business review

Strategic progress in an unprecedented year

We set out at the beginning of the period to optimise our core business return whilst also seeking further growth opportunities. Our initial focus has been on driving operational excellence, improving return on capital, and improving our customers' experience whichever sales channel they choose.

Operational excellence

Our recently upgraded web platform has driven increased site speed and allowed our customers to experience improvements across the search, recommendation, bought with, reserve and collect and checkout functions. We will shortly be introducing a mobile app and further search improvement. Despite the huge increase in site traffic and browsing during the various lockdowns, our conversion rate held at 5.9% in the UK. Average basket values across the whole business also improved, returning to FY19 levels as we reduced blanket promotional activity and sought to balance conversion and customer repeat frequency.

We have refocused our trading stance to promote not only our everyday price competitiveness but also to highlight the breadth of our ranges, including *Advanta*, the quality of our service and customer inspiration. This has resulted in significantly less discounting, more targeted sell through of products and reduced margin erosion.

We invested significant time and resource to ensure that all our colleagues were able to operate within COVID-19 safe working guidelines in order to minimise disruption to our customers. In the distribution centre we utilised 24/7 shift patterns, recruited extra colleagues and flexed our customer promise appropriately. This, combined with increased utilisation of our Kardex sortation system and newly established operating procedures meant we achieved a record online revenue week of £1.1m in late June and improved labour cost distribution efficiency by 240 bps, to 3.6% for the full year.

Through the winter we reconfigured our warehouse to increase pallet capacity by 80%, streamlined goods in and increased packing bench capacity. This is crucial to achieve our own brand *Advanta* sales ambition as well as increasing capacity for future growth.

We have reviewed, and evolved our shrinkage management processes both instore and online, which has resulted in a reduction in stock loss leading to margin accretion of c.50 bps.

Store colleague rotas have been re-aligned to improve our instore experience, match customer demand and drive conversion. Legacy payroll cost anomalies largely associated with previous acquisitions have been resolved.

Whilst being increasingly selective, our target new store locations are becoming increasingly clearer as we match potential sales volumes from licence sales data set against more optimised ranging and colleague costs.

Return on capital

Significant stock investment early in the year in our-own brand *Advanta* range has improved product availability, under pinned our range authority and allowed us to increase participation of this range to 4.8% (£3.2m sales) of total sales. This has further contributed to overall margin growth. We intend to develop this range, improve marketing and further increase participation by investing further in our team of *Advanta* dedicated colleagues as well as range and packaging development.

We moved quickly at the onset of the pandemic to engage with suppliers, using our long-established relationships to safeguard stock availability whilst optimising our cash position. We focused on deepening investment in more popular lines, whilst proactively seeking improved stock turn of slower selling products by focusing promotional activity on long stocks and discontinued lines. As a result of these actions, stock turn in the year improved to 3.6x from 2.8x in the prior year.

During lockdown store closures we opportunistically utilised our store network to protect online stock availability for our customers. More recently we have begun to open our store stock files to allow direct to customer online fulfilment, improving customer conversion and further optimising stock turn.

We have increased scrutiny and oversight of all new expenditure including new store site selection. We have revised our processes and have much improved visibility of our cashflows, allowing better planning and opportunistic stock investment.

In addition, we raised £5.1m net of costs from existing shareholders at a time when the extent and impacts of the pandemic were less well understood. This additional financing has subsequently given the Board confidence to continue to invest in the business and drive margin accretive growth.

New growth opportunities – Customer segmentation

We have established a new customer-focused category management ranging approach by investing in our buying and purchasing structures and processes. We are focused on five major fishing disciplines, Carp, Coarse, Predator, Sea and Game. Aligned with our ambition to make angling accessible to everyone we are now organised and focused upon developing ranges within these key disciplines that will appeal to beginners, generalists, enthusiasts and the truly committed. 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.

New growth opportunities - Digital capability

We 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 even when our stores have been closed.

Our web team has developed and progressively deployed new customer journey functionality as a result of our web platform upgrade to Magento 2. Visitors have experienced improved site speed, newly designed landing pages, optimised search, eGiftcards, product recommendations and video content. Conversion rates in the UK remained above 5.9% in the context of an increase of 50% increase in site visitors. Our proactive online marketing investment throughout the phases of COVID-19 trading restrictions gave a return on advertising spend in the UK of 16.6x, an increase of 27% over the prior year.

New growth opportunities – Store catchments

We opened four new retail stores during the period in Warrington (February), Bristol (June), Northampton (July) and Leicester (September). We have made good progress developing our sea fishing ranges based upon an extended offering within the Bristol store. This continues to allow us to capitalise upon the growth in popularity of sea/beach fishing given increased staycation during the summer months. The Leicester store allowed us to trial the early outputs of our category management thinking with significant improvements in ranging, messaging, and ease of shopping.

We have refined our UK store property search and investment modelling bringing the total portfolio at the end of FY21 to 38 stores. Location-wise, we remain focused on the concentration of fishing licence sales as well as our local competitive profile. Our new property investment model ensures any new site is targeted with delivering appropriate returns within a minimum acceptable time. It remains to be seen how the continued demise of premium High Street retail space impacts upon the cost and availability of our target destination locations and we continue to monitor developments closely.

