

Angling Direct

Serious about your fishing

FY21 Half Year Results

October 2020

HY21 Overview

Financial highlights

- Revenue of £32.1m (HY 20: £26.5m) – up 21%
- Sales across all channels from 15 June 2020 (date stores re-opened) to 31 July 2020 - up 95%
- Gross profit of £10.8m (HY 20: £8.5m) – up 27%. Gross margin improved by 140 bps to 33.5%
- EBITDA of £2.9m (HY 20: £1.2m) – up 142%. Pre-IFRS 16 EBITDA of £2.1m (HY 20: £0.8m) – up 163%
- Net cash and cash equivalents at 31 July 2020 of £21.0m (31 July 2019: £13.3m)
- Operating cash generation of £11.3m (HY 20: £1.8m) – up 528%
- Successful placing in June 2020 raising £5.5m (gross) strengthens the balance sheet and provides funds to invest in growth

Operational highlights

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

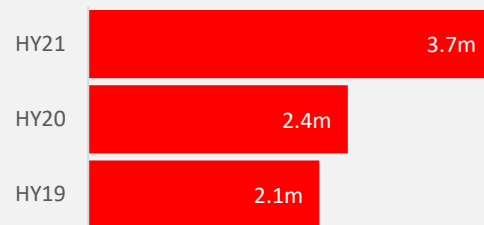
Current trading and outlook:

- Current trading both online and in-stores proving resilient
- Closely monitoring government guidance, will review government restrictions and financial support as circumstances change
- Leicester store opened in September 2020, with total count of 38 stores anticipated at the year end
- Guidance reinstated for FY 21 and on track to meet current year market expectations

HY21 Highlights

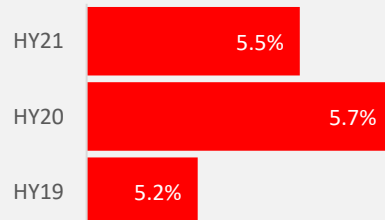
Websites

UK WEBSITE VISITORS



3.7m
+54%

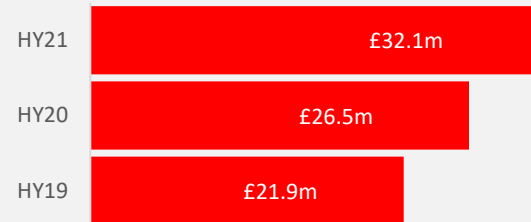
UK WEBSITE CONVERSION



5.5%
-20bps

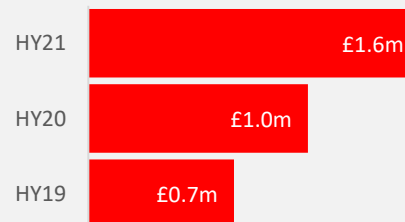
Sales

TOTAL REVENUE GROWTH



£32.1m
+21%

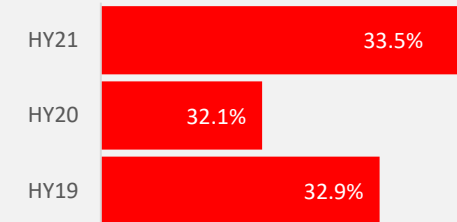
INTERNATIONAL NATIVE WEBSITE COUNTRY REVENUE GROWTH



