14 October 2020

Angling Direct PLC
('Angling Direct' or the 'Company' of the 'Group')

Half-yearly results for the six months ended 31 July 2020

Angling Direct PLC (AIM: ANG), the largest specialist fishing tackle and equipment retailer in the UK, is pleased to announce its unaudited financial results for the six months ended 31 July 2020. These results demonstrate the operational resilience and growth potential of the business, as well as its ability to generate cash despite the Covid-19 pandemic and temporary closure of its store network.

The Group continues to adapt in response to the ever-changing nature of the challenges presented by the pandemic and its impact on customers, suppliers and colleagues. The Board is now of the view that there is sufficient visibility to reinstate guidance for the current year outturn and confirms that the Group is trading in line with market expectations for the year ending 31 January 2021 ('FY21'). 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.

Financial highlights:

- Revenue of £32.1m (H1 20: £26.5m) – up 21%
- Sales across all channels from 15 June 2020 (the date our stores re-opened) to 31 July 2020 - up 95%
- Gross profit of £10.8m (H1 20: £8.5m) – up 27%
- Gross margin improved by 140 bps to 33.5%
- EBITDA of £2.9m (H1 20: £1.2m) – up 142%
- Pre-IFRS 16 EBITDA of £2.1m (H1 20: £0.8m) – up 163%
- Profit Before Tax of £1.4m (H1 20: £0.4m) – up 250%
- Net cash and cash equivalents at 31 July 2020 of £21.0m (31 July 2019: £13.3m)
- Operating cash generation of £11.3m (H1 20: £1.8m) – up 528%
- Successful placing in June 2020 completed with certain existing and new institutional investors, raising £5.5m (gross) to strengthen the balance sheet and provide funds to invest in the Group's growth

Operational highlights:

- Online: Material growth in revenue and customer numbers:
  UK revenues up 62% to £14.8m (H1 20 £9.2m)
  Native language international country revenues up 51% to £1.6m (H1 20 £1.0m)
  UK unique website visitors up 54% to 3.7m (H1 20 2.4m)
  Native language unique website visitors up 150% to 1.0m (H1 20 0.4m)
- Stores: Resilient sales despite enforced government 12-week closure
  Revenue up 2% to £14.2m (H1 20 £14.0m)
  23% reduction in like for like store sales including the impact of closure during lockdown
  All stores safely and successfully reopened, with like-for-like sales growth of 75% between 15 June 2020 to 31 July 2020
  New stores opened in Warrington (February 20), Bristol (June) and Northampton (July)

Current trading and outlook:

- Current trading both online and in-stores proving resilient
- Closely monitoring government guidance and continuing to operate stores safely and effectively and will review further government restrictions and financial packages available as circumstances change
- Leicester store opened in September 2020, with total count of 38 stores anticipated at the year end
- Guidance reinstated for FY21 and on track to meet current year market expectations

Martyn Page, Executive Chairman, said:

"The Group's first-half performance demonstrates considerable resilience, with strong growth achieved through our online business at a time when Covid-19 has posed significant challenges. The like-for-like sale growth of our store network since reopening has also been hugely encouraging. Importantly our focus on our core UK and European territories with a refined trading strategy, as well as further enhancements made to customer experience, has lifted margins and driven greater profitability.

Whilst the broader economic outlook and the risks associated with the ongoing pandemic remain uncertain over the coming months, based on the Group's performance so far and its strong start to the second half of the financial year, the Board believes it is on track to meet market expectations for the current financial year. With a strong balance sheet we are also well positioned to withstand any further challenges that may arise."

For further information:

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About Angling Direct PLC:

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

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

From 1986 to 2003, the Company's founders acquired interests in a number of small independent fishing tackle shops in Norfolk and, in 2003, they acquired a significant premise in Norwich, which was branded Angling Direct. Since 2003, the Company has continued to acquire or open new stores, taking the total number up to 36 retail stores. In 2015, the Company opened a 30,000 sq. ft central distribution centre in Rackheath, Norfolk, where the Company's head office is also located. The Company has an established, and rapidly growing, presence in Europe with native language websites set up in key regions to address demand.