New growth opportunities - International

Internationally we have carried out an in-depth review of our existing business (in FY20 over 34,000 customers across 34 territories). Early on we took the decision to focus on those markets that offered the most attractive, sustainable and profitable growth, most closely aligned to our core fishing disciplines. We have therefore ceased trading with international agents and in territories where carriage costs and VAT regimes prohibit any near-term value opportunity. As a result, our international sales outside of the native language countries reduced in the year by £1.4m but delivered improved profitability from this channel of c.£0.2m.

We now despatch to over 16 countries in European markets estimated to be valued in excess of £2.8bn via our UK website and three growing native language sites (German, French and Dutch). We are clear in our strategy that we will only make material market share gains when we are able to fully engage anglers locally. We have chosen therefore to concentrate our effort in five key territories, namely Germany, France, Netherlands, Belgium and Austria, a combined market we estimate to amount to up to £1.9bn. We believe it's vital for customer engagement that we have in-region native language websites, complemented with locally tailored ranges, local marketing and social media engagement. We ensure that our three international sites (German, French and Dutch) replicate our UK platform in terms of functionality.

The UK finally leaving the EU impacted our international business towards the end of the period. We have absorbed additional customs administration charges by managing our free carriage proposition. Significant disruption at various borders continues to impact on service levels and has inevitably dented international consumers' confidence. We continue to work with the Angling Trust and Angling Trades Association to lobby for a change in administration which effectively stops us despatching bait into the EU because of its characterisation as animal feed. Despite this we remain confident that our business model and brand strength leave us ideally positioned to increase share in our chosen overseas markets over the medium term.

As the focus of the Executive team has moved on from direct management of the pandemic the business has been able to accelerate its pace of exploring options for in region fulfilment to enhance customer engagement and accelerate market share gains while improving fulfilment efficiency.

Organisational capability

As well as investing in additional experienced colleagues within our new Category Management team we have made key hires within other growth critical areas namely Web development, Technology, Finance and Operations.

We have made prudent investments to ensure resilience, stability, security and growth capacity within our server provision for both our Epicor ERP and Magento web platform.

Our colleagues and our role in the community

Our colleagues are the face of Angling Direct to retail 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. In order to maintain our unique teams during lockdown store closure periods, we topped up furlough payments to protect our colleagues' income, we increased our all colleague annual Christmas bonus as a thank you and each team member now takes an additional 'Gone Fishing' day as an increase to their annual leave to focus on their own well-being.

We're delighted to have further developed our relationship with the Angling Trust. We are now the exclusive retail sponsors of its Get Fishing campaign, designed to attract new and returning anglers through a bankside coaching programme to improve angling skills. We have co-funded the training of over 80 Angling Direct colleagues as certified angling coaches who, as well as advising customers in store, will also support Get Fishing events nationwide. These events are designed to reach nearly 40,000 new anglers, each a prospective new customer for Angling Direct. We're delighted to have donated both fishing equipment and our store colleagues time to support Tackling Minds, the first charity to deliver angling as an activity in support of an NHS initiative to prescribe fishing as a new mental health therapy.

Having reviewed our social media channels in the year, we've launched Team AD, a fresh, new, more inclusive approach to our market leading social media reach that features various colleagues of a broad range of ages, genders, fishing abilities and disciplines, designed to appeal to an ever more diverse customer base. We plan to evolve this concept into our stores to further engage local fishing communities who will increasingly see Angling Direct as an extension of their angling clubs.

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

During the year we have made significant strategic and operational progress, which was reflected in the continued strong sales growth, gross margin improvements and enhanced operational efficiencies. The popularity of fishing around the world has grown during the pandemic, as has spending on angling, and we have never been better placed to gain further profitable market share.

Some uncertainties clearly remain as we start to emerge from the pandemic but through quick and decisive actions taken in this last year, the loyal support of our customers and suppliers, along with the dedication of our colleagues, we emerge with renewed strength and confidence. Again, I would like to thank all our stakeholders for the role they have and continue to play in our ongoing success.

We continue to invest organically alongside evaluating appropriate inorganic growth initiatives to achieve our ambition to become Europe's first choice omni-channel fishing tackle destination. In the year ahead we will particularly focus on efficient international fulfilment within our key target territories. 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.

Developing a contemporary category management capability, appropriately evolving our own brand ranges and modernising our store formats will enable us to continue to protect and improve sales margins while growing market share.

We are actively working to deepen our sense of purpose, building on our founding philosophies to Get Everyone Out 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.

Having reopened our stores on 12 April and with the UK emerging from the pandemic, I am cautiously optimistic when I look to the future: the strong foundations we have put in place through 2020 will ensure the Group is able to take advantage of the numerous opportunities that will arise through the remainder of 2021 and beyond.

Andy Torrance
Chief Executive Officer
11 May 2021

Chief Financial Officer's Review

Our focus at the start of the financial year was to continue to generate solid revenue growth while materially improving the profitability of the business through leveraging the previous investments made in both the online business and store portfolio. Whilst the onset of the COVID-19 pandemic initially challenged this ambition, as social and trading restrictions became further understood the Executive team recommitted to this objective of not letting FY21 become a stall year in the Group's strategic and financial progression. As a result of this focus, the Group has delivered on this objective with a resilient financial performance, moving back to profit alongside improved cash generation and a more robust and resilient balance sheet.