£1.6m
+51%

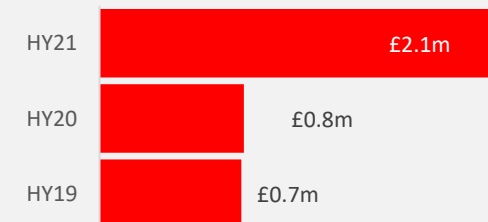
Profitability

GROSS MARGIN %



33.5%
+140 bps

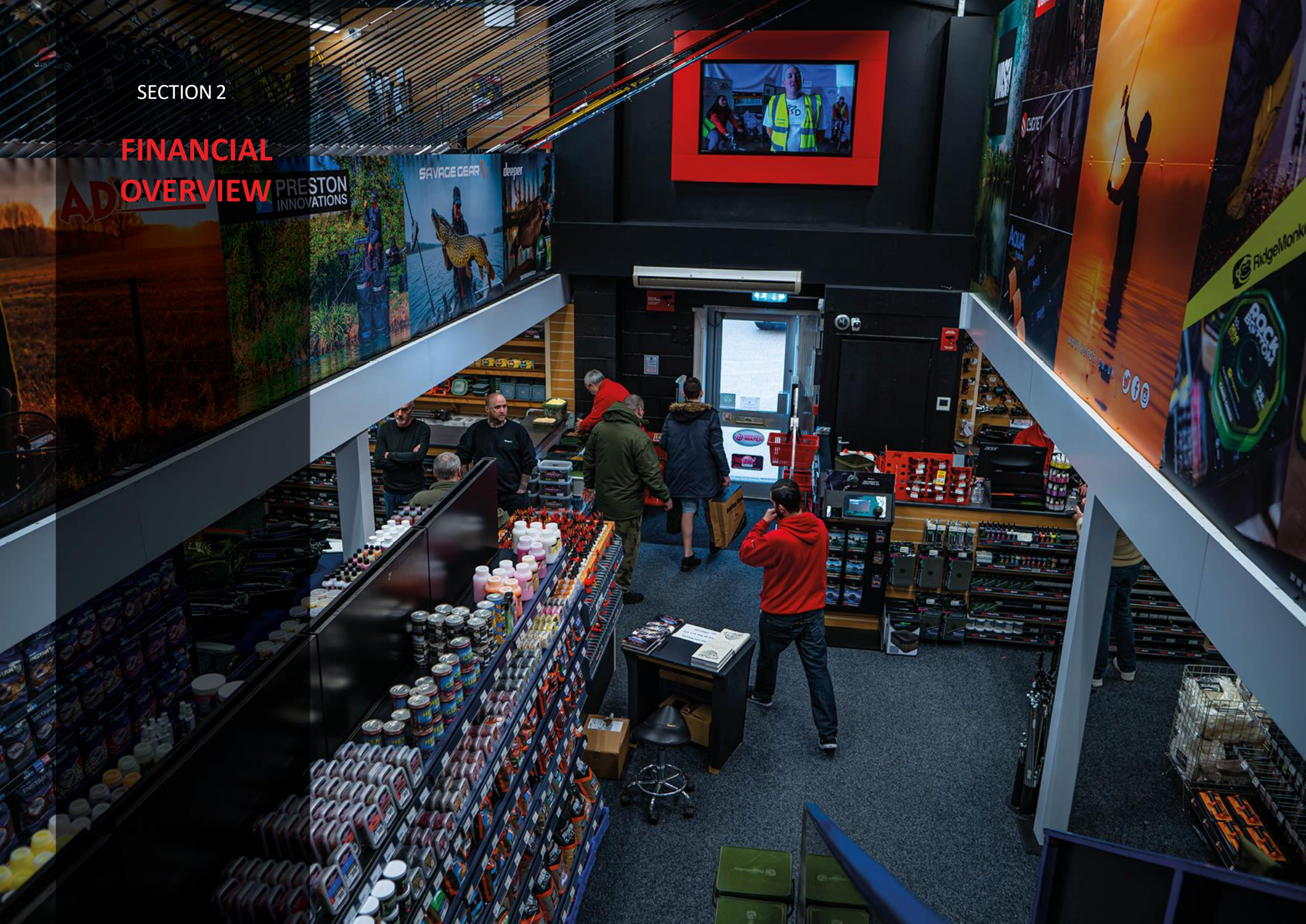
EBITDA – PRE IFRS 16



£2.1m
+163%

SECTION 2

AD OVERVIEW



PRESTON
INNOVATIONS

SAVAGE GEAR

deeper

RidgeMonkey

ROCK

Trading KPIs

Period ended	HY21	HY20	FY20
Overall sales growth	21.1%	20.9%	26.6%
UK Sales (£m)	29.7	23.8	48.2
UK Sales growth rate	24.8%	20.1%	29.0%
Other country sales (£m)	2.4	2.7	5.0
Other country sales growth rate	-10.5%	28.1%	7.6%
Branded products sales (£m)	30.3	25.7	51.7
Branded products sales growth	17.8%	21.2%	27.3%
Own brand product sales (£m)	1.8	0.8	1.5
Own brand product sales growth	128.1%	12.7%	6.9%
Stores Sales - % of total turnover	44.3%	52.8%	52.4%
Website Sales - % of total turnover	55.7%	47.2%	47.6%
Gross margin	33.5%	32.1%	31.2%
Headcount - average	404	342	369
People cost (£m)	5.0	3.8	8.3
Marketing costs (£m)	0.9	0.6	1.2

