

Angling Direct

Getting everyone fishing



HY24 Half Year Results

For the 6 months to 31 July 2023

October 2023

Agenda

HY24 Highlights & Strategic Progress

HY24 Financial Overview

Business Review

Summary & Outlook

HY24 Overview

Financial highlights

- Group revenue increased by 11.4% to £43.3m
- Retail store estate experienced another strong period of growth with total store sales increasing by 11.3% against H1 FY23
- Like-for-like store sales increased by 4.9%* underpinned by improved conversion
- UK online sales growth of 8.3% with strong average transaction value growth
- In Europe, online sales grew by 39.9% with online sales to our key European territory of Germany growing 61.5%
- Gross margin increased by 50 bps, with progress in both the UK and Europe
- Group Pre IFRS 16 EBITDA growth of 26.6% to £2.3m (45.7% excluding cyber recoveries from FY22**):
 - UK EBITDA increased by 24.1%** to £2.8m
 - Europe's EBITDA loss reduced by 27.2% to £0.5m
- Positive operating cashflow of £5.5m (H1 FY22: £2.4m)
- Strong balance sheet with Group net cash of £17.6m at 31 July 2023 (31 January 2023: £14.1m, 31 July 2022: £17.1m)
- The Group remains well capitalised and securely positioned to continue investing in strategic opportunities to capture further market share in the UK and Europe

Operational highlights

- Launched MyAD, the loyalty and repeat purchase membership model, in the UK, attracting 110k members from launch in June to the period end
- Increased our UK digital reach by signing an exclusive agreement with "Catch", the fishing peg booking App
- Gross profit grew by 15.7% on higher margin own brand products, both through the launch of the new entry level brand "Discover" as well as further progress on our established Advanta brand
- Improved in-store retail proposition through new on-shelf labelling technology, the use of our BAITS-assisted selling programme, and new own brand merchandising
- Continued new store rollout in the UK in the period with new locations in Cardiff, (the Company's first store outside of England) and Goole

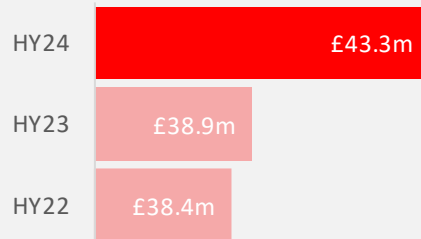
*Excluding the Reading store which hasn't materially traded in the period after it suffered a fire in the first week of February. Total like for like stores grew 2.6% including Reading.

**Excluding insurance recoveries received during H1 FY23 in respect of the cyber-attack in FY22.

HY24 Highlights

Sales

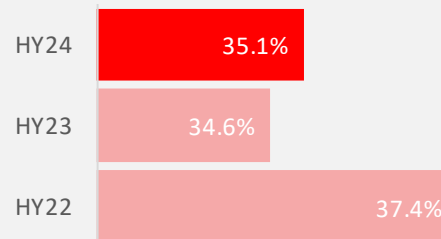
REVENUE GROWTH



£43.3m
+11.4%

Gross Margin

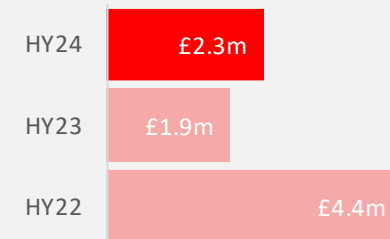
GROSS MARGIN PROGRESSION %



35.1%
+50 bps

Profitability

EBITDA - PRE IFRS 16



£2.3m
+26.6%*

- Sales growth driven across all segments, despite a challenging consumer landscape and a competitive operating environment
- Gross margin progression underpinned by robust growth in the UK and significant increase in Europe, demonstrating resilience in the business model
- Improved EBITDA earnings and margin

Strong sales, improved gross margins and cost base leverage delivering improved EBITDA performance

