

CHAIRMAN'S STATEMENT



FINANCIAL RESULT

We are pleased to report a strong and resilient trading performance in what has been an exceptionally challenging final quarter. Operating profits rose £3.3m year on year.

After a strong Autumn and an abnormally damp Winter, the most significant impact on our numbers was the lockdown period. This resulted in unprecedented and sustained demand across Fuels, Pet & Equestrian and Horticulture. In addition, there was a significant and sharp fall in the oil price. Profits from Fuels rose £2.9m year on year, whilst those from our retail stores were up 242%. WCF Horticulture benefitted from a shift to lower volume, higher margin mail order fulfilment business.

Profits from Home Shopping were down 24%. Spring/Summer demand had already been adversely impacted by the extensive flooding in the South and there was a 30-40% reduction in demand in March. These activities were deemed to be non-essential by the government and most of our customers were required to self-isolate on account of their age. Thanks to a small skeleton crew and successful re-adjustment of our mailing and advertising strategy, we were able to continue to trade. Occupancy at the campsite to the end of February had been in line with our predictions but the enforced government closure impacted on our full year numbers.

We generated cash of £7.1m from operating activities and ended the year with a cash balance of £16.2m.

COVID-19 PANDEMIC

Our priority has been the safety and welfare of our employees and our customers, as well as ensuring that our activities did not cause undue risk to our wider communities. Thankfully we were able to navigate this period without incurring undue colleague absence. We implemented robust risk assessment and operating processes which were kept under constant review with input from our teams.

Our strength has been our people, supported by our decentralised structure and our niche, diversified business model. Many of our businesses were classified as essential services. Their ability to continue to operate came down to the resilience, flexibility and collaboration of our employees who went above and beyond to support each other and WCF. Our store colleagues and our drivers in particular remained customer facing throughout the pandemic. I would like to thank all our employees enormously for their contributions during this challenging period. Our recent investment in our IT and telecommunications infrastructure was invaluable in allowing us to mobilise large numbers of employees to successfully work remotely from home at short notice.

We utilised the government's job retention (furlough) scheme during lockdown particularly in our Home Shopping business. The total amount claimed under the CJRS was £138,000. We also claimed Retail, Leisure and Hospitality grants totalling £165,000 in respect of our eligible retail stores and our campsite. The benefit of this government aid has been excluded when determining our dividend. Our Managing Director voluntarily reduced her pay by 20% between April and June and by 10% thereafter until employees on furlough were successfully returned to work.

ACQUISITION ACTIVITY

We successfully completed the acquisition of A1 Lawn Ltd immediately prior to lockdown and their results have been incorporated into our consolidated accounts. The acquisition cost was

£0.6m. A1 Lawn sell grass seed, fertiliser and weed killer through marketplace channels such as Amazon and eBay, as well as direct through their own website. We were fortunate to see an immediate increase in demand as a result of the lockdown, with garden centres being closed, the nation forced to stay at home and a prolonged spell of warm, dry weather. Operating profits from A1 Lawn between March and May 2020 were £0.1m. My thanks to the small team who coped with the unprecedented number of orders including those normally fulfilled by Amazon which were re-directed to our Carlisle warehouse during Amazon's period of closure to non-essential business during the lockdown. The business generates the majority of its sales in Spring/Summer and is an excellent complimentary fit to WCF Horticulture. It will be integrated into operations in Perth in the Autumn.

We evaluated a number of acquisitions during the past twelve months. Acquisition activity was ceased in March and those opportunities will be revisited at the appropriate time. We launched a camper van hire business in the Summer.

MAJOR PROJECTS

We completed a major building refurbishment to provide our Home Shopping team with the additional space they need to grow. The marketing, returns, merchandise and administration teams were relocated to provide more space for our warehouse, sewing and technical departments. Without the additional space we would not have been able to adhere to appropriate social distancing arrangements and return our people to work from furlough when the lockdown ended.

ALNWICK

Regrettably we closed our Pet & Equestrian store in Alnwick in June 2020. The building is now up for sale. We have written down the value of our investment by £0.3m. Despite the best endeavours of our senior team and the excellent store staff, we were unable to generate the footfall needed to make this store financially viable.

OUR PEOPLE

We welcomed a new non-executive director onto the Board in April. Rebecca Jenkins has held leadership positions in both an international FTSE 500 company and across private businesses. We are already seeing the immediate benefit of her perspective on and contributions to our strategic thinking and debate.

Karen Kelso joined us in July 2019 as Head of People and Culture and has made an immediate impact on our culture, communication, recruitment practices and employee engagement.

Steve Hindmarsh, who joined us in 2015, was recently appointed General Manager of Allan Stobart Lubricants and Fuels. As Allan's daughter Nicola and her husband Ken gradually exit the business, I would like to extend my warmest thanks to them both for their contributions since 2014 particularly for their help in transitioning the business from family ownership into WCF.

Alan Smith, one of our General Managers in Pet & Equestrian, retired in July 2020 after almost 34 years with WCF, his role has been absorbed across a number of others in the business. Sarah Howden and John Pearce also retired from Chandlers during lockdown. Thank you to all our retiring colleagues for their part in the WCF legacy.

DIVIDEND

A copy of the Dividend Policy, which links shareholder income directly to our current year financial success, is included at the rear of this Annual Report. The dividend approved by the directors is 55.0 pence per share. This recognises the exceptional year we have had and our continuing confidence in the underlying business model.

This will be paid on or before 4th December 2020 to all shareholders on the register of members at 4th September 2020.

AGM

As a result of the social distancing measures and current prohibitions on public gatherings as a result of the pandemic, and to protect our shareholders and colleagues, the Directors have taken the decision not to hold a shareholder Annual General Meeting in 2020. It is not a legal requirement for a private limited company that does not have its shares admitted to trading on a regulated market in an EEA state, nor is it mandatory under our Articles of Association. There are no matters requiring explicit shareholder approval. The directors believe that their approval of the annual report and accounts and the declaration of the proposed dividend are in the best interests of the Company and its shareholders as a whole.

OUTLOOK

As I write this there is considerable uncertainty and it is impossible to know what the next 12 months will hold as the country prepares itself for leaving the EU, a second wave of the pandemic, and the UK Chancellor counts the cost of business failures and covid support. Life may struggle to return to "normal" and in many cases we do not know how our customers will react or fare in the coming months. We expect the trading and economic backdrop to remain difficult.

But situations like this create opportunities for strong, financially sound companies like WCF with huge levels of employee commitment and engagement. Our challenge is to ensure that we spot and take advantage of these opportunities when we can, whether that is new market share, supply arrangements, business development, diversification or acquisition opportunities. We will continue to invest in our people, our facilities and our systems.

I would like to finish by thanking all our hard working and committed employees who really have gone above and beyond for WCF in recent months. I am delighted that our results support your efforts. Thank you to Jo, the Executive team and the General Managers for successfully navigating us through the pandemic.



Donald Biggar - Non-Executive Chairman