- 21% sales growth despite 12 week store closure
- Country sales for Germany, France and Netherlands up £0.6m +51%
- Excluding discontinued Russian sales, international growth 6% year on year, now breaking even
- Significant focused investment in new Advanta stock for FY21 evidenced in H1 sales absolute and % growth
- Focus on margin recovery being delivered through improved pricing and promoting disciplines
- £1.2m of increased people cost, £0.7m attributable to increased store footprint. Stores headcount changes will deliver benefit in H2
- Marketing costs economies being delivered with higher online traffic

HY21 growth compares 6m to 31 July 2020 with 6m to 31 July 2019

FY 2020 is the period of 12m ended on 31 January 2020

Income Statements

Period Ended	July 20	July 19	Jan 20
	£'000	£'000	£'000
Total Sales	32,128	26,522	53,181
Gross Profit	10,759	8,518	16,580
Gross Margin %	33.5%	32.1%	31.2%
EBITDA - post IFRS 16	2,871	1,248	659
EBITDA Margin	8.9%	4.7%	1.2%
Depreciation & Amortisation	1,314	776	1,887
Net Finance Expenses	199	105	252
Taxation	2	36	(170)
Net profit/(loss)	1,356	331	(1,310)
Basic earnings per share pence	2.0	0.5	(2.0)

- Margin improvement contributes £450k additional gross profit YOY
- EBITDA ahead of prior year excluding direct government cash help despite costs of 12 week store closure
- EBITDA includes £1.5m relating to government Covid-19 schemes
- Depreciation and interest charge increase over HY 20 reflects increased store footprint and ROU assets

HY21 IFRS 16 Table

£'000	Excluding IFRS 16	IFRS 16	Reported
Gross profit	10,759		10,759
Government grants	1,503		1,503
Overheads	(10,169)	778	(9,391)
EBITDA	2,093	778	2,871
Depreciation and Amortisation	(636)	(678)	(1,314)
EBIT/Operating profit	1,457	100	1,557
Finance costs	7	(206)	(199)
Profit before tax	1,464	(106)	1,358

- IFRS 16 inflates EBITDA by 37%. Pre IFRS 16 KPI still used by management as key profitability test for stores
- HY 21 pre IFRS 16 margin of 6.5% (HY 20: 2.9%)
- Right-of-Use assets modest reduction from FY 20 reflects new store leases signed v £678k depreciation
- Depreciation includes £0.7m in HY 21 relating to “Right-of-Use” assets under IFRS16
- Closing Right-of-use assets of £10.4m match against closing lease liabilities of £10.5m

Balance Sheet Overview

Period Ended	July 20	July 19	Jan 20
	£'000	£'000	£'000
Intangibles - goodwill	5,620	4,887	5,620
Intangibles - software	632	-	596
Property plant & equipment	5,784	5,119	5,593
Right of use assets	10,389	7,585	10,480
Non current assets	22,425	17,591	22,289
Inventories	11,081	12,097	13,453
Other current assets	782	915	983
Cash	20,983	13,329	5,978
Total current assets	32,846	26,341	20,414
Current Lease liabilities	1,251	1,043	1,182
Other current liabilities	12,478	8,195	6,447
Total current liabilities	13,729	9,238	7,629
Non current Lease liabilities	9,264	7,325	9,334
Other non current liabilities	265		249
Total non-current liabilities	9,529	7,325	9,583
Deferred tax	19	306	-
Net assets	31,994	27,063	25,491