HY24 Highlights

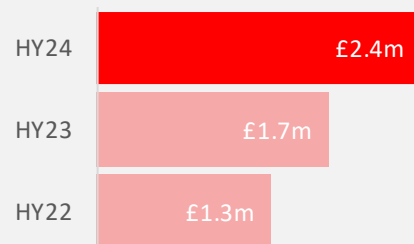
Sales

UK REVENUE



£40.9m
+10.1%

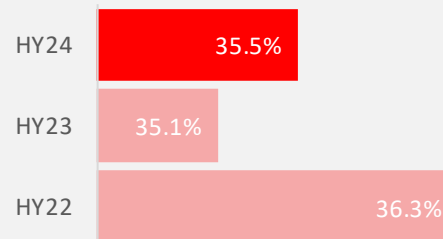
EUROPEAN REVENUE



£2.4m
+39.9%

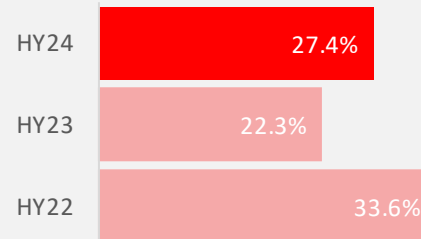
Gross Margin

UK GROSS MARGIN %



35.5%
+40 bps

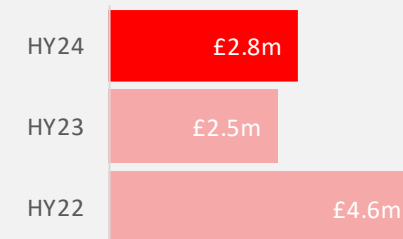
EUROPEAN GROSS MARGIN %



27.4%
+510 bps

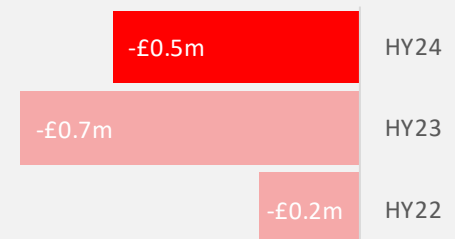
Profitability

UK EBITDA - PRE IFRS 16



£2.8m
+12.3%*

EUROPEAN EBITDA - PRE IFRS 16



£-0.5m
+27.2%

HY24 Strategic Progress

UK Retail

Expert service, evolving store formats, new catchments

- Growth in conversion driven by new on shelf labelling technology, daily optimised rostering and “BAITS” assisted selling programme
- Two new store openings and one store re-site / refresh
- Successful launch of service model for spooling and pole elastication
- Opportunity to target new catchments with a reduced footprint and margin intense range, concept ready to deploy

UK Digital

‘Digital first’ strategy with launch of MyAD

- Strong ATV driven by record levels of availability alongside dynamic pricing in competitive landscape within higher value capital item categories
- Continuation of ‘digital first’ strategy, with launch of MyAD in June 2023, omni-channel customer loyalty and insight, 110,000 members and growing
- Exclusive agreement with “Catch”, the fishing peg booking app
- Continued development of the AD App with 365% growth in downloads

Europe

Major growth opportunity, positive progress, omni-channel roll out

- Challenging landscape in terms of both consumer and competitor dynamics
- Delivered customer acquisition growth of 42.6%, balancing sales growth against short term losses
- Key web trading metrics closing in on the UK and, in some cases surpassing, with gross margin and market retail pricing remaining the challenge
- EBITDA journey improving through stronger gross margins and leveraging the cost base and Venlo distribution centre efficiencies, as volumes grow
- ‘Bricks and mortar’ opportunity identified and being actively pursued

HY24 Strategic Progress

Commercial

Customer focused category management, supply optimisation, own brand growth

- Commercial team focused on building partnerships in the supply chain, stock optimisation and rolling out 'open to buy' demand planning
- Progress on commercial marketing, partnering key brands and exclusive products, increasingly linked to MyAD
- Continued Advanta own brand range development and introduction of entry level Discover own brand, supporting the gross margin journey
- Continuing to challenge and make every pound count in inflationary cost environment