Financial highlights

In FY21 the Group continued to generate strong revenue growth. The pace of growth in the online business increased 3-fold to 40%, influenced by the backdrop of COVID-19 impacting physical store trading restrictions.

FY21 saw an increasing emphasis on margin development through greater focus on stock losses (shrinkage) and effective promotional activity. Alongside the focus on these areas, the Group made significant progress in leveraging previous investments in its distribution capability, Kardex (semi-automated picking system), Epicor ERP and Magento 2 website development. During the period, the Group was also able to access government support in the form of the Coronavirus Job Retention Scheme ("CJRS") and Retail Hospitality & Leisure Grant Fund ("RHLGF") to compensate the Group for costs incurred when it was unable to trade across all channels. Profit after tax was £2.4m (FY20: loss £1.3m).

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.

Note 5 to the consolidated financial statements 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

	2021 Post-IFRS 16	2021 Pre-IFRS 16	2020 Post-IFRS 16	2020 Pre-IFRS 16	Change % Post-IFRS 16	Change % Pre-IFRS 16
Revenue (£m)	67.6	67.6	53.2	53.2	27.1%	27.1%
EBITDA (£m)	5.7	4.0	0.7	(0.5)	767.7%	958.0%
Operating profit / (loss) (£m)	3.1	2.7	(1.2)	(1.3)	348.9%	310.9%
Profit / (loss) before tax (£m)	2.6	2.7	(1.5)	(1.2)	278.8%	321.8%
Basic earnings per share (pence)	3.33		(2.03)		264.0%	

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 record year for revenue

Revenue grew 27.1% year on year with online sales increasing 39.9% and stores 15.5% in comparison to 13.6% and 41.3% respectively in FY20. UK online sales increased 61.5%, with the Group's native language website sites increasing 35.0%. The second half of FY21 proved more challenging for the native language sites with growth slowing to 20.0% from

50.7% in the first half, as the Brexit ports hiatus impacted customer delivery lead times and hence conversion of online traffic into orders.

Revenue	**31 January 2021 £m**	**31 January 2020 £m**
UK Revenue	63.2	48.2
Germany, France and Netherlands revenue	2.9	2.1
Other countries revenue	1.5	2.9
	67.6	53.2
Retail stores revenue	32.3	27.9
Ecommerce revenue	35.3	25.3
	67.6	53.2

The Group continues to focus on its online sales to international territories that deliver both strong sales growth and promising levels of profitability. Our international footprint is predominantly in mainland Europe and these international sales accounted for 12.4% of total online sales (FY20: 19.9%). Our German, French and Dutch websites, which make up the Group's core European markets, increased sales to these countries by 28.7%, 39.1% and 44.1% respectively. These three territories now represent 65.6% of total international sales (FY20: 42.3%). Our exit from the unprofitable Russian territory reduced sales by £0.6m year on year.

Stores were impacted by trading restrictions at a number of junctures during the financial year; despite this like-for-like store sales only modestly decreased by 7.7%. The increase in store sales was from our ten FY20 stores and the four new store openings in FY21 which contributed £10.2m (15.1%) to total revenue.

Our own brand products *Advanta* contributed 4.8% (FY20 2.8%) of total sales, £3.2m, during the year (FY20: £1.5m).

Gross margin

Our gross profit increased by 39.5% to £23.1m (FY20: £16.6m). Gross margin improved 300 bps to 34.2% (FY20: 31.2%) and the key underlying factors are explained below:

Legacy inventories

The new Executive team promoted excellence in thinking about how we range and buy ahead of fully implementing the strategic initiative of "category management" in late Q4 FY21. This alongside, as my financial report highlighted in FY20, clearing of legacy stock from acquired businesses, materially improved gross margin in the year.

Inventory losses

I highlighted in my first CFO statement in FY20 the historical challenges identified with the inventory management processes and resulting stock shrinkage which impacted margins during FY20. An increased emphasis on loss prevention alongside a new returns and faulty stock process in Q4 has substantially improved the impact of shrinkage on the Group. We expect to see further benefit of these investments in FY22.

Promotional activity

Historically the Group has relied upon blanket promotional and customer marketing activity. In FY21, as the Group became more confident in the development of its wider customer proposition, these blanket activities have been substantially reduced, materially benefiting the gross margin while maintaining revenue growth.

Category management range reviews

As I have highlighted above, in Q4 FY21 the Group formally implemented its category management approach to ranging and buying. As part of this launch a number of product lines have been identified, which it is highly probable will be exited from the business during FY22. In order to potentially exit these ranges quickly, it is also highly probable these identified ranges will be sold below their cost price. As a result, the FY21 results reflect this cost through a reduction in the inventory values for these stock lines.

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 £1.5m of support, £0.6m for RHLGF and £0.9m for CJRS. The Group claimed no CJRS monies post Q3 FY21 as the uncertain trading restrictions resulted in the Group using colleague time to re-train and embed process disciplines where appropriate.

