



Angling Direct

Getting everyone fishing

FY22 Half Year Results

for the 6 months to 31 July 2021

October 2021

Agenda

HY22 Overview

HY22 Financial Overview

Business Review & Strategic Progress

Summary & Outlook

HY22 Overview

Financial highlights

- Group revenue increased 19.5% to £38.4m (HY21: £32.1m)
- Online sales up 3.2% to £18.5m (HY21: £17.9m)
- Retail store sales up 40.1% to £19.9m (HY21: £14.2m)
- Gross profit of £14.4m, up 33.7% (HY21: £10.8m) with a 390bps improvement in gross margin to 37.4% (HY20: 33.5%), underpinned by more disciplined approach to pricing and inventory management
- Positive Operating cashflow of £5.8m
- EBITDA (pre IFRS 16) of £4.4m (HY21: £2.1m)
- Profit before tax of £3.7m, up 174% (HY21: £1.4m)
- Basic earnings per share of 3.70p (HY21: 2.02p)
- Strong balance sheet with Group net cash of £19.6m at HY22

Operational highlights

- Further digital investment grew UK online conversion by 80 bps to 6.3%
- Recent investment in UK distribution centre capacity utilised to protect supply position relative to wider market
- 'AD+' priority delivery subscription service launched March 2021 driving customer loyalty and now accounts for 16% of all UK online orders
- Established business case and detailed operating model for a European distribution centre, facilitating moving to execution phase – terms agreed on 3,900 square metre facility in the Netherlands
- New category management model delivered agile stocking and pricing in short supply market supporting gross margin growth
- Store transformation programme starting to deliver sustainable levels of EBITDA earnings from retail stores. Stores average transaction value up 3.8% and like for like sales up 32.2%
- Healthy property pipeline for underserved catchments – two further store openings planned by year end

LOOKING FOR SOMETHING DIFFERENT?