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

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

Chief Executive Officer's Review

The Group delivered a strong set of results in the period despite the challenges presented by Covid-19. This is credit to the Angling Direct team, and I would like to thank all of my colleagues for their ongoing commitment, agility and good-natured resilience. This has allowed the Board to remain focused on delivering its long-term strategy of profitable growth and the Company has made good progress in the key areas of:

- Developing margin
- Increasing own brand sales penetration
- Improving working capital
- Leveraging efficiencies from previous supply chain investments.

The unprecedented challenges during the period serves to underline further how well-positioned the Company is to leverage the strength and uniqueness of its multi-channel business model, as well as the continued strength of the fishing tackle markets both in the UK and Europe.

Results

Revenue increased by 21% to £32.1m for the six months ended 31 July 2020 (H1 2020: £26.5) for the Group. Gross profit increased by 27% to £10.8m (H1 2020: £8.5m). Pre IFRS 16 EBITDA grew by 163% to £2.1m (H1 2020: £0.8m) as the Company's web distribution centre continued to operate safely during lockdown, facilitated by drawing on existing stock levels as well as stock held in closed retail stores.

Since restrictions were lifted and all stores safely re-opened on 15 June, sales across all channels have continued to grow strongly, exhibiting growth between 15 June 2020 and 31 July 2020 of 95% compared with the previous year. The impact of lockdown has created an exceptional sales period, with new and pent-up demand, along with the 'staycation' effect. It is very pleasing to see that the number of angling annual licences issued by the Environment Agency has increased by 16% and that mainstream media has covered this uptake from new and lapsed anglers.

As trading restrictions have changed, we have returned our store colleagues from furlough, adopted working practices to protect staff welfare and as yet not lost any further full trading days.

Due to the strength of trading, associated cash conversion and working capital timing, the Company's cash position at 31 July 2020 grew strongly to £21.0m. In April 2020, the Company arranged a £2.5m short-term credit facility which expired undrawn on 30th September. In July 2020, the Company also completed a placing of new ordinary shares, raising gross proceeds of £5.5m.

Operational Review

Online

The Company was very pleased to achieve strong online sales both in the UK and internationally, aided partially by the retail shutdown across Europe. Consequently, online sales in the period grew by 43% to £17.9m (H1 2020: £12.5m) which, alongside continued momentum in the UK, reflected further progression of the Company's native language international web platforms. Sales to Germany grew by 33%, France by 62% and Netherlands by 81%. As the Company continues to focus on expanding more profitable web channels, other international sales, eBay and insurance sales decreased by £0.8m, to £1.5m.

The number of unique visitors to the Company's UK website increased by 1.3m to 3.7m for the period, an increase of 54% with over 79,000 new customers across all of the Group's websites (H1 2020: 44,000) completing a purchase. Despite increased browsing during lockdown, UK conversion held up at 5.5%, a decrease of 20bps. European conversion recorded an improvement of 80bps to 2.7% as continued investment starts moving this metric nearer to UK levels.

The Company is well-positioned to benefit from the pandemic driven accelerated adoption of e-commerce channels. A key priority for management is to delight and retain our new customers as well as continuing to develop online margins. To this end we continue to develop, trial and release new customer facing web functionality made possible through last year's investment in our Magento II web platform.

Retail Stores

All retail stores were closed between 24 March 2020 and 14 June 2020 due to enforced Government Covid-19 restrictions. Total store sales in the period increased 1.6% to £14.2m (H1 2020: £14m). Like-for-like ('L4L') store sales were down by

23% for the period, as a consequence of the unavoidable impact of store closures. However, this has recovered strongly in the period since re-opening, with L4L growth of 75% from 15 June 2020 to 31 July 2020.

Working in accordance with Government lockdown restrictions, the Company opened three new stores in the period: Warrington (Feb 2020), Bristol (June 2020, with enhanced sea fishing ranges) and Northampton (July 2020), contributing £0.9m to sales. A fourth store, Leicester, opened in September 2020 and will trial some of the early concepts emerging from our new category management approach.

