

The information contained within this announcement (the "Announcement") is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this Announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

24 October 2018

Angling Direct plc

("Angling Direct" or the "Company")

Placing of new Ordinary Shares to raise £20.0 million Notice of General Meeting and Directorate Change

Angling Direct plc (AIM: ANG), the UK's largest specialist fishing tackle and equipment retailer, is pleased to announce a placing with institutional investors to raise approximately £20.0 million before expenses (the "Placing") through the issue of 21,622,000 new ordinary shares of 1 pence each in the capital of the Company ("New Ordinary Shares") at 92.5 pence per New Ordinary Share ("Placing Price"). The Placing was over-subscribed, with strong support from both new and existing institutional shareholders.

Since the Company's IPO in July 2017, the Company has opened a total of 8 new stores bringing the total number to 23. The Company intends to use the proceeds to accelerate the rollout of Angling Direct stores in the UK and to significantly increase online sales in the UK and Europe.

The Directors intend that the net proceeds of the Placing will be used primarily for the following purposes:

- to open approximately 20 new stores in the UK over the calendar years 2019 and 2020;
- for website development including the roll-out of native language sites in Europe;
- for a European media and marketing plan;
- to facilitate the exploration of potential strategic M&A opportunities;
- to increase the headcount across the business; and
- for general working capital and expansion of the Advanta® product lines.

The Placing is conditional, inter alia, upon the Company obtaining approval from its Shareholders to disapply statutory pre-emption rights and to grant the Board authority to allot the Placing Shares and Admission.

Directorate Change

The Company also announces that Stephen Moon, non-executive director, will be stepping down from the board of Angling Direct with effect from 23 January 2019. The Company expects to have appointed another independent non-executive director by that time and will update the market in due course. Stephen joined the board as the Company prepared for its IPO and has overseen the Company progress to this next milestone. The board would like to thank Stephen for his significant contribution.

Angling Direct's Chief Executive Officer, Darren Bailey, commented:

"We are delighted with the level of support Angling Direct has received from its existing and new investors. The business has made excellent progress in the 15 months since joining AIM, with acquisitions completed, new stores opened, and revenue grown significantly. The new funds will allow Angling Direct to go to the next level, as we seek to extensively increase our UK footprint and expand into Europe through our successful online business.

"I would also like to take this opportunity to thank Stephen Moon for his contribution to the Company. His advice and guidance has been highly valuable since Angling Direct became a public company, and we wish him the very best for the future."

A General Meeting of the Company will be held at B-24 Business Lounge, 18 Wendover Road, Rackheath Industrial Estate, Rackheath, Norwich, Norfolk NR13 6LH, at 11:00 a.m. on 9 November 2018.

Further details of the Placing are set out below. Defined terms used in this announcement are set out at the end of the announcement. A Circular is being posted to shareholders today, which set outs the background to and reasons for the Placing, which will be available on the Company's website: www.anglingdirect.co.uk.

For further information:

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Introduction

The Company today announces the terms of a placing to raise approximately £20.0 million (before expenses) by the allotment and issue by the Company of up to 21,622,000 new Ordinary Shares at the Placing Price. The net proceeds will be used, inter alia, to fund continued expansion both instore and online in the UK and Europe, and to explore further strategic acquisition opportunities. In addition, a further 2,162,000 Sale Shares have been placed in connection with the Placing at the Placing Price. Pursuant to this transaction, the Selling Shareholder has committed (subject to certain customary exceptions) not to dispose of any further existing Ordinary Shares for a period of 12 months following Admission.

The Placing is conditional, among other matters, on Shareholders approving the Resolutions at the General Meeting, compliance by the Company in all material respects with its obligations under the Placing Agreement, and Admission. The Resolutions are contained in the Notice of General Meeting set out in the Circular to be posted to Shareholders later today.

Background to and reasons for the Placing

On 13 July 2017, the Existing Ordinary Shares were admitted to trading on AIM ("IPO"), raising gross proceeds of £9.0 million. Since that time the Company has continued to implement its strategy set out at the IPO and the funds raised from the IPO have principally been used to expand the number of Angling Direct stores within the UK. The Company has opened a total of 8 new stores since IPO bringing the total number to 23. The Company remains the largest UK in-store and online retailer of fishing tackle, and is pursuing a fundraise to accelerate the rollout of Angling Direct stores in the UK and to significantly increase online sales in the UK and Europe.

In-Store Strategy

The Company reported retail store sales up 60 per cent. to £9.9 million (2018: £6.2 million) in the six months ended 31 July 2018, as a result of the Company's expanding footprint. The Company intends to continue its successful store roll-out and open approximately 20 new stores across the UK over the calendar years 2019 and 2020. The roll-out is expected to be via the acquisition of existing independent fishing tackle retailers and opening new sites using the Company's proven store format.

The Directors believe that the continued expansion of the Company's retail store network is important in supporting the future growth strategy of the Company, both offline and online. The Directors further believe that the physical presence of Angling Direct retail stores increases activity on the Company's website and increases brand awareness. The Company will continue to drive sales from existing stores by focusing on store layout, product availability, tuition, advice and instore experience.