VIEW OUR WHOLE RANGE AT www.anglingdirect.co.uk

COARSE & MATCH BAIT



CARP BAIT

HY22 FINANCIAL OVERVIEW



Use hand sanitiser regularly

ORDER ONLINE
CLICK+COLLECT
PICK UP IN-STORE

ESSENTIAL RIG PROTECTION

ORDER ONLINE
CLICK+COLLECT
PICK UP IN-STORE

DON'T FORGET YOUR RIG FOAM

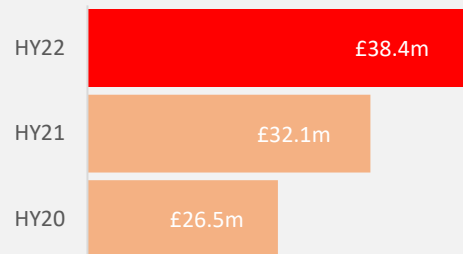
DON'T FORGET YOUR RIG FOAM

PROMOTION
6-Rod Super Quiver

HY22 Highlights

Sales

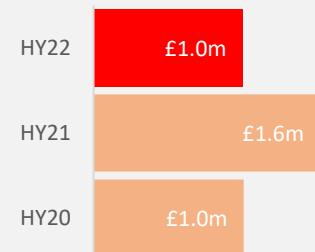
TOTAL REVENUE GROWTH



£38.4m

+19.5%

NATIVE WEBSITE COUNTRY REVENUE GROWTH

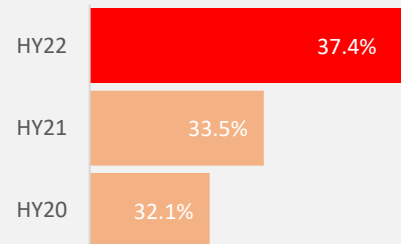


£1.0m

-34.2%

Profitability

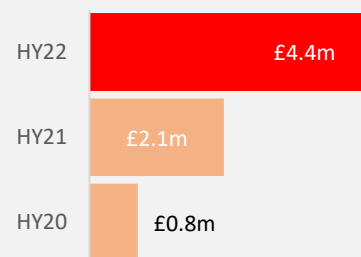
GROSS MARGIN %



37.4%

+390 bps

EBITDA - PRE IFRS 16

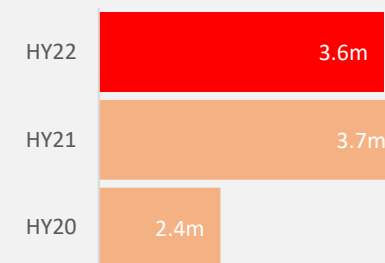


£4.4m

+111.6%

Websites

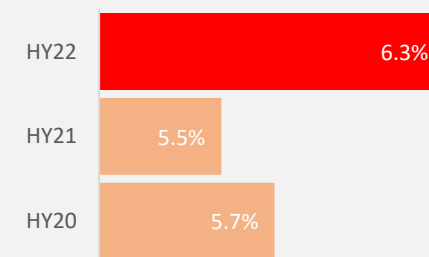
UK WEBSITE VISITORS



3.6m

-2.7%

UK WEBSITE CONVERSION



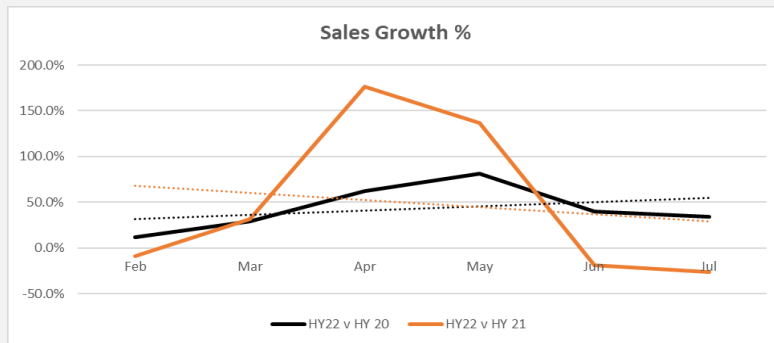
6.3%

+80bps

HY22 Underlying Growth Trends

Sales

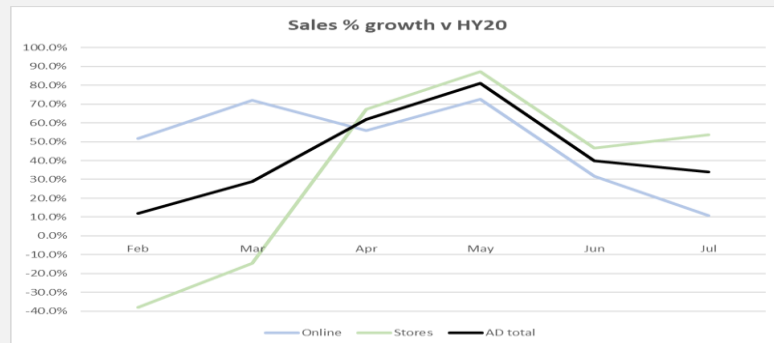
TOTAL REVENUE GROWTH YOY & YO 2Yr



HY21 £32.1m +21.1%

HY22 £38.4m +19.5%

TOTAL REVENUE GROWTH YO 2Yr – Online & Stores

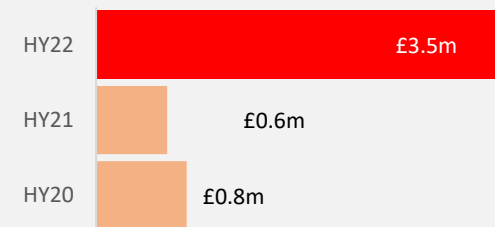


£11.9m growth

+44.8%

Profitability

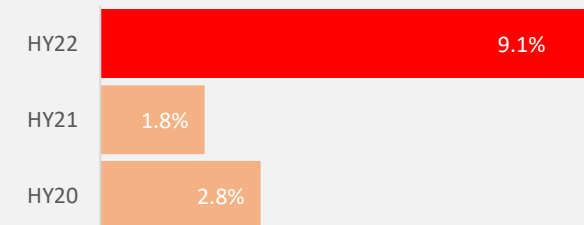
EBITDA - PRE IFRS 16 ex Gov Support



+\$2.9m

+483%

EBITDA % - PRE IFRS 16 ex Gov Support



9.1%

+730 bps

Trading KPIs

	HY22	HY21	FY21
Overall sales growth	19.5%	21.1%	27.1%
UK Sales	£37.1m	£29.7m	£63.2m
UK Sale growth rate	25.1%	24.8%	31.2%
Native website country sales	£1.0m -34.2%	£1.6m 50.7%	£2.9m 35.0%
Other country Sales	£0.2m	£0.9m	£1.5m
Other country growth rate	-73.9%	-48.4%	-47.9%
Branded Products Sales	£36.4m	£30.3m	£64.3m
Branded Products growth rate	20.1%	17.8%	24.4%
Own Brand Sales	£2.0m	£1.8m	£3.2m
Own Brand growth rate	10.1%	128.1%	122.1%
Own Brand % of total sales	5.2%	5.7%	4.8%
Online Sales - % of total t/o	48.1%	55.7%	52.3%
Stores Sales - % of total t/o	51.9%	44.3%	47.7%
Gross margin %	37.4%	33.5%	34.2%
Employee no - average	401	404	407
People cost	£5.3m	£5.0m	£10.1m
Online advertising costs	£0.8m	£0.9m	£1.6m
% of online sales	4.2%	5.2%	4.5%

- Stores closed for 39% of trading days (46% HY21), delivered Like-for-Like sales increase of 32.2%
- Strong double digit UK online sales growth of 15.8% against challenging Q2 comparatives
- Native language website sales impacted by Brexit ports hiatus and more latterly ban on export of bait from UK, modest <£100k EBITDA pre IFRS 16 loss HY22
- Other country sales outside native sites reflect territory rationalisation post Brexit duty charges and disproportionate compliance costs
- Focus on sustainable margin growth further evidenced in HY22
- People cost as % of sales reducing despite periods of closure
- Compelling online advertising ratio sustained despite lower impressions in Q2