Trading

In line with our stated strategy, gross margin improved by 140bps to 33.5% as our renewed focus on pricing and promotional discipline started to take effect. The Board continues to assess and implement further operational efficiencies with a view to maintaining profitable sales growth, a key on-going priority to build shareholder value. In order to complement our extensive range and differentiated service levels, we remain committed to being broadly price competitive.

Increased stock investment year on year has led to an improved sales participation of our own brand, higher margin product range, Advanta, accounting for 5.6% of total sales in the period (H1 2020: 3.0%), with sales of £1.8m (H1 2020: £0.8m). Inventory reduced in the period by over £1m, reflecting strong trading and improving more targeted purchasing. Consequently, stock turn improved to 3.6x from 2.5x, driven particularly by online trade and pleasing sell through of slower moving items. Continuing warehouse efficiency improvements generated an equivalent saving of £0.2m versus prior year.

Despite rapid growth and operational pressures On-Time-In-Full deliveries to customers improved to 92% (H1 2020: 87%).

Organisational Development

To support further profitable sales growth, we have taken steps to reconfigure our office based teams, investing in new hires in category management, web development, IT and finance decision support. In stores, we have reviewed the appropriateness and flexibility of payroll costs to further improve profitability.

Placing

In June 2020, the Group completed a placing raising gross proceeds of £5.5m from new and certain existing shareholders. The proceeds of the placing have strengthened the Company's balance sheet to provide a buffer against any further uncertainty created by Covid-19 and provided the funding to invest in key growth areas.

Current Trading and Outlook

Trading in the second half of the financial year to date has continued strongly across all channels.

Looking ahead, the Board believes that with Angling Direct's growth and established competitive advantage, it is well-placed within its market to benefit from the heightened interest in angling as customers seek to take advantage of the pastime's numerous well-being benefits. We will continue to invest in both online and in-store growth and in improving awareness of our brand in the UK and Europe. In the last two years Angling Direct has issued over 16,000 free start fishing kits to under 16 -year-olds.

Whilst it is not yet clear the extent to which some of the exceptional trends of the last few months will continue longer-term, especially with renewed uncertainty as to the Covid-19 effect on consumers (and some moderate supply chain disruption), the Board is expecting sales to begin reverting to more normal trading patterns during the remainder of the year. The strong balance sheet means that the Company is well positioned to withstand any further challenges, and continue investing in key profitable growth areas.

Based on current performance, the Board is of the view that there is sufficient visibility to reinstate guidance for the current year outturn and confirms that the Group is trading in line with market expectations for FY21. Beyond that we remain cautious but optimistic about the future growth of the business.

Andy Torrance
Chief Executive Officer

Angling Direct PLC
Consolidated statements of profit or loss and other comprehensive income
For the period ended 31 July 2020

	Note	Unaudited six months ended 31 July 2020	Unaudited six months ended 31 July 2019 Restated*	Audited yea ended 3 January 202
		£'000	£'000	£'00
Revenue from contracts with customers		32,128	26,522	53,181
Cost of sales of goods		(21,369)	(18,004)	(36,601
Gross profit		10,759	8,518	16,580
Government grants	4	1,503	-	-
Interest revenue calculated using the effective interest method		12	44	73
Expenses				
Administrative expenses		(8,971)	(6,589)	(14,747
Distribution expenses		(1,734)	(1,457)	(3,061
Finance costs		(211)	(149)	(325
Profit/(loss) before income tax (expense)/benefit		1,358	367	(1,480
Income tax (expense)/benefit		(2)	(36)	170
Profit/(loss) after income tax (expense)/benefit for the period attributable to the owners of Angling Direct PLC		1,356	331	(1,310
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive income for the period attributable to the owners of Angling Direct PLC		1,356	331	(1,310
Earnings per share (Pence)				
Basic earnings per share	14	2.02	0.51	(2.03)
Diluted earnings per share	14	2.02	0.50	(2.03)

* The interest revenue in the six months to 31 July 2019 of £44,000 was shown as other comprehensive income in prior interim accounts.