European Online Strategy

The Company has circa. 25 per cent. of the UK online market and is experiencing rapid growth in Europe. The Company's online business contributes more than half of the Company's sales and increased by 60 per cent. to £11.7 million (2018: £7.3

million) in the six months ended 31 July 2018. The Directors believe that the UK online market is 2 to 3 years more mature than that in Europe, giving Angling Direct an early mover advantage in a market estimated to be worth approximately £600 million per annum. Like the UK market, the Directors believe that the European market is highly fragmented and the Company is not aware of any rival consolidators, which presents a significant opportunity for the Company.

The Company launched its first domestic language website in Germany in June 2018, and is due to launch native language sites in France and Benelux in November 2018. The German website has been received well, with 194,973 unique users since its launch. The Company intends to rollout native language websites in additional European countries to drive user adoption and sales. To ensure that the launch of native sites is a success, the Company intends to invest in a media and marketing plan to promote the new sites and support each site with multilingual customer service teams.

Strategic M&A Opportunities

The Company remains focused on acquiring stores in the UK through its strategically placed store roll-out. In addition, the Company will continue to assess acquisition opportunities that will be a functional fit and add value to its overall operations in the UK and Europe.

Infrastructure

The Company operates a central distribution centre in Rackheath near Norwich. The Company has recently invested in a new Kardex system, which has enhanced the Company's ability to expand in the UK and Europe. The Company intends to increase headcount across the Company to support the continued growth of the business.

Working Capital and Advanta Expansion

The Company's store roll-out will require an investment in inventory to adequately stock each site. Furthermore, increased online sales from Europe will require additional inventory at the Rackheath distribution centre.

The Company is also looking to further expand its own branded "Advanta®" range by increasing the number of products offered. The Company already stocks more than double the number of Advanta® products than it did in May 2017. The average gross margins of the Advanta® products are 50.4 per cent. (on some Advanta® products the gross margin is as high as 92.8 per cent.) compared with an average gross margin of 30.8 per cent. (online) and 35.7 per cent. (in-store) for non-Advanta products, resulting in a greater positive impact on the Company's EBITDA. Expansion of the Advanta® range is seen by the Company as an opportunity for accelerated growth through sales in the current and proposed store network and online, including across Europe following the intended online expansion.

Use of proceeds

The Directors intend that the net proceeds of the Placing receivable by the Company will be used primarily for the following purposes:

- to open approximately 20 new stores in the UK over the calendar years 2019 and 2020;
- for website development including the roll-out of native language sites in Europe;
- for a European media and marketing plan;
- to facilitate the exploration of potential strategic M&A opportunities;
- to increase the headcount across the business; and
- for general working capital and expansion of the Advanta® product lines.

Current trading and prospects

The Company announced its interim results for the six months ended 31 July 2018 on 8 October 2018. The Company reported revenues of £21.9 million up 55.8 per cent. (H1 2018: £14.1 million) and a pre-tax profit of £0.6 million (H1: 2018 £0.1 million) after accelerated investment in European expansion. Since that time, the Company has continued to implement its strategy, with like-for-like store sales up by 15.4 per cent. and 12.0 per cent. in August and September respectively. The Board looks to the Company's future with increasing confidence.

The Placing

The Company has entered into the Placing Agreement under which Cenkos has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. Further details of the terms of the Placing Agreement are set out below. Subject to the satisfaction of the conditions under the Placing Agreement including, among other matters, the passing of the Resolutions without amendment, the Company will issue up to 21,622,000 New Ordinary Shares which will raise approximately £20.0 million, before expenses, and £19.1 million, after the expenses of the Placing (which are estimated to be up to approximately £0.9 million (excluding VAT)). The Placing Shares have been conditionally placed by Cenkos, acting as the bookrunner and as agent for the Company, with institutional and other investors. Application will be made for the New Ordinary Shares to be admitted to trading on AIM, and, on the assumption that, among other matters, the Resolutions are passed, dealings in the Placing Shares are expected to commence on 12 November 2018. The Placing is not underwritten.

The Placing is conditional, among other things, upon:

- the Resolutions being passed without amendment;
- compliance by the Company in all material respects with its obligations under the Placing Agreement; and
- Admission of the New Ordinary Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 12 November 2018 (or such later date as is agreed between the Company and Cenkos, being not later than 8.00 a.m. on the Long Stop Date).

The Placing Agreement contains, inter alia, customary undertakings and warranties given by the Company in favour of Cenkos as to the accuracy of information contained in this announcement and as to other matters relating to the Company. Cenkos may terminate the Placing Agreement in specified circumstances prior to Admission including in the event of a force majeure event occurring.

The New Ordinary Shares will represent approximately 33.5 per cent. of the Enlarged Share Capital and the Sale Shares will represent approximately 3.3 per cent. of the Enlarged Share Capital. The New Ordinary Shares will, following Admission, rank in full for all dividends and distributions declared, made or paid in respect of the issued Ordinary Share capital of the Company after the date of their issue and will otherwise rank equally in all other respects with the Existing Ordinary Shares. The Placing Price represents a discount to the closing mid-market price of 7.5 per cent. per Ordinary Share as at 23 October 2018 (being the latest practicable date before the announcement of the Placing).