Income Statement - *Delivering Margin Accretive Revenue Growth*

Period Ended	July 21	July 20	Jan 21
	£'000	£'000	£'000
Total Sales	38,404	32,128	67,581
Gross Profit	14,382	10,759	23,123
Gross Margin %	37.4%	33.5%	34.2%
EBITDA - post IFRS 16	5,371	2,871	5,718
EBITDA Margin	14.0%	8.9%	8.5%
Depreciation & Amortisation	1,452	1,314	2,662
Net Finance Expenses	196	199	410
Taxation	863	2	241
Net profit/(loss)	2,860	1,356	2,405
Basic earnings per share (pence)	3.7	2.0	3.3

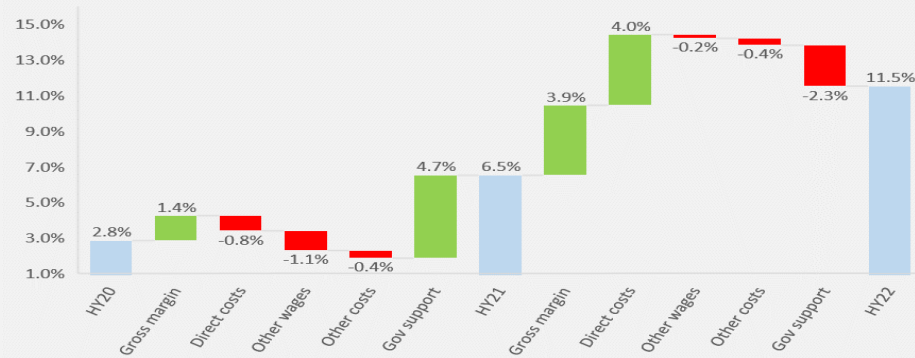
- Group sales growth of 19.5%
- Gross profit growth outstripping sales progression by 1.7x
- Gross margin 390bps increase through
 - Pricing discipline
 - Pricing resilience from stock investment v wider market
 - Improved shrinkage
 - Progressing range reviews in store
- 510 bps increase in EBITDA margin
- Direct government support 2.4% of post IFRS 16 EBITDA margin v 4.7% in HY21
- Depreciation and finance charges increase as store estate continues to grow