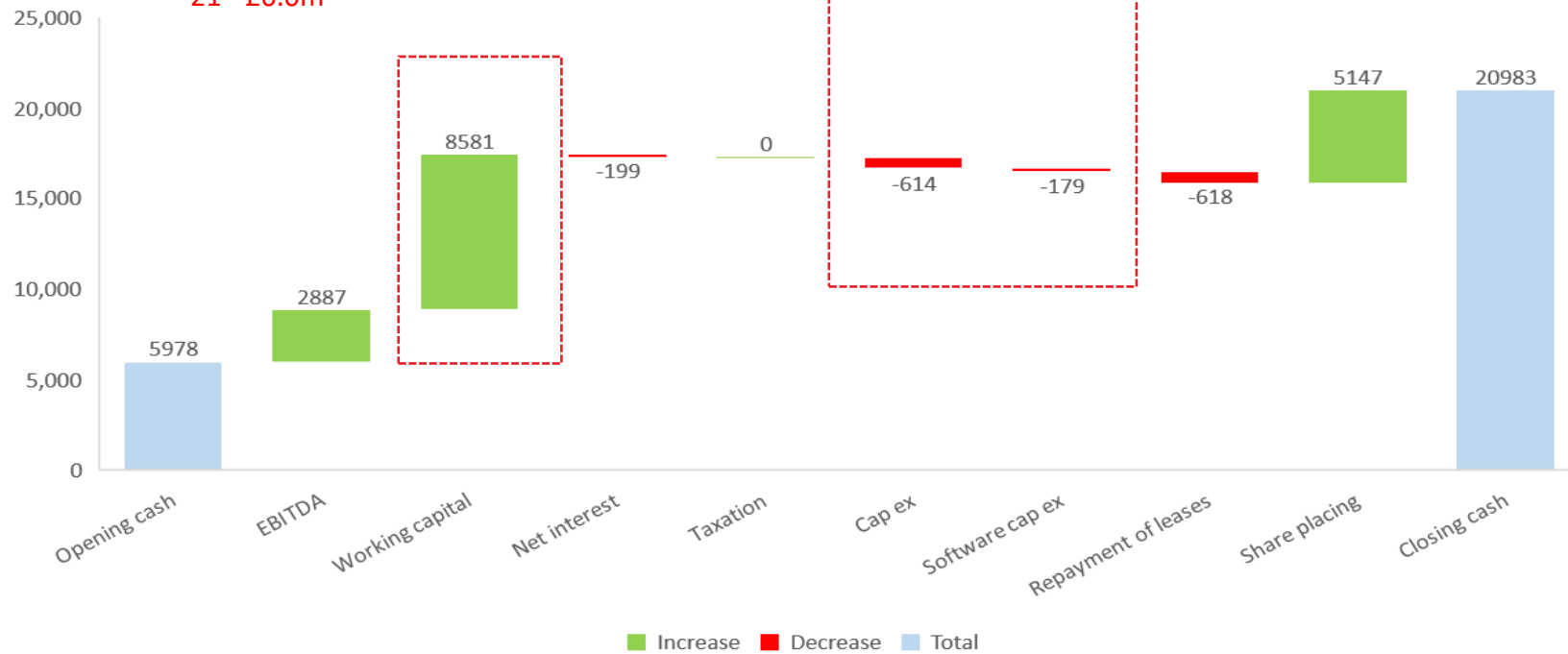
- Strong balance sheet - £32.0m of net assets, £21.0m of cash in seasonal high quarter
- Net debt (IFRS 16 lease liabilities less cash) of (£10.5)m FY20: £4.5m reflecting strong cash position v stable outstanding lease commitments
- Continued investment in ERP system and web platform totaling £0.2m
- Inventory reduction reflects strong trading and commencement of increased stock disciplines
- Current liabilities reflect timing on trade payables and VAT from strong trading months post lockdown

Cash Flow Overview

- Cash generation for the period of £15m
- Working capital underlying improvements, all suppliers being paid to terms
- Capex largely committed on new stores pre lockdown

- Lower stock levels despite increased store footprint - £2.4m
- Timing of supplier payments - high June and July sales with supplier settlement and VAT in H2 21 - £6.0m

3 new stores opened, plus 1 fitted ahead of September opening, plus 1 major refit



Cash flow reflects successful trading post lockdown and increased working capital discipline