The Company has also agreed to issue a warrant instrument, on completion of the Placing, granting Cenkos warrants to subscribe for, in total, 432,440 Ordinary Shares, being equal to 2.0 per cent. of the New Ordinary Shares (and corresponding to £4,324.40 in aggregate nominal value). Each warrant corresponds to one Ordinary Share and is exercisable between the first and fifth anniversaries of the date of the warrant instrument, at £1.10 per Ordinary Share. Before this first anniversary, these warrants may be cancelled by the Company.

Selling Shareholder Agreement

Cenkos and the Selling Shareholder have entered into the Selling Shareholder Agreement pursuant to which 2,162,000 Sale Shares have been placed in connection with the Placing at the Placing Price. The Selling Shareholder Agreement is conditional on Admission, among other things.

Related party transaction

The following substantial Shareholder (being a Shareholder holding 10 per cent. or more of the Company's Ordinary Shares as at 23 October 2018, being the latest practicable date prior to the date of this announcement) is participating in the Placing as described below:

	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Amount subscribed	Number of Placing Shares	Number of Ordinary Shares held including the Placing Shares	Percentage of enlarged share capital
Canaccord Genuity Wealth Management	5,762,500	13.4%	£1,799,125	1,945,000	7,707,500	11.9%

The participation by the Shareholder referred to above in the Placing is classified as a related party transaction for the purposes of the AIM Rules by virtue of such Shareholder being a "substantial shareholder" (as defined in the AIM Rules) in the Company.

The Directors, having consulted with Cenkos, the Company's Nominated Adviser, consider that the terms of the transaction, namely the participation by Canaccord Genuity Wealth Management in the Placing, are fair and reasonable insofar as the Company's Shareholders are concerned.

PLACING STATISTICS

Placing Price (per share)	92.5p
Number of Existing Ordinary Shares	42,999,993
Number of New Ordinary Shares	21,622,000
Number of Sale Shares	2,162,000
Number of Placing Shares	23,784,000
New Ordinary Shares as a percentage of the Enlarged Share Capital	33.5%
Sale Shares as a percentage of the Enlarged Share Capital	3.3%
Number of Ordinary Shares in issue following Admission	64,621,993
Total gross proceeds of the Placing	£20.0 million
Estimated expenses of the Placing	£0.9 million
Estimated net proceeds of the Placing receivable by the Company	£19.1 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this announcement	24 October 2018
Publication of the Circular	24 October 2018
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 7 November 2018
General Meeting	11.00 a.m. on 9 November 2018
Admission and commencement of dealings in the Placing Shares	12 November 2018
Long Stop Date	26 November 2018

DEFINITIONS

Act	the Companies Act 2006 (as amended)
Admission	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
AIM	the AIM Market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange from time to time
Cenkos	Cenkos Securities plc

certificated form or in certificated form	an Ordinary Share recorded on a company's share register as being held in certificated form (namely, not in CREST)
Company	Angling Direct plc, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05151321
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755)
Directors or Board	the directors of the Company, or any duly authorised committee thereof
Enlarged Share Capital	the 64,621,993 Ordinary Shares in issue immediately following Admission
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Existing Ordinary Shares	the 42,999,993 Ordinary Shares in issue at the date of this announcement, all of which are admitted to trading on AIM
FCA	the UK Financial Conduct Authority
Form of Proxy	the form of proxy for use in connection with the General Meeting
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting or GM	the general meeting of the Company to be held at B-24 Business Lounge, 18 Wendover Road, Rackheath Industrial Estate, Rackheath, Norwich, Norfolk NR13 6LH at 11.00 a.m. on 9 November 2018
London Stock Exchange	London Stock Exchange plc
Long Stop Date	26 November 2018
New Ordinary Shares	21,622,000 new Ordinary Shares to be issued pursuant to the Placing
Notice of General Meeting	the notice convening the General Meeting
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company
Placee or Placees	the subscribers for the New Ordinary Shares and purchasers of the Sale Shares pursuant to the Placing
Placing	the placing by Cenkos of the New Ordinary Shares and Sale Shares with certain institutional investors and existing Shareholders (or their associated investment vehicles), otherwise than on a pre-emptive basis, at the Placing Price
Placing Agreement	the conditional agreement entered into between the Company and Cenkos in respect of the Placing dated 24 October 2018
Placing Price	92.5 pence per Placing Share
Placing Shares	the New Ordinary Shares and the Sale Shares
Resolutions	the resolutions set out in the Notice of General Meeting
Sale Shares	2,162,000 Existing Ordinary Shares to be sold by the Selling Shareholder in connection with and pursuant to the Placing
Selling Shareholder	William Hill

Selling Shareholder Agreement	the agreement between Cenkos and the Selling Shareholder to place the Sale Shares at the Placing Price
Shareholders	holders of Ordinary Shares
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
£ and p	United Kingdom pounds sterling and pence respectively, the lawful currency of the United Kingdom

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 website (www.anglingdirect.co.uk) 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 premises 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 23 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.