Reconciliation to pre IFRS 16 set out on slide 9

Demonstrable EBITDA Improvement

Group

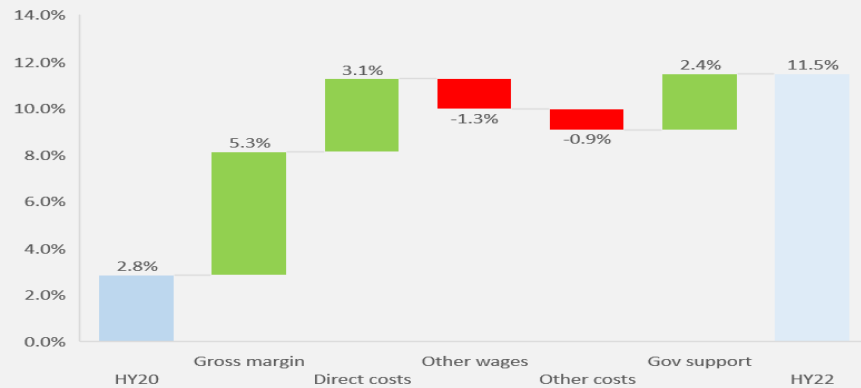
EBITDA % - PRE IFRS 16



11.5%

+500 bps

EBITDA % - PRE IFRS 16 2 YR

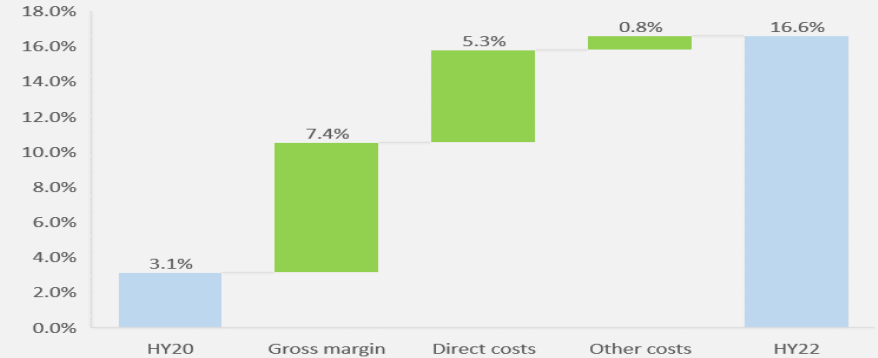


11.5%

+870 bps

Online

EBITDA % - PRE IFRS 16 2 YR

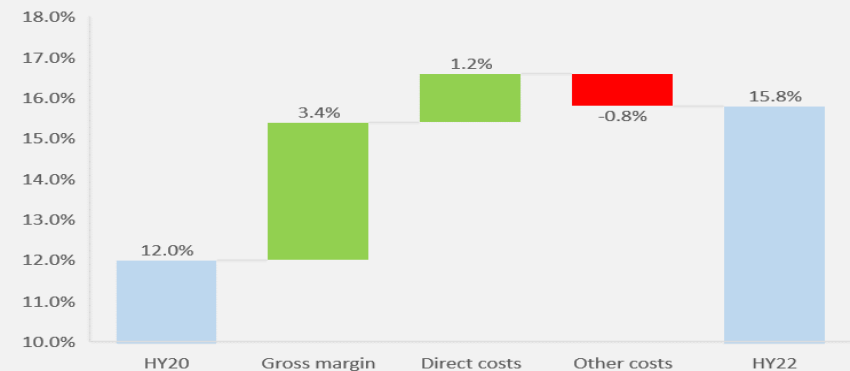


16.6%

+1350 bps

Stores

EBITDA % - PRE IFRS 16 2 YR



15.8%

+380 bps

IFRS 16 Reconciliation

£'000	Excluding IFRS 16	IFRS 16	Reported
Gross profit	14,382	-	14,382
Government grants	932	-	932
Overheads	(10,886)	943	(9,943)
EBITDA	4,428	943	5,371
EBITDA %	11.5%		14.0%
Depreciation and Amortisation	(725)	(727)	(1,452)
EBIT/Operating profit	3,703	216	3,919
Finance costs/income	13	(209)	(196)
Profit before tax	3,716	7	3,723

- IFRS 16 remains a material uplift to EBITDA, 250 bps
- Business continues to use pre IFRS 16 operationally to review rent recovery through respective store P&L accounts
- Right of Use asset lease liability at HY21 of £10.5m, increased to £10.7m at HY22
- Immaterial impact at PBT level

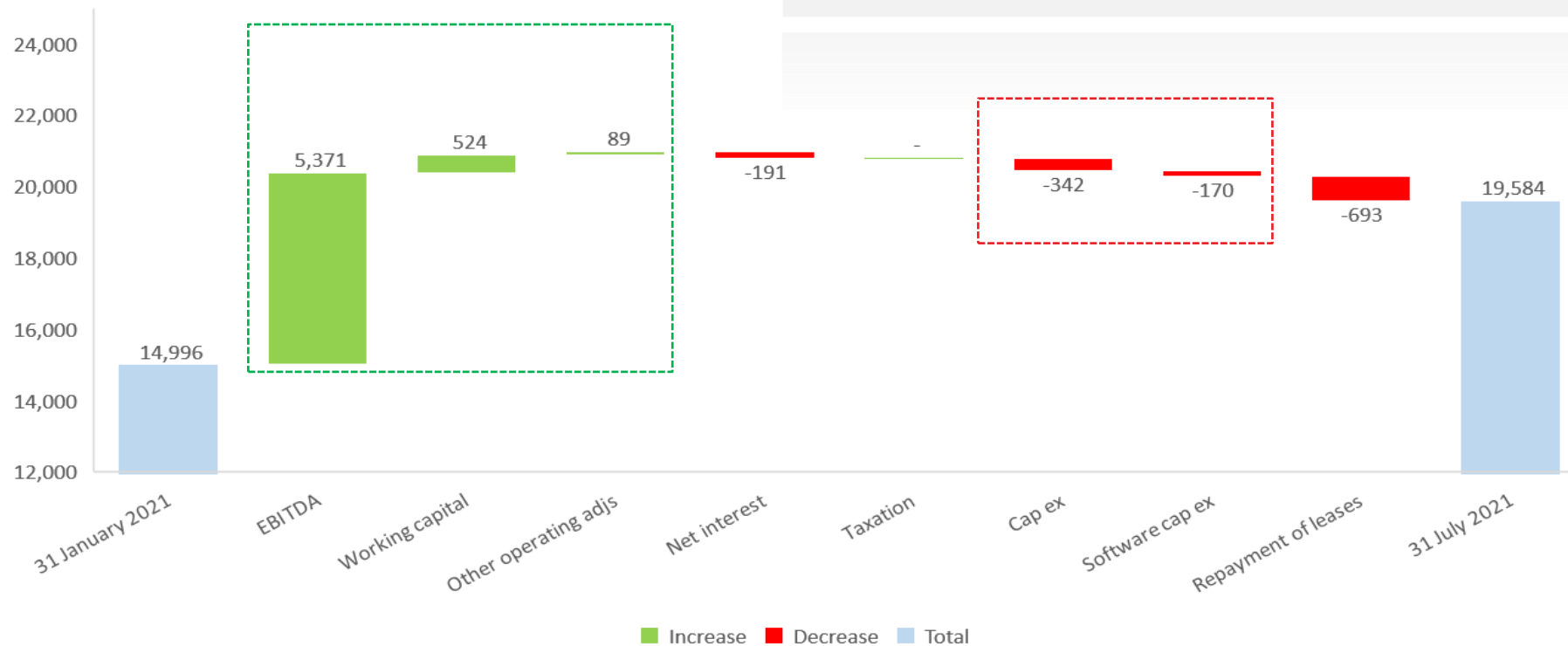
Robust Balance Sheet and Liquidity Position