The above consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Angling Direct PLC
Consolidated statements of financial position
As at 31 July 2020

	Note	Unaudited six months ended 31 July 2020 £'000	Unaudited six months ended 31 July 2019 £'000	Audited yea[r] ended 3[1] January 202[0] £'00[0]
Non-current assets				
Intangibles	6	6,252	4,887	6,216
Property, plant and equipment	7	5,784	5,119	5,593
Right-of-use assets		10,389	7,585	10,480
Total non-current assets		22,425	17,591	22,289
Current assets				
Inventories		11,081	12,097	13,453
Trade and other receivables		674	334	509
Income tax refund due		-	53	-
Prepayments		108	528	474
Cash and cash equivalents		20,983	13,329	5,978
Total current assets		32,846	26,341	20,414
Current liabilities				
Trade and other payables	9	12,478	8,195	6,430
Lease liabilities		1,251	1,043	1,182
Income tax		-	-	17
Total current liabilities		13,729	9,238	7,629
Net current assets		19,117	17,103	12,785
Total assets less current liabilities		41,542	34,694	35,074
Non-current liabilities				
Lease liabilities		9,264	7,325	9,334
Provision		265	-	249
Total non-current liabilities		9,529	7,325	9,583
Net assets before deferred tax liability		32,013	27,369	25,491
Deferred tax		19	306	-
Net assets		31,994	27,063	25,491
Equity				
Share capital	10	773	646	646
Share premium	11	31,037	26,017	26,017
Retained profits/(accumulated losses)		184	400	(1,172

Total equity	31,994	27,063	25,491

The above consolidated statements of financial position should be read in conjunction with the accompanying notes

Angling Direct PLC
Consolidated statements of changes in equity
For the period ended 31 July 2020

Unaudited six months ended 31 July	Share capital £'000	Share premium account £'000	Retained profits £'000	Total equity £'000
Balance at 1 February 2020	646	26,017	(1,172)	25,491
Profit after income tax (expense)/benefit for the period	-	-	1,356	1,356
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	1,356	1,356
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 10)	127	-	-	127
Share premium, net of transaction costs (note 11)	-	5,020	-	5,020
Balance at 31 July 2020	773	31,037	184	31,994

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

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

Angling Direct PLC
Consolidated statements of cash flows
For the period ended 31 July 2020

	Note	Unaudited six months ended 31 July 2020 £'000	2019 £'000	Audited yea ended 3 January 202 £'00
Cash flows from operating activities				
Profit/(loss) before income tax (expense)/benefit for the period		1,358	367	(1,480
Adjustments for:				
Depreciation and amortisation		1,314	775	1,887
Net movement in provisions		16	-	81
Interest received		(12)	(44)	(70
Interest and other finance costs		211	149	325
		2,887	1,247	743
Change in operating assets and liabilities:				
Increase in trade and other receivables		(165)	(154)	(143
Decrease/(increase) in inventories		2,372	(2,749)	(2,678
Decrease/(increase) in prepayments		366	-	(152
Increase in trade and other payables		6,008	3,514	1,552
Decrease in other provisions		-	-	(73
		11,468	1,858	(751
Interest received		12	44	70
Interest and other finance costs paid		(211)	(149)	(325
Income taxes refunded		-	-	53
Net cash from/(used in) operating activities		11,269	1,753	(953
Cash flows from investing activities				
Payment for purchase of business, net of cash acquired		-	(273)	(2,475
Payments for property, plant and equipment	7	(614)	(1,140)	(2,474
Payments for intangibles	6	(179)	-	(501
Net cash used in investing activities		(793)	(1,413)	(5,450
Cash flows from financing activities				
Proceeds from issue of shares and premium		5,147	-	-
Repayment of lease liabilities		(618)	(552)	(1,160
Net cash from/(used in) financing activities		4,529	(552)	(1,160