Administrative expenses

Total administrative expenses increased by 23.3% to £18.2m (FY20: £14.7m) compared to a 27.1% 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 21.6% to £10.1m (FY20: £8.3m). The additional depreciation and amortisation charged mainly relates to new store leased assets which increased to £2.7m (FY20: £1.9m). In addition, increased investment in search engine optimisation and pay per click activity to boost UK online sales growth and further establish native language websites in three territories has resulted in a 41.7% increase in advertising expenses to £1.7m (FY20: £1.2m).

Operating profit and EBITDA

The Group moved back to profit at the profit before tax level with the ratio to sales improving from (2.8%) FY20 to 3.9%, gross margin representing 3% of the movement, cost base 1.5% and government support 2.2%. EBITDA improved 768% to £5.7m (FY20: £0.7m), as a ratio of sales 8.5% (FY20 1.2%) and on a pre IFRS 16 basis 958% to £4.0m (FY20: loss £0.5m), as a ratio of sales 5.9% (FY20: -0.9%).

Tax

The Group’s effective tax rate was 9.1% (FY20: 11.5%). A reconciliation of the expected tax charge at the standard rate to the actual charge is shown below. All of 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. 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. Tax relief for the exercised EMI options in the year benefitted the tax charge as no profit charge had been made for these based on their fair value at date of exercise pre floatation. The tax charge also benefited in the year as previously unrecognised losses and increased prior year losses were able to offset current year taxable profits.

Taxation	£m	%
Profit before tax	2.6	
Expected tax at UK standard rate of tax	0.5	19.0%
Share based payments	(0.2)	(6.1%)
Expenses not deductible for tax purposes	0.0	0.5%
Adjustments in respect of previous years tax charge	(0.1)	(4.1%)
Effect of tax rate change on opening deferred tax balances	(0.0)	(0.2%)
Actual charge / effective tax rate	0.2	9.1%

Returns and dividends

Basic earnings per share (‘EPS’) is 3.33p (FY20: (2.03p loss)) as a result of the Group returning to a profit after tax for the period. 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. As discussed in the Directors’ report, the Group is focused on carefully navigating COVID-19 and it is reinvesting 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 2021. The dividend policy will be kept under review.

Financial impact of COVID-19

The impact of COVID-19 has resulted in significant uncertainty during the period and had a significant and unpredictable impact on each of our sales channels.

To mitigate the impact of reduced revenue early in the pandemic action was taken to preserve cash and reduce operating costs to protect earnings and liquidity. Measures taken included, but were not limited to, access to CJRS, deferment of VAT payments, increased supplier terms and reduction in capital expenditure and non-essential spend.

Statement of financial position

Our consolidated statement of financial position is robust. As at 31 January 2021 the Group had a net asset position of £33.1m (FY20: £25.5m) and a net current asset position of £20.2m (FY20: £12.8m).

The Group also had no external borrowing as at the reporting date and closed FY21 with a cash and cash equivalents position of £15.0m (FY20: £6.0m). Net debt* improved to (£3.9m) from £4.5m FY20 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 below shows the key components with the key movements of note being reduction in inventory levels despite having four new stores in the estate as well as also building up our own branded stock, *Advanta.* Stock turn for the Group improved to 3.6x from 2.8x despite being unable to fully trade the store estate for over 1/3 of the annual trading days.

Right of use assets have grown modestly as we introduced four new stores into the estate, the increase largely off-set by a corresponding increase in the lease liabilities. Additional investment in our software and IT platforms of £338k was off-set 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 2021 £m**	**31 January 2020 £m**
Property, plant and equipment	6.0	5.6
IFRS 16 Right-of-use assets	10.9	10.5
Intangible assets	6.3	6.2
Total non-current assets	23.2	22.3
Stock	12.5	13.4
Cash	15.0	6.0
Other current assets	0.8	1.0
Total current assets	28.3	20.4
Trade payables	(6.7)	(6.4)
Lease liabilities	(1.4)	(1.2)
Other current liabilities	-	(0.0)
Total current liabilities	(8.1)	(7.6)
Lease liabilities	(9.8)	(9.3)
Other non-current liabilities	(0.5)	(0.3)
Total non-current liabilities	(10.3)	(9.6)
Net assets	33.1	25.5

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

Cash flow and funding

During FY21 the Group improved the net cash used in operating activities to a £6.9m inflow (FY20: £1.0m outflow). Throughout the year the new Executive team has increased the focus on working capital and operating cash management, particularly in light of trading restrictions challenges with stock availability and certainty of supplier fulfilment dates.

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 £1.4m on additional property plant and equipment, primarily relating to opening four new stores and fully refurbishing two existing stores. The £1.4m additionally includes £0.1m reconfiguring the distribution centre to increase its capacity by c80%.

In the first half of FY21 the Group issued 11m new ordinary shares of 1p each raising £5.5m in gross proceeds. The placing was done at a time during the pandemic to provide further balance sheet strength for the business against the backdrop of a hugely uncertain trading environment. The placing ensured the Group had sufficient working capital to trade in the short term, as well as providing potential sources of capital for medium term expansion of the business. Given the strong trading during FY21 and the Group's robust financial position, the Board is deploying this cash on growth initiatives as we emerge from the pandemic. Net of costs the cash inflow was £5.1m.