Period Ended	July 21	July 20	Jan 21
	£'000	£'000	£'000
Intangibles - goodwill	5,620	5,620	5,620
Intangibles - software	598	632	631
Property plant & equipment	5,831	5,784	6,019
Right of use assets	10,385	10,389	10,910
Non current assets	22,434	22,425	23,180
Inventories	15,724	11,081	12,481
Other current assets	798	782	868
Cash	19,584	20,983	14,996
Total current assets	36,106	32,846	28,345
Current Lease liabilities	1,421	1,251	1,358
Other current liabilities	10,903	12,478	6,741
Total current liabilities	12,324	13,729	8,099
Non current Lease liabilities	9,249	9,264	9,773
Other non current liabilities	289	265	277
Total non-current liabilities	9,538	9,529	10,050
Deferred tax	618	19	258
Net assets	36,060	31,994	33,118

- Strong balance sheet - £36.1m net assets, 13% increase on HY21
- Net debt positive at £(8.9m) (HY20: £10.5m positive) reflecting strong operational cash generation
- Continued investment in software platform of £0.2m
- Inventory investment of £4.6m against unnatural low point of HY21
- Stock turn of 3.6x at HY22

Cash Flow Overview

- Net cash generation for the period of £4.6m
- Modest working capital improvement, unwind in H2 as new stores come online and seasonal supplier payment pattern
- Capex spend reflects re-site of Sittingbourne store and modest investment in doc scanning technology
- Modest decrease YOY in software investment as native sites mature, offset by investment in App development ahead of H2 launch



Cash flow reflects more balanced approach of investment v profitability

**BUSINESS
REVIEW
&
STRATEGIC
PROGRESS**



**ANGLING
DIRECT
EXCLUSIVE
RANGE**

Solid Progress on all FY22 Key Priorities

Digital Capability

- Paid priority subscription service (AD+) launched 3 March – 6k customers and 16% of all UK online orders
- Mobile App – user testing Sept 21, unique to UK tackle sector
- AI search enhancements deployed – UK online conversion increased to 6.3%, +80bps
- Record social digital reach – 6m Facebook in September
- Refreshed content – new to fishing, store locator, local pages, blog navigation

Stores

- Product range and space review – store gross margin improved 220 bps
- Active selling process – developed and in trial. Field management re-structured
- Unserved catchments – 1 new store, 1 re-site, healthy year end pipeline, lower cost fit out
- Team AD qualified coaches – 80 colleagues engaging customers

International Growth

- In-region fulfilment – ADNL B.V. incorporated, realisation phase commenced, site identification and terms agreed
- Go live H1 FY23 – improved customer proposition and growth capacity model
- Customer traffic – improving after Brexit disruption, continued marketing investment
- Relevant ranges with local brands – European Commercial Manager appointed

Commercial

- Embed Category management – new Commercial Director appointed
- Develop supplier relationships – significant support for EU expansion
- Develop Advanta range – new Head of Own Brand appointed, range expansion due spring 2022
- Power BI data provision rolled out – better, faster decisions

Communities & Sustainability

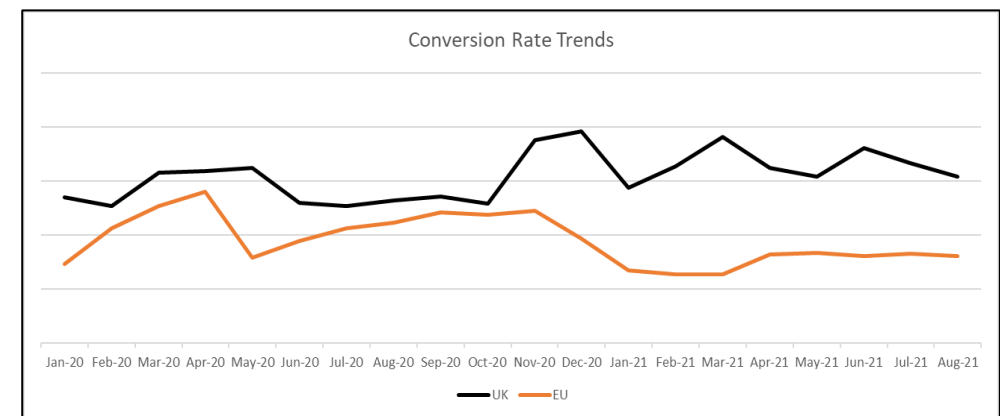
- Angling Trust, Angling Trades – Get Fishing Campaign and National Fishing Month
- Environmental Steering Group – Anglers Against Pollution and fishery sustainability
- Public Health benefits - academic research commissioned with ARU, Tackling Minds
- Lake Partnership scheme – programme refocused on FY23 season