SECTION 3

**BUSINESS
REVIEW**

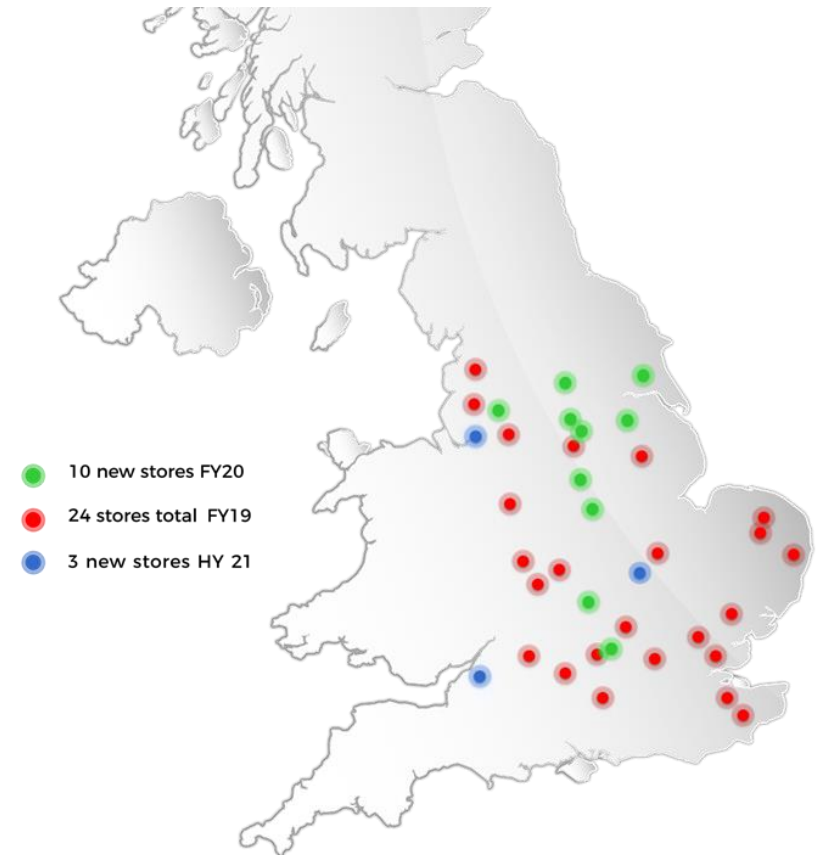


**ANGLING
DIRECT
EXCLUSIVE
RANGE**

HY21 Stores Review

Stores – Integral to our Omni-Channel offering

- 3 new stores; convenient locations in high density fishing catchments
- 37 trading stores at period end (28 HY 20). Additionally Leicester opened September 2020
- All stores closed from 24th March to 14th June. 224 store colleagues furloughed during store closures. All store colleagues have now returned to work
- Like-for-like store sales reduced by 23% to £9.8m. Like-for-like in July up 57%. New stores accounted for £4.4m, of which £3.5m was first full half year effect of stores opened during FY 20
- Average store transaction value HY 21 £40.18, up 8%
- Stores serve as hub for local fishing community delivering high quality customer support and advice
- As of July 2020 262 store colleagues (not FTE), increase of 15% HY 20. Over half of stores have in-store qualified tutors
- Repeat demand for consumables and bait drives repeat footfall



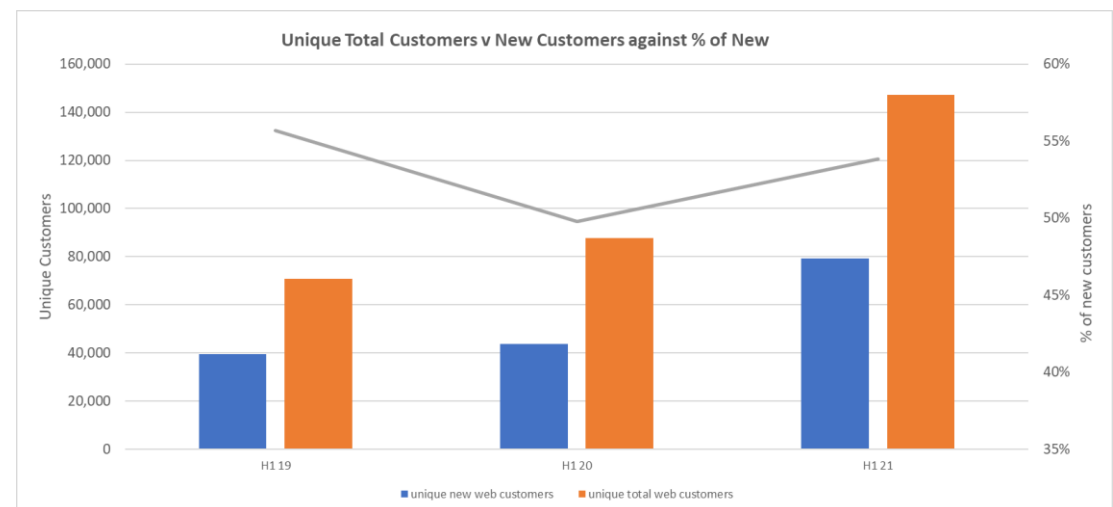
“Store colleagues are the vital touch point between Angling Direct and our customers. They’re all angling specialists with an infectious enthusiasm for fishing. For customers, our stores complement the webstore, providing market leading, hands-on product service and advice, as well as a real sense of community.” - Andy Torrance, CEO