Excluding the share placing the cash generation for the period was £3.9m with operating cash 2.3x investing and financing cash flows (excluding share placing) v (0.14x) in FY20.

Cash flow	**31 January 2021 £m**	**31 January 2020 £m**
Opening cash	6.0	13.5
Profit / (loss) for year	2.6	(1.5)
Movement in working capital	1.5	(1.5)
Depreciation and amortisation	2.7	1.9
Taxation refund	-	0.0
Other operating adjustments	0.1	0.1
Net cash from operating activities	6.9	(1.0)
Net cash from investing activities	(1.8)	(5.4)
Net cash from financing activities	3.9	(1.1)
Increase in cash in year	9.0	(7.5)
Closing cash	15.0	6.0

During the reporting period the Group had secured a short-term credit facility of £2.5m from NatWest with an expiry date of September 2020 to manage cash flow through the initial period of high uncertainty at the onset of the pandemic. This facility expired undrawn and had no financial covenants associated with its availability. During the period, the Group took the opportunity to defer VAT payments in line with HMRC guidance. By the period end all VAT payments had been made on the respective due dates.

Going concern and viability

At the Statement of Financial Position date, the Group had cash balances of £15.0m. The Directors consider the £15.0m enables them to meet all current liabilities as they fall due. Since the year end the Group has continued to trade in line with internal plans upon which this assessment has been made.

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	**2021 Post-IFRS 16**	**2021 Pre-IFRS 16**	**2019 Post-IFRS 16**	**2019 Pre-IFRS 16**	**CAGR % Post-IFRS 16**	**CAGR % Pre-IFRS 16**
Revenue (£m)	67.6	67.6	42.0	42.0	26.8%	26.8%

EBITDA (£m)	5.7	4.0	1.1	0.3	127.3%	245.8 %
Profit before tax (£m)	2.6	2.7	(0.4)	(0.3)		
EPS (pence)	3.33		(0.76)	(0.55)		

FY22 outlook

FY21 was characterised by unprecedented trading conditions, condensing store trading periods and associated sales alongside strong online growth, which helped accelerate the execution of our strategic plan. In addition to an improvement in gross margins, we also benefited from significant levels of financial assistance from UK Government which further benefitted Group net margins, alongside our plan to deliver sustained operational efficiencies.

We started FY22 with further enforced store closures for much of the first quarter. Uncertainties around our Far East supply chain and further post-Brexit trading restrictions also persist, in particular affecting our mainland European markets. Using our strong balance sheet, the Group has pre-emptively increased stock levels since the period end to mitigate any further supply chain disruption and product availability, allowing both our online and store operations to continue to trade effectively.

Following an exceptional period and emerging from the pandemic, some uncertainty remains, however, 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 profitable growth in revenues, albeit it is reasonable to expect that this will be at a lower rate than the prior year as trading conditions and sales mix begin to normalise.

The measures taken by the Group to drive continued gross margin enhancement and the more efficient cost base that will underpin this growth are also now well established. The Group took further financial assistance from UK Government during the first quarter of FY22 but, on the basis that there are no further national lockdowns, we expect much lower income from this source in the current year compared with FY21 We expect that the consequential impact on profitability will be partially mitigated by further underlying operational efficiency improvements.

Outside of COVID-19 we have continued to focus on building disciplined financial controls, achieving operational excellence, strengthening corporate governance, maintaining the robustness of the statement of financial position and capitalising on the renaissance of fishing as a pastime and our improved and evolving online and store customer offerings.

Steven Crowe
Chief Financial Officer
11 May 2021

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 January 2021

	Note	2021 £'000	Consolidated 2020 £'000
Revenue from contracts with customers	*3*	67,581	53,181
Cost of sales of goods	*6*	(44,458)	(36,601)
Gross profit		23,123	16,580
Other income	*4*	1,540	-
Interest revenue calculated using the effective interest method		24	73
Expenses			
Administrative expenses	*6*	(18,183)	(14,747)
Distribution expenses		(3,424)	(3,061)
Finance costs		(434)	(325)
Profit/(loss) before income tax (expense)/benefit		2,646	(1,480)
Income tax (expense)/benefit	*8*	(241)	170
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Angling Direct PLC		2,405	(1,310)
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	(1,310)
		Pence	**Pence**
Basic earnings per share	*22*	3.33	(2.03)
Diluted earnings per share	*22*	3.28	(2.03)

Consolidated statement of financial position
As at 31 January 2021

	Note	2021 £'000	Consolidated 2020 £'000
Non-current assets			
Intangibles	*9*	6,251	6,216
Property, plant and equipment	*10*	6,019	5,593
Right-of-use assets	*11*	10,910	10,480
Total non-current assets		23,180	22,289
Current assets			
Inventories	*12*	12,481	13,453
Trade and other receivables	*13*	623	509
Prepayments		245	474
Cash and cash equivalents		14,996	5,978
Total current assets		28,345	20,414
Current liabilities			
Trade and other payables	*14*	6,741	6,430
Lease liabilities	*15*	1,358	1,182
Income tax		-	17
Total current liabilities		8,099	7,629
Net current assets		20,246	12,785
Total assets less current liabilities		43,426	35,074
Non-current liabilities			
Lease liabilities		9,773	9,334
Restoration provision	*16*	277	249
Deferred tax	*17*	258	-
Total non-current liabilities		10,308	9,583