HY22 Digital – Strong Double Digit UK Sales Growth

	FY21	HY21	HY22	Change
Total unique website visits	9.0m	4.7m	4.3m	-8.5%
Active unique customers	260k	147k	139k	-5.4%
UK website visitors	7.4m	3.7m	3.6m	-2.7%
European website visitors	1.7m	1.0m	0.7m	-30%
UK conversion rate	5.9%	5.5%	6.3%	+80 BPS
European conversion rate	2.8%	2.7%	1.6%	-90 BPS

	FY21	HY21	HY22	Change
Average basket (online)	£70.81	£69.40	£77.19	+11.2%
Customer repeat percentage	62.1%	65.0%	74.4%	+940 BPS
Return on UK advertising spend	£16.6	£17.7	£16.6	-6.2%
Total database	243k	246k	248k	+2k
Total social media followers	272k	264k	307k	+16.3%
Web returns rate	3.4%	3.3%	3.6%	+30 BPS

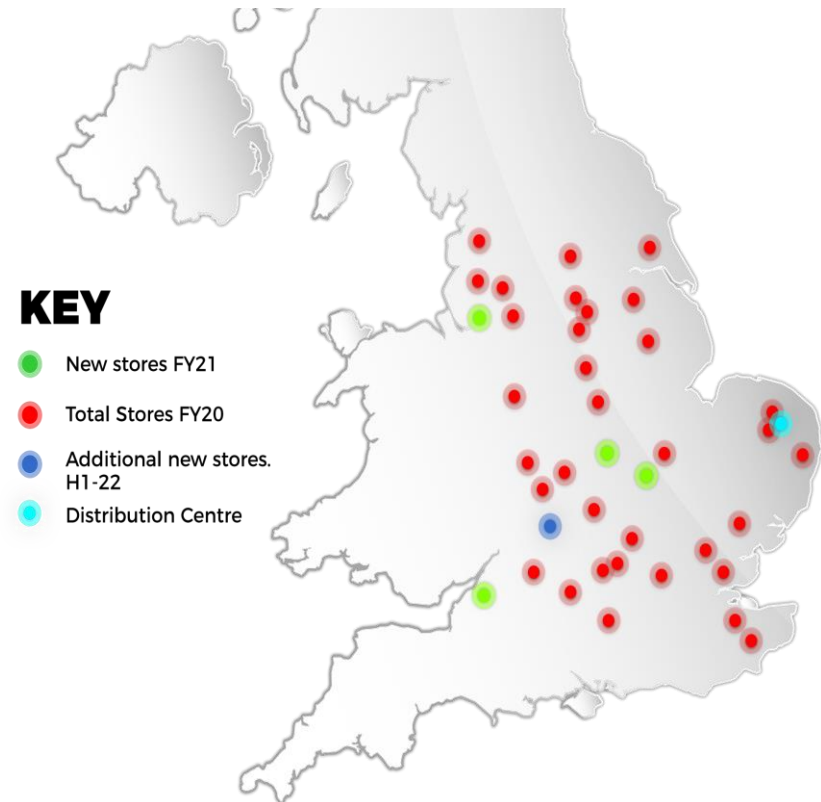
- Increased Distribution Centre capacity utilised to protect supply position relative to wider market. Continue to utilise price checker functionality to maintain pricing position
- With easing of restrictions, some downturn in impressions for key words and consequential website sessions
- UK conversion rate continues to grow reflecting site improvements and strong relative stock depth. ATV grew despite reduced mix effect of native language sites. New search launched in June, limited impact in H1
- European visitors and conversion declined due to discontinued non profitable territories. Brexit disruption extended delivery times and restriction on bait sales impacted customer proposition
- Strong return on advertising despite increased (more normalised) competitor activity. Unique mobile App in final stage of testing



Two Year Stores Transformation

Stores – Key Role as Shoppers Return to High Street

- 39 stores at period end, including:
 - 1 new store (Redditch)
 - 1 re-site (Sittingbourne)
 - 1 refit (Hull)
- Healthy property pipeline in underserved catchments. Two further new stores anticipated before year end
- Two year Retail Transformation process making solid progress. On shelf pricing, new & exclusive, promotional standout. Overall ATV increased by 3.8% to £41.85 (HY21: £40.30)
- Micro range relays in 27 stores reflecting significant improvements in space allocation, merchandising and customer messaging
- Retail field team recently restructured to support sales culture development and instore all colleague selling skills programme now in trial
- Angling Direct coaches supporting Tackling Minds mental health charity tuition events
- All stores closed for 39% of trading days, although phasing and nature of lockdown meant stores achieved like-for-like sales growth of 32.2% partly influenced by deployment of Call & Collect service