HY21 Online Review

	HY21	HY20	FY20	HY - HY
Total unique website visits	4.7m	2.8m	5.9m	+67.9%
Unique customers	147k	88k	166k	+67.0%
UK website visitors	3.7m	2.4m	4.9m	+54.2%
European website visitors	1.0m	0.4m	1.0m	+150%
UK conversion rate	5.5%	5.7%	5.9%	-20 BPS
European conversion rate	2.7%	1.9%	1.9%	+80 BPS

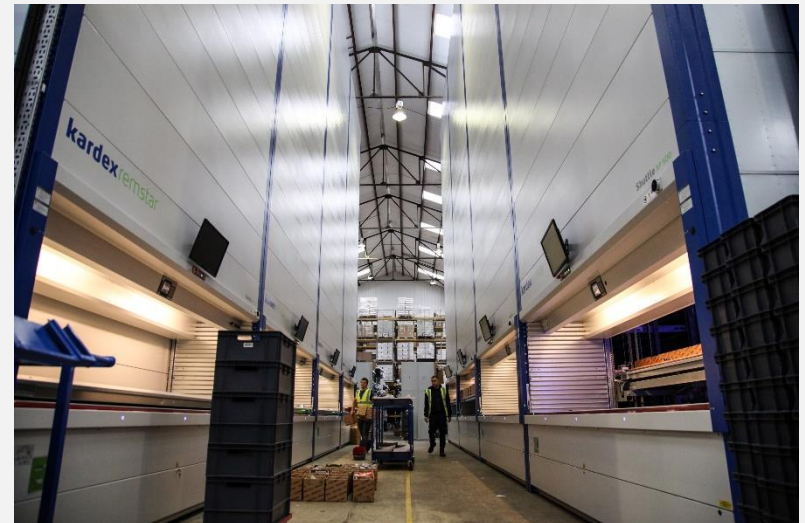
	HY21	HY20	FY20	HY - HY
Average basket online	£69.40	£74.62	£71.12	-7.0%
Customer repeat percentage	65.0%	69.4%	69.2%	-440 BPS
Return on UK advertising spend	£17.7	£13.8	£13.1	+28.3%
Total database	246k	215k	233k	+31k
Total social media followers	264k	209k	228k	+26.3%
Web returns rate	3.3%	3.1%	3.1%	-20 BPS

- Organic search ranking number 1 for over 3,900 fishing related keywords, more than treble nearest competitor. Up from 3,500 at FY20
- Rapid growth in German, French and Netherlands organic sessions metrics, .DE +331% (123k), .FR +2537% (200k), .NL +1158% (142k)
- Magento II developments tested for FY 21 release will drive further improvements across all sites
- Despite rapid growth and operational pressures On Time In Full deliveries to customers remained at 92% against 87% at FY 20



COVID-19: Our Experience

- As a non-essential retailer our stores were closed from 24th March until 15th June
- Online retailers were encouraged to remain open and we safely traded the online aspect of the business throughout lockdown
- Strong online sales during lockdown of 24% and 74% in April and May v prior year respectively highlighting the value of the investment in the web platform
- Significantly higher levels of website browsing behavior early in lockdown. Average basket trending down in May as fishing restarted with demand for bait and smaller consumable sales
- In the final two weeks of lockdown we operated a "Call & Collect" offering from the majority of our stores. Customer take up positive but challenging to balance against cost of store colleagues
- Fishing as an activity one of the first to be restarted through Government guidance helped promote the sport and encourage new and lapsed anglers. Encouraging media coverage continues
- Post 15th June all stores fully operational with no single days trading lost due to colleagues "Isolating". No store colleagues remain on furlough