Angling Direct PLC
Consolidated statements of cash flows
For the period ended 31 July 2020

	Note	Unaudited six months ended 31 July 2020 £'000	Unaudited six months ended 31 July 2019 £'000	Audited year ended 31 January 2020 £'000
Net increase/(decrease) in cash and cash equivalents		15,005	(212)	(7,563
Cash and cash equivalents at the beginning of the financial period		5,978	13,541	13,541
Cash and cash equivalents at the end of the financial period		20,983	13,329	5,978

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes

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 company limited by shares, 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. 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 14 October 2020. 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 2020 have been prepared in accordance with International Accounting Standards IAS 34 'Interim Financial Reporting'.

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 2020 and any public announcements made by the Company during the interim reporting period.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Government Grants
Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grant will be received. Government grants are recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis over the periods in which the related costs that they are intended to compensate are recognised. Government grants received in advance of the Group meeting the criteria for recognition in the consolidated statement of profit or loss and other comprehensive income are deferred and presented within trade and other payables. There is no impact of this policy on prior periods.

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. Operating segments

Identification of reportable operating segments
The Group operates in one segment being the retail of fishing tackle under the single brand of Angling Direct. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operating segment information is the same information as provided throughout the consolidated financial statements and is therefore not duplicated.

Note 4. Government grants

	Unaudited six months ended	31 July	Audited year ended 31 January
	2020	2019	2020
	£'000	£'000	£'000
Government grants	1,503	-	-

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'. Refer to note 2 for the relevant accounting policy.

During the six months to 31 July 2020, the Group recognised an amount totalling £893,000 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.

Note 5. EBITDA reconciliation (earnings before interest, taxation, depreciation and amortisation)

	Unaudited six months ended 31 July 2020 £'000	Unaudited six months ended 31 July 2019 £'000	Audited year ended 31 January 2020 £'000
EBITDA reconciliation			
Profit/(loss) before income tax expense post IFRS 16	1,358	367	(1,480)
Less: Interest income	(12)	(44)	(73)
Add: Interest expense	211	149	325
Add: Depreciation and amortisation	1,314	776	1,887
EBITDA post IFRS 16	2,871	1,248	659
Less: rental costs	(778)	(495)	(1,123)
EBITDA pre IFRS 16	2,093	753	(464)

The financial statements include both the statutory financial statements and additional performance measures of EBITDA. The Directors believe these additional measures provide useful information on the underlying trend in operational performance going forward.

Note 6. Intangibles

Note 6. Intangibles (continued)

	Unaudited six months ended 31 July 2020 £'000	2019 £'000	Audited year ended 31 January 2020 £'000
Non-current assets			
Goodwill - at cost	5,802	5,069	5,802
Less: Impairment	(182)	(182)	(182)
	5,620	4,887	5,620
Software - at cost	945	-	766
Less: Accumulated amortisation	(313)	-	(170)
	632	-	596
	6,252	4,887	6,216

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

Unaudited six months ended 31 July	Goodwill £'000	Software £'000	Total £'000
Balance at 1 February 2020	5,620	596	6,216
Additions	-	179	179
Amortisation expense	-	(143)	(143)
Balance at 31 July 2020	5,620	632	6,252

Note 7. Property, plant and equipment

	Unaudited six months ended 31 July 2020 £'000	2019 £'000	Audited year ended 31 January 2020 £'000
Non-current assets			
Land and buildings improvements - at cost	1,002	1,002	1,002
Less: Accumulated depreciation	(313)	(258)	(269)
	689	744	733
Plant and equipment - at cost	5,910	4,279	5,286
Less: Accumulated depreciation	(1,326)	(778)	(1,012)
	4,584	3,501	4,274
Motor vehicles - at cost	15	15	15
Less: Accumulated depreciation	(6)	(4)	(5)
	9	11	10

Computer equipment - at cost	1,093	1,376	1,062
Less: Accumulated depreciation	(591)	(513)	(486)
	502	863	576
	5,784	5,119	5,593

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

Unaudited six months ended 31 July	Land and buildings improvements £'000	Plant and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Tot £'00
Balance at 1 February 2020	733	4,274	10	576	5,59
Additions	-	623	-	31	65
Depreciation expense	(44)	(313)	(1)	(105)	(46
Balance at 31 July 2020	689	4,584	9	502	5,78

Note 8. Impairment

Impairment testing of intangibles
Goodwill is allocated to the Group's cash-generating-unit ('CGU').