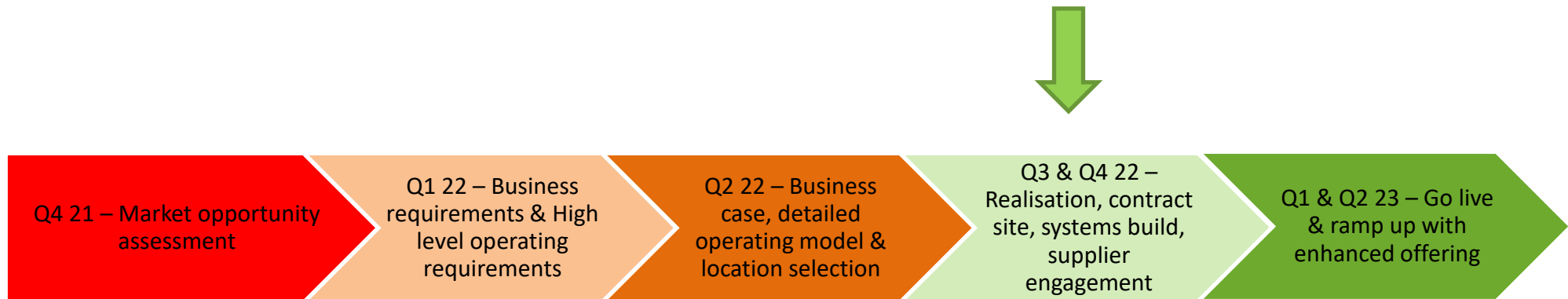
“It’s clear many of our customers have missed visiting our stores in recent months. Our convenient locations and knowledgeable store colleagues perfectly complement our webstore, providing market leading hands on product service and advice, as well as being a hub for their local angling community.” – Andy Torrance, CEO

International – Compelling Platform to Drive Future Growth

- In-region fulfilment is vital next step towards facilitating the full AD online offer
- Tailoring ranges, restoring bait sales, efficiently improving customer fulfilment and unlocking potential for complementary, follow-on bricks and mortar offering
- Significant strategic opportunity to drive growth remains clear:
 - Key focus in Germany, France, The Netherlands, Austria and Belgium. Combined markets estimated by management to be worth £1.9bn
 - No contemporary material competitors to rival Angling Direct with its unique omni-channel capabilities
 - Online share of total retail sales anticipated to increase to levels similar to UK, favouring early movers
- Key part of vision to become Europe's first choice omni-channel destination



International Distribution Centre – Timeline



- ADNL B.V. now incorporated. Highly experienced European Commercial Manager employed
- Terms agreed 3,900 sqm distribution centre in SE Netherlands, ideally placed within key territories
- Anticipated profit & loss set up costs and fit out cap ex included within FY22 forecast
- Working capital investment materially scheduled for FY23
- Expansion capacity to FY27, earnings positive from FY25
- Significant supplier support secured for optimum EU to EU supply route
- Facilitates move to full omni-channel EU offering, development targeted within FY23

Summary

Financial

- Continued significant growth opportunity – both online, in-store in the UK and Europe
- Resilient, flexible business model, responsive to opportunity and challenge
- European market opportunity is clear, material progress made towards in-region fulfilment
- Focus on growing share, simultaneously developing margins and securing efficiencies
- Managing operating cashflows, with headroom to invest

Strategy – Europe's first choice omni-channel fishing tackle destination

- Build on 4 strategic pillars – Product authority, Customer experience, Inspiration & advice, Responsibility
- Continue to develop omni-channel platform to profitably grow UK and European market share
- Build on native language European website successes improving fulfilment proposition
- Leverage recent capital investment and store portfolio
- Limited but focused M&A where strategically appropriate
- Segment the angling markets for improved growth and margin

Current Trading & Outlook

- Sales in Q3 are anticipated to decline relative to the unprecedented levels in Q3 in the prior year (post lock down 1)
- Extent to which Company will track sales levels during Q4 against the comparative period not yet clear due to lockdown effects
- Not experienced any material impact from supply chain disruption and continue to hold good levels of stock. Not immune to increased raw material and freight costs, however, these will be offset by our margin growth and we are well placed to continue mitigating any impact.
- Pre IFRS-16 EBITDA for the year ending 31 January 2022 now anticipated to be no less than £5.0m, inclusive of the expected costs associated with opening the Group's new European distribution centre and comfortably exceeding current market expectations
- Strong balance sheet provides firepower to continue investing in both online and in-store growth along with particular focus on accelerating penetration into our five key European mainland territories of Germany, France, The Netherlands, Austria and Belgium
- Group well placed to benefit from the clear opportunities within its markets both within the UK and Mainland Europe
- Board remains optimistic about the growth prospects and overall success of the business

APPENDIX



Evolving Strategy

Purpose - Inspiring everyone to get outdoors and enjoy an exceptional fishing experience

Ambition - To become Europe's first choice omni-channel fishing tackle destination, for all anglers regardless of experience or ability