Covid-19 Response, Opportunities & Outlook

Opportunities

Ongoing Focus

- Flexible working practices introduced to protect staff and maximise colleague welfare
- Continue to secure share above market growth, latest Environment Agency data of 16% growth in licence sales
- Retaining new online customers through contemporary web platform, market leading ranging and pricing competitively to the key market competitors
- Recessionary outlook potentially drives weaker players out of the market and forces consolidation
- Developing supply chain processes to ensure AD secures disproportionate value of best sellers with scale suppliers indicating more “bumpy” supply volumes to come
- Restricted travel drives higher “staycation” and increased fishing windows
- Restriction on popular sporting and spectating activities also increases available spend for anglers



Challenges

Disruption Creates Opportunities

- Recessionary outlook puts pressure on market customer pricing along with potential supplier price pressure from interrupted Far East supply chain
- Resurgence in lapsed and new anglers persuades smaller retailers to “stick in” the market and pace of consolidation slows

Summary

Financial

- Significant growth opportunity – both online and in-store
- European online websites continued growth – validates sales model
- Continue progress on protecting/growing margins
- Maintain focus on operating cashflows

Strategy

- Continue to build platform to profitably grow UK and European market share
- Build on native language European websites successes, consider omni-channel options
- Leverage recent capital investment and store portfolio
- Continued cash focus
- Consider limited but focused M&A
- Segment the angling markets for improved growth and margin
- Swift action taken to stabilise the business following Covid-19 restrictions with new opportunities likely ahead

“We grow as a company, founded on trust and integrity of purpose.”

- Martyn Page, Executive Chairman,
CTA, TEP

SECTION 5

Appendix



Our Competitive Advantage

Products

- Category leading range, over 20,000 SKUs
- Broad Generalist/Enthusiast/Committed appeal
- All major fishing disciplines stocked
- Range extensions online
- Large supplier base
- Price Checker
- Far East OB sourcing capability

Store Capability and Environment

- Enthusiastic in-store specialists
- In-store tuition for all levels
- Recognised top UK anglers
- Hands-on try before you buy – e.g. pole alley
- Largest standalone chain, strong geographical coverage
- Easy access, convenient locations