The Directors consider Angling Direct PLC to represent a singular cash-generating unit as the cash flows of the assets of goodwill are not independent of other cash flows of the Group.

The recoverable amount of the CGU was determined based on a value-in-use calculation. Cash flow projections used in the value-in-use calculation were based on financial budgets approved by management covering a one-year period with extrapolation to year five using estimated growth rates stated below. Cash flows beyond five years are based on an estimated long-term average growth rate of 1%.

Management determined budgeted gross margins based on expectations of market developments. The growth rates used were based on consumer price index ('CPI') plus a margin. The discount rates used were pre-tax and reflected specific risks relating to the CGUs.

Key assumptions used for value-in-use calculations:

Budgeted gross margin	33.9%
Five-year compound revenue growth rate	8.8%
Pre-tax discount rate	10.3%

Based on the assessment, no impairment charge is required. Management have performed a number of sensitivity tests on the above rates and note that there are no impairment indicators arising from this analysis. The recoverable amount exceeded the carrying amount by £23,916,000.

In the assumptions regarding the goodwill impairment test, the impact of Covid-19 has been included, but the underlying medium and long-term health of the business is not expected to be materially impacted. Therefore, the like-for-like and terminal growth rate reflect management's belief in the continued growth of the company after recovery from the provisions necessary during the pandemic.

Since the re-opening of stores, the sales performance of the business has been promising and the Directors will continue to monitor the performance.

Sensitivity
As disclosed in 2020 annual report, the Directors make judgments and estimates in respect of testing of goodwill. Should these judgments and estimates not occur the resulting goodwill carrying amount may decrease. Sensitivity analysis has been performed on the value-in-use calculations. Holding all other variables constant, the following represents the effect of reasonably possible changes in key assumptions.

(i) the application of a 1.0% increase in discount rate from 10.3% to 11.3% would not result in impairment.
(ii) reducing the five-year revenue compound growth rate by 100 bps would not result in impairment.
(iii) reducing the five-year revenue compound growth rate by 200 bps would result in impairment.

Impairment testing of right-of-use assets
Property, plant and equipment and right-of-use assets (ROU) are allocated to each individual cash-generating unit, for which Directors consider to be each individual store.

Each CGU is reviewed for indicators of impairment through current and budgeted trading performance. Where indicators of impairment existed a recoverable amount of the CGU was determined based on a value-in-use calculation. Cash flow projections used in the value-in-use calculation were based on financial budgets approved by management covering a one-year period extrapolated to year 5 or the end of the lease to which the ROU related.

Cash flows to evaluate value-in-use included the lease rentals in respect of the associated ROU assets and the recoverable amount was reviewed against the carrying value of the property, plant and equipment and net book value of the ROU asset net of the remaining lease liability.

Two stores were identified with impairment indicators as at 31 July 2020 (2019: nil).

Key assumptions used for value-in-use calculations:

Compound revenue growth rate	9.5%
Pre-tax discount rate	10.3%

Based on the assessment, no impairment charge is required. Management have performed a number of sensitivity tests on the above rates and note there are no impairment indicators arising from this analysis. The recoverable amounts exceeded the carrying amount by £14,000 for Store A, and £40,000 for Store B.

Sensitivity
As disclosed in 2020 annual report, the Directors make judgments and estimates in respect of testing of property, plant and equipment and ROU. Should these judgments and estimates not occur the resulting property, plant and equipment and ROU may decrease. Sensitivity analysis has been performed on the value-in-use calculations. Holding all other variables constant, the following represents the effect of reasonably possible changes in key assumptions.