Strategic Pillars

Product Authority

- The most comprehensive range all major fishing disciplines
- Always delivering choice, value, quality and availability

Customer Experience

- The very best digital and physical retail interactions to drive conversion
- Create loyal customers who prompt recommendation

Inspiration and Advice

- Making fishing accessible to all
- Providing friendly advice, education and inspiration to all sections of the angling community

Responsibility

- Actively engaging the fishing community
- Promoting environmental best practices
- Best employers in our market

Underpinned By Key Enablers

Our founding philosophies -

Inspirational, passionate, trustworthy and genuine - these are the values that form our frame of reference for the business decisions we take each day

Our colleague knowledge, experience and passion -

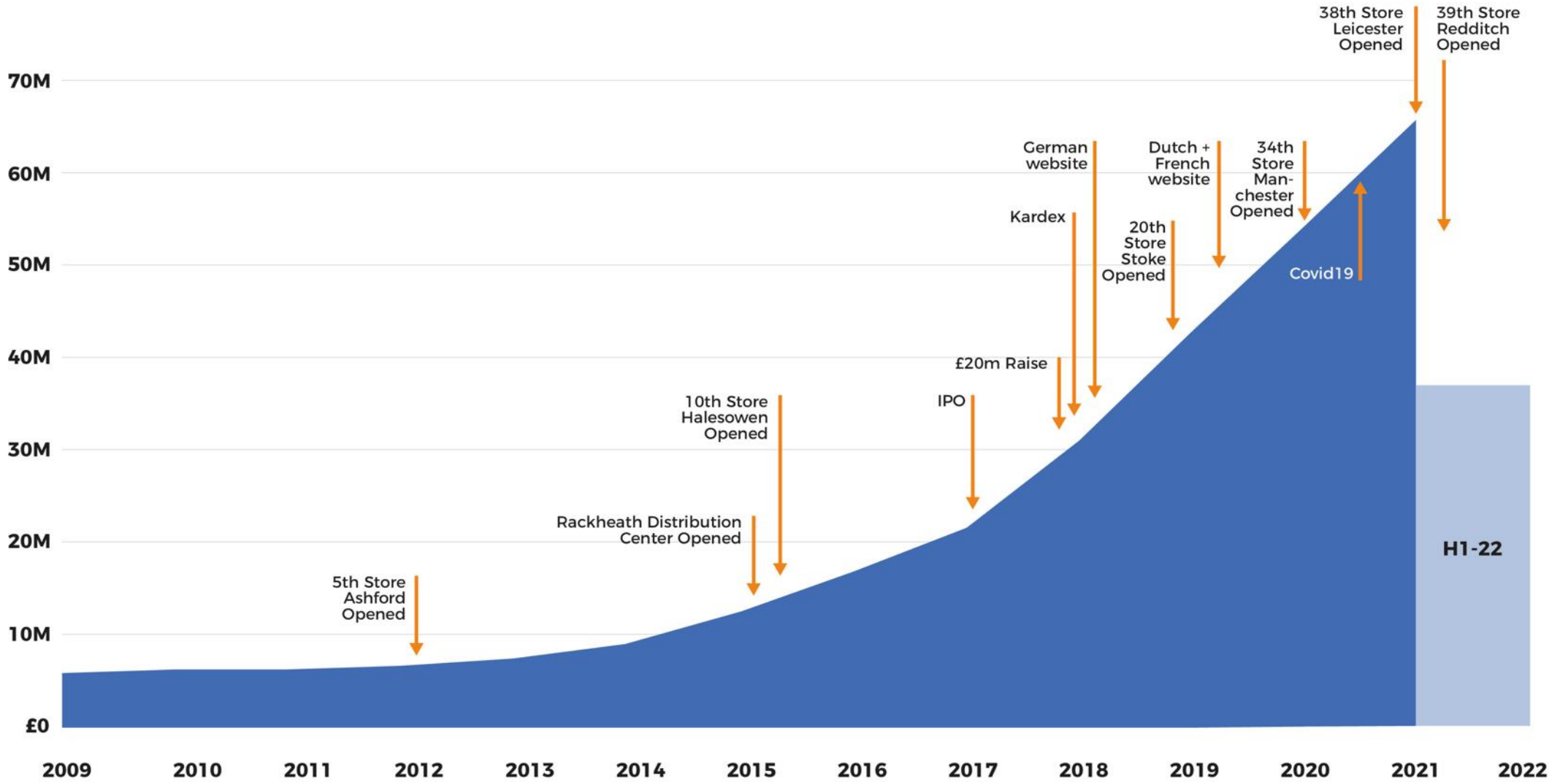
Are crucial for inspiring anglers of all backgrounds and abilities to stretch themselves and seek more from their fishing

Our contemporary digital technologies -

Facilitate our growth, stand us apart and uniquely position us to grow market share

Our value based, data driven decision making -

Underpins and directs all that we do, ensuring that we maximise value for all our stakeholders



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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.

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