Net assets		33,118	25,491
Equity			
Share capital	*18*	773	646
Share premium	*19*	31,037	26,017
Reserves	*20*	75	-
Retained profits/(accumulated losses)		1,233	(1,172)
Total equity		33,118	25,491

Consolidated statement of changes in equity
For the year ended 31 January 2021

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

Consolidated	Share capital	Share premium account	Share-based payment reserve	Retained profits	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 February 2020	646	26,017	-	(1,172)	25,491
Profit after income tax expense for the year	-	-	-	2,405	2,405
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,405	2,405
Transactions with owners in their capacity as owners:					
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 statement of cash flows
For the year ended 31 January 2021

Cash flows from operating activities

		Consolidated
	2021	**2020**
	£'000	**£'000**
Profit/(loss) before income tax (expense)/benefit for the year	2,646	(1,480)
Adjustments for:		
Depreciation and amortisation	2,662	1,887
Share-based payments	75	-
Net movement in provisions	18	81
Interest received	(24)	(70)
Interest and other finance costs	434	325
	5,811	743
Change in operating assets and liabilities:		
Increase in trade and other receivables	(114)	(143)
Decrease/(increase) in inventories	972	(2,678)
Decrease/(increase) in prepayments	229	(152)
Increase in trade and other payables	407	1,552
Decrease in other provisions	-	(73)
	7,305	(751)
Interest received	24	70
Interest and other finance costs	(424)	(325)
Income taxes refunded	-	53
Net cash from/(used in) operating activities	6,905	(953)

Cash flows from investing activities

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

Payments for property, plant and equipment	(1,382)	(2,474)
Payments for intangibles	(338)	(501)
Payment of contingent consideration	(48)	-
Net cash used in investing activities	(1,768)	(5,450)
Cash flows from financing activities		
Proceeds from issue of shares and premium	5,147	-
Repayment of lease liabilities	(1,266)	(1,160)
Net cash from/(used in) financing activities	3,881	(1,160)
Net increase/(decrease) in cash and cash equivalents	9,018	(7,563)
Cash and cash equivalents at the beginning of the financial year	5,978	13,541
Cash and cash equivalents at the end of the financial year	14,996	5,978

Notes to the consolidated financial statements
31 January 2021

1. Basis of preparation

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

The financial information set out above does not constitute the company's statutory accounts for 2021 or 2020. Statutory accounts for the years ended 31 January 2021 and 31 January 2020 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 January 2020 was unqualified, but did contain a material uncertainty in respect of going concern and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. For the year ended 31 January 2021 their report is unqualified,

Statutory accounts for the year ended 31 January 2020 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 January 2021 will be delivered to the Registrar in due course.

2. Going concern including liquidity

In the light of the ongoing COVID-19 pandemic, Management has considered whether any adjustments are required to reported amounts in the financial statements. As at the 31 January 2021 reporting date, all of the Group's stores remained closed following Government policy to limit social interaction. The Group's stores reopened on 12 April 2021 having been closed since 5 January 2021. The Group's webstores, however, have continued to trade and the distribution centre has remained open throughout the pandemic with encouraging levels of trade. The Group continues to adopt the going concern basis in preparing these financial statements.

In making this judgement, the Directors have reviewed the future viability and going concern position of the Group for the foreseeable future.

The evolving situation with respect to COVID-19 does not give rise to a material uncertainty around going concern and Management are satisfied that the mitigating factors are sufficient to address severe but plausible downside scenarios and support the going concern judgement. The Directors have prepared cash flow forecasts for a period of 12 months from the reporting date which cover various scenarios. Severe and remote scenarios challenge the liquidity of the Group, such a scenario would require no trading of stores for the next twelve months with no remedial actions on the cost base or additional government support beyond the business rates reliefs announced in March 2021, as well as maintaining current capital expenditure plans. The Board considers this scenario extremely remote. Two-year forecasts to 31 January 2023 demonstrate modest positive cash generation. A two-year period is deemed appropriate as the Group has no longer term debt obligations save for IFRS 16 lease obligations.

In terms of mitigating actions during the COVID-19 pandemic and liquidity, the Group has moved swiftly to preserve capital and improve cash flow. The Group successfully raised £5.5m gross proceeds from a share placing in June 2020 and in addition also welcomed the wide-ranging financial support measures introduced by the UK Government to protect businesses and employees. The Board has taken the decision to use the reliefs extended, including furloughing employees, business rates reliefs, retail property grants as well as the deferral of VAT liabilities (fully settled at the balance sheet date) to reduce cash outflows and provide the Group with additional liquidity during uncertain trading periods.