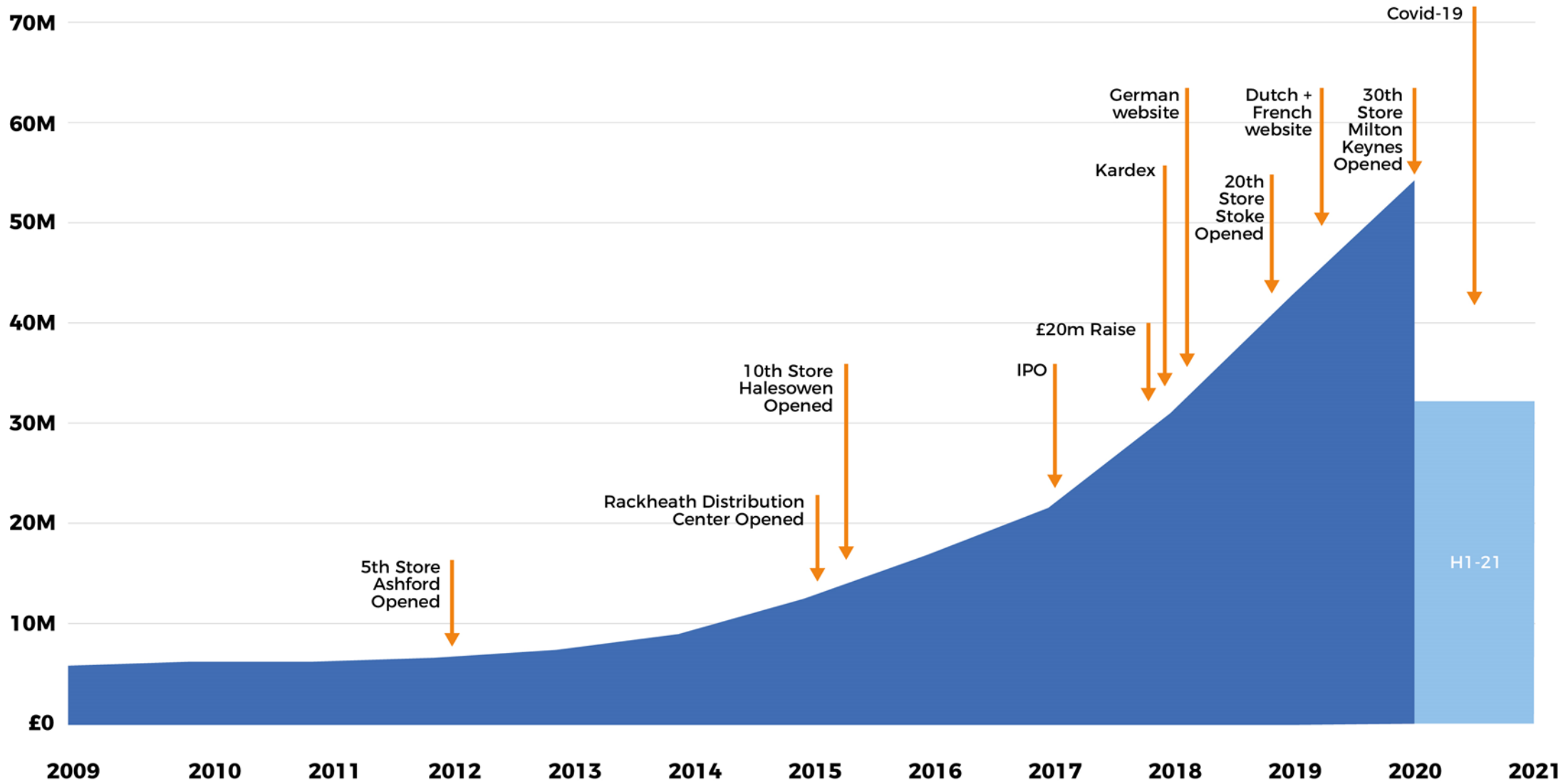
Digital Presence

- Robust contemporary platforms
- Native language sites and local SEO, driving traffic and improving conversion
- Further basket building functionality implemented
- Mobile friendly
- Click and Collect drives footfall
- Strong web metrics
- Semi-automated Distribution Centre

Social Leadership

- Substantial social media and Angling Direct TV following – at least double nearest UK competitor on each platform
- Local community fishing and advice hubs
- Prominent CSR and environmental leadership

Key Milestones



Board



Andy Torrance

Chief Executive Officer

- Appointed CEO in February 2020 (previously NED, since October 2019)
- Strong specialist retail pedigree with omnichannel board experience at Halfords, Dunelm and Holland & Barrett



Martyn Page

Executive Chairman, CTA, TEP

- Founder, well known angler with many years past experience as a corporate partner in a Chartered Accountancy LLP advising and guiding corporates



Steven Crowe

Chief Financial Officer, ACA, BA, (hons)

- Appointed January 2020
- Extensive experience in Financial Services and Private Equity CFO positions

Supported by

- Darren Bailey (Non-Executive Director and ex-CEO),
- Paul Davies (Independent Non-Executive Director)
- Dilys Maltby (Independent Non-Executive Director)

Disclaimer

This presentation is being made only to and directed at: (a) persons who have professional experience in matters relating to investments falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”); or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49 of the FPO (all such persons together being referred to as “relevant persons”); or (c) any other person to whom this promotion may lawfully be directed. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

This presentation may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial conditions, business performance and results of Angling Direct plc (“Angling Direct”). By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of Angling Direct, including amongst other things, Angling Direct’s future profitability, competition in the markets in which Angling Direct and its subsidiaries operate and its ability to retain existing customers and win new customers, changes in economic conditions generally, terrorist and geopolitical events, legislative and regulatory changes, changes in taxation regimes, exchange rate fluctuations and volatility in Angling Direct’s share price. As a result, Angling Direct’s actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. Angling Direct undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by applicable law and regulation (including the AIM Rules). No statement in this presentation is intended to be a profit forecast or be relied upon as a guide to future performance.