Store A:

(i) the application of a 1.0% increase in discount rate from 10.3% to 11.3% would not result in impairment.
(ii) reducing the compound revenue growth rate by 100bps would not result in impairment.
(iii) reducing the compound revenue growth rate by 230bps would result in impairment.

Store B:

(i) the application of a 1.0% increase in discount rate from 10.3% to 11.3% would not result in impairment.
(ii) reducing the compound revenue growth rate by 100bps would not result in impairment.
(iii) reducing the compound revenue growth rate by 155bps would result in impairment.

Note 9. Trade and other payables

Note 9. Trade and other payables (continued)

	Unaudited six months ended 31 July		Audited year ended 31 January
	2020	2019	2020
	£'000	£'000	£'000
Current liabilities			
Trade payables	8,444	6,312	4,824
Accrued expenses	1,030	769	725
Social security and other taxes	2,240	762	345
Contingent consideration	50	250	50
Other payables	714	102	486
	12,478	8,195	6,430

Note 10. Share capital

	Unaudited six months ended 31 July			
	2020	2019	2020	2019
	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 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 July 2020	77,267,304	773

During the period, the Company issued 11m new Ordinary shares of 1p each. 6.5m of these shares were issued on 17 June 2020 with a further 4.5m on 1 July. The shares were fully paid up and issued at a placing price of 50p, a 49p premium per share. The gross proceeds of the total placing totalled £5.5m. £5.4m has been transferred to the share premium account net of direct transaction costs of £0.4m.

On the 17 July 1,645,311 options under the EMI Share option Scheme were exercised at 1p per option. £16,453 has been credited to the share capital account. There was no share premium arising on this transaction and there are no unexercised options remaining at the period end.

Note 11. Share premium

	Unaudited six months ended 31 July		Audited year ended 31 January
	2020	2019	2020

Note 11. Share premium (continued)

	£'000	£'000	£'000
Share premium account	31,037	26,017	26,017

Movements in share premium account

Detail	Date	£'000
Balance 1 February 2020		26,017
Issued during the year	17 June 2020	5,020
Balance 31 July 2020		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.

Refer to note 10 for further details.

Note 12. Dividends

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

Note 13. Contingent liabilities

The Group had no material contingent liabilities as at 31 July 2020, 31 January 2020 and 31 July 2019.

At the period end the company had a £2.5m short term credit facility with NatWest bank which remained undrawn. NatWest have a company debenture in their favour as a condition of providing the credit facility. The facility expired on 30th September and was not renewed in light of the strength of the Group's liquidity position.

Note 14. Earnings per share

	Unaudited six months ended 31 July 2020 £'000	Unaudited six months ended 31 July 2019 £'000	Audited year ended 31 January 2020 £'000
Profit/(loss) after income tax attributable to the owners of Angling Direct PLC	1,358	331	(1,310)

	Number	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	67,172,185	64,621,993	64,621,993

Note 14. Earnings per share (continued)

Adjustments for calculation of diluted earnings per share:			
Options over ordinary shares	-	1,645,311	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	67,172,185	66,267,304	64,621,993

	Pence	Pence	Pence
Basic earnings per share	2.02	0.51	(2.03)
Diluted earnings per share	2.02	0.50	(2.03)

Note 15. Events after the reporting period

The impact of the Covid-19 pandemic is ongoing and whilst it did not have a catastrophic impact on the financial performance of the Group to date, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by Governments around the world, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 18 August 2020, the Company issued options to the Chief Executive Officer Andrew Torrance and the Chief Financial Officer Steve Crowe. The details of these respective awards are set out in the table below.

Director	Date of Grant	No of options	Exercise price (p)	Minimum vesting period
A Torrance	18/08/2020	540,000	22	31/01/2023
A Torrance	18/08/2020	270,000	21	31/03/2024
S Crowe	18/08/2020	444,444	22	31/01/2023
S Crowe	18/08/2020	222,222	21	31/03/2024

No other matter or circumstance has arisen since 31 July 2020 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.