3. Revenue from contracts with customers

Disaggregation of revenue

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

	Consolidated	
	2021	2020
	£'000	£'000
Route to market		
Retail store sales	32,259	27,935
E-commerce	35,322	25,246
	67,581	53,181
Geographical regions		
United Kingdom	63,206	48,164
Germany, France and Netherlands	2,868	2,124
Other countries	1,507	2,893
	67,581	53,181
Timing of revenue recognition		
Goods transferred at a point in time	67,581	53,181

4. Other income

	Consolidated	
	2021	2020
	£'000	£'000
Net foreign exchange gain	13	-
Government grants	1,527	-

Other income	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 2021, the Group recognised an amount totalling £917,000 receivable under the UK Government's Coronavirus Job Retention Scheme and an amount totalling £610,000 receivable under the UK Government's Retail Hospitality and Leisure Grant Fund.

5. 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	
	2021	**2020**
	£'000	**£'000**
EBITDA reconciliation		
Profit/(loss) before income tax expense post IFRS 16	2,646	(1,480)
Less: Interest income	(24)	(73)
Add: Interest expense	434	325
Add: Depreciation and amortisation	2,662	1,887
EBITDA post IFRS 16	5,718	659
Less: costs relating to IFRS 16 lease liabilities	(1,737)	(1,123)
EBITDA pre IFRS 16	3,981	(464)

6. Expenses

	Consolidated	
	2021	**2020**
	£'000	**£'000**

Profit/(loss) before income tax includes the following specific expenses:

Cost of sales		
Cost of inventories as included in 'cost of sales'	44,458	36,601
Depreciation		
Land and buildings improvements	18	22
Plant and equipment	674	447
Motor vehicles	3	2
Computer equipment	213	148
Land and buildings right-of-use assets	1,309	1,002
Plant and equipment right-of-use assets	57	56
Motor vehicles right-of-use assets	80	65
Computer equipment right-of-use assets	5	6
Total depreciation	2,359	1,748
Amortisation		
Software	303	139
Total depreciation and amortisation *	2,662	1,887
Finance costs		
Interest and finance charges paid/payable on lease liabilities	424	325
Interest and finance charges on restoration provision	10	-
Finance costs expensed	434	325
Net foreign exchange loss		
Net foreign exchange loss	-	25

Leases		
Short-term lease payments	25	35
Low-value assets lease payments	15	18
	40	53

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

7. Staff costs

	Consolidated	
	2021	2020
	£'000	£'000
Aggregate remuneration:		
Wages and salaries	9,140	7,557
Social security costs	772	602
Other pension costs	234	183
Total staff costs	10,146	8,342

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

	Consolidated	
	2021	2020
Stores	264	228
Warehouse	50	54
Administration	45	43
Marketing	21	19

IT and web	13	12
Management	9	8
Other	5	5
Average number of employees	407	369

Staff costs above include Directors' salaries, social security costs and other pension costs. Directors' remuneration is detailed in the Remuneration report which forms part of these financial statements.

8. Income tax expense/(benefit)

	Consolidated	
	2021	**2020**
	£'000	**£'000**
Income tax expense/(benefit)		
Deferred tax - origination and reversal of temporary differences	258	(190)
Current tax adjustment recognised for prior periods	(17)	20
Aggregate income tax expense/(benefit)	241	(170)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	2,646	(1,480)
Tax at the statutory tax rate of 19%	503	(281)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non qualifying depreciation	-	18
EMI share scheme exercised	(161)	-
Non-deductible expenses	12	54
Deferred tax rate change	(5)	(1)

Recognition of previously unrecognised tax losses	(41)	-
	308	(210)
Current year temporary differences not recognised	-	20
Adjustment recognised for prior periods	(17)	20
Unrecognised losses prior year	(50)	-
Income tax expense/(benefit)	241	(170)

	Consolidated	
	2021	2020
	£'000	£'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	-	241
Potential tax benefit at statutory tax rates @ 19% (2020: 17%)	-	41

The adjustment recognised for prior periods relates to the re-estimation of the 2021 losses carried forward amount of £2,331,000 to £2,591,000.

9. Intangibles

	Consolidated	
	2021	2020
	£'000	£'000
Non-current assets		
Goodwill - at cost	5,802	5,802
Less: Impairment	(182)	(182)
	5,620	5,620

Software - at cost	1,104	766
Less: Accumulated amortisation	(473)	(170)
	631	596
	6,251	6,216

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
Consolidated	£'000	£'000	£'000
Balance at 1 February 2019	4,614	234	4,848
Additions	-	501	501
Additions through business combinations	1,006	-	1,006
Amortisation expense	-	(139)	(139)
Balance at 31 January 2020	5,620	596	6,216
Additions	-	338	338
Amortisation expense	-	(303)	(303)
Balance at 31 January 2021	5,620	631	6,251

10. Property, plant and equipment

	Consolidated	
	2021	**2020**
	£'000	**£'000**
Non-current assets		

Land and buildings improvements - at cost	1,002	1,002
Less: Accumulated depreciation	(287)	(269)
	715	733
Plant and equipment - at cost	6,411	5,286
Less: Accumulated depreciation	(1,685)	(1,012)
	4,726	4,274
Motor vehicles - at cost	15	15
Less: Accumulated depreciation	(8)	(5)
	7	10
Computer equipment - at cost	1,271	1,062
Less: Accumulated depreciation	(700)	(486)
	571	576
	6,019	5,593

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

Consolidated	Land and buildings improvements £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Balance at 1 February 2019	755	2,231	12	434	3,432
Additions	-	2,325	-	290	2,615
Additions through business combinations	-	165	-	-	165
Depreciation expense	(22)	(447)	(2)	(148)	(619)
Balance at 31 January 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

11. Right-of-use assets

	Consolidated	
	2021	2020
	£'000	£'000
Non-current assets		
Land and buildings – long leasehold - right-of-use	15,003	13,144
Less: Accumulated depreciation	(4,610)	(3,300)
	10,393	9,844
Plant and equipment - right-of-use	575	575
Less: Accumulated depreciation	(166)	(109)
	409	466
Motor vehicles - right-of-use	269	246
Less: Accumulated depreciation	(187)	(107)
	82	139
Computer equipment - right-of-use	59	59
Less: Accumulated depreciation	(33)	(28)
	26	31
	10,910	10,480

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

Consolidated	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Balance at 1 February 2019	5,385	522	80	37	6,024
Additions	3,881	-	124	-	4,005
Additions through business combinations	1,580	-	-	-	1,580
Depreciation expense	(1,002)	(56)	(65)	(6)	(1,129)
Balance at 31 January 2020	9,844	466	139	31	10,480
Additions	1,214	-	23	-	1,237
Remeasurement	644	-	-	-	644
Depreciation expense	(1,309)	(57)	(80)	(5)	(1,451)
Balance at 31 January 2021	10,393	409	82	26	10,910

12. Inventories

	Consolidated	
	2021	**2020**
	£'000	**£'000**
Current assets		
Finished goods - at cost	12,481	13,453

Inventories have been reduced by £0.3m as a result of a product ranging exercise to remove certain product lines from the Group .This write-down to reflect net realisable value of these product lines was recognised as an expense during the year.

13. Trade and other receivables

	Consolidated	
	2021	2020
	£'000	£'000
Current assets		
Trade receivables	99	178
Other receivables	524	331
	623	509

14. Trade and other payables

	Consolidated	
	2021	2020
	£'000	£'000
Current liabilities		
Trade payables	3,287	4,824
Accrued expenses	1,462	725
Refund liabilities	102	11
Social security and other taxes	537	345
Contingent consideration	-	50
Other payables	1,353	475
	6,741	6,430

15. Lease liabilities

	Consolidated	
	2021	2020
	£'000	£'000

Current liabilities		
Lease liability	1,358	1,182
Non-current liabilities		
Lease liability	9,773	9,334
	11,131	10,516

16. Restoration provision

	Consolidated	
	2021	**2020**
	£'000	**£'000**
Non-current liabilities		
Restoration provision	277	249

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

Consolidated - 2021	Restoration provision £'000
Carrying amount at the start of the year	249
Additional provisions recognised	18
Unwinding of discount	10
Carrying amount at the end of the year	277

17. Deferred tax

	Consolidated	
	2021	2020
	£'000	£'000
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	561	426
Tax losses	(218)	(355)
IFRS 16 transitional adjustment	(71)	(71)
Unapproved share options issued	(14)	-
Deferred tax liability	258	-
Movements:		
Opening balance	-	190
Charged/(credited) to profit or loss	258	(190)
Closing balance	258	-

18. Share capital

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	£'000	£'000
Ordinary shares of £0.01 each - fully paid	77,267,304	64,621,993	773	646

Movements in ordinary share capital

Details	Date	Shares	£'000
Balance	1 February 2019	64,621,993	646
Balance	31 January 2020	64,621,993	646
Issue of shares	17 June 2020	6,500,000	65
Issue of shares	1 July 2020	4,500,000	45
Exercise of options	17 July 2020	1,645,311	17
Balance	31 January 2021	77,267,304	773

19. Share premium

	Consolidated	
	2021	2020
	£'000	£'000
Share premium account	31,037	26,017

Movements in share premium account

Detail	Date	£'000
Balance	1 February 2019	26,017
Balance	31 January 2020	26,017
Issued during the year	17 June 2020	5,020
Balance	31 January 2021	31,037

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs.

20. Reserves

	Consolidated	
	2021	**2020**
	£'000	**£'000**
Share-based payments reserve	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:

Consolidated	Share-based payments £'000
Balance at 1 February 2019	-
Balance at 31 January 2020	-
Options granted	75

Balance at 31 January 2021	75

21. Dividends

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

22. Earnings per share

	Consolidated	
	2021	2020
	£'000	£'000
Profit/(loss) after income tax attributable to the owners of Angling Direct PLC	2,405	(1,310)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	72,226,957	64,621,993
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,049,867	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	73,276,824	64,621,993

	Pence	Pence
Basic earnings per share	3.33	(2.03)
Diluted earnings per share	3.28	(2.03)

1,645,311 options over ordinary shares were excluded from the 2020 diluted earnings calculation as they were anti-dilutive for the year.

23. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the Group, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the Group's operations going forward. The Group now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 31 January 2021 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.