Organisational Capability

Proven team, focused IT roadmap and value driven investment

- New executive team and experienced Board in place, with a positive transition
- Continued investment in core systems, across web trading, retail trading and HR
- Restructured IT roadmap increasingly focused on systems resilience, scalability and efficiency through automation

Communities and Sustainability

Engagement, inclusivity and sustainability

- Exclusive partnership with Angling Trust, continued key supporter of Tackling Minds, mental health charity
- Engaging with angling community through our four Environmental Group strategies:
 - Carbon reduction – “reeling in net zero” (e.g. LED lighting)
 - Recycling ambition – “closing the net on waste” (e.g. in-store recycling)
 - Packaging reduction – “respooling own brand” (e.g. recycled packaging)
 - Fish and fisheries protection – “keeping the net full” (e.g. collaboration with the Pike Anglers Club)

Income Statement

Scaling revenue and driving profitability

	HY24	HY23	Change
	£m	£m	%
Sales	43.3	38.9	11.4%
Gross profit	15.2	13.4	13.0%
Gross profit %	35.1%	34.6%	
EBITDA (post IFRS - 16)*	3.6	3.0	20.5%
EBITDA margin	8.3%	7.7%	

EBITDA (pre IFRS - 16)*	2.3	1.9	26.6%
EBITDA margin	5.4%	4.8%	

Depreciation & amortisation	(1.8)	(1.7)	
Net finance expenses	(0.1)	(0.2)	
Profit before income tax	1.7	1.1	52.4%
Taxation	(0.4)	(0.3)	
Net profit	1.3	0.9	50.5%

- Sales growth driven by strong UK performance as well as continued growth in customer acquisition in Europe, despite a challenging consumer landscape and a competitive operating environment
- Gross margin progression underpinned by robust performance in the UK (+40 bps) and significant progression in Europe (+510 bps), demonstrating resilience in the UK business model and 'green shoots' in Europe
- Improved pre IFRS 16 EBITDA* (+45.7%**), also improving as a % of sales (to 5.4% from 4.1%**), through strong trading and the continued investment in scale up losses in the European business
- Depreciation increase primarily driven by new store leases
- Net finance expense decrease driven by improved interest income
- Net profit margin up +70 bps to 3.0% from 2.3%

*Reconciliation to pre IFRS 16 set out in the appendix

** Excluding insurance recoveries received during H1 FY23 in respect of the cyber-attack in FY22.

Trading KPIs: Sales and Gross Margin

	HY24	HY23
UK sales	£40.9m	£37.2m
<i>Growth rate</i>	10.1%	0.1%
UK retail sales	£24.4m	£21.9m
<i>Growth rate</i>	11.3%	9.8%
UK retail like-for-like sales*	£22.4m	£21.4m
<i>Growth rate</i>	4.9%	20.1%
UK digital sales	£16.5m	£15.3m
<i>Growth rate</i>	8.3%	-11.2%
Europe sales	£2.4m	£1.7m
<i>Growth rate</i>	39.9%	n/a
Group gross margin %	35.1%	34.6%
UK gross margin %	35.5%	35.1%
European gross margin %	27.4%	22.3%
Own brand gross profit	£1.3m	£1.1m
<i>Growth rate</i>	15.7%	-4.1%
<i>Gross profit penetration</i>	8.3%	8.1%

- **UK retail:** strong like-for-like* sales primarily driven by stronger conversion
- **UK digital:** strong sales primarily driven by stronger ATV
- **Europe:** continued sales growth, particularly in the key target territory of Germany, primarily driven by strengthening conversion and website visitors, with significant gross margin progress
- **Own brand:** positive progress with the Advanta range and the introduction of Discover (new entry level brand), driving gross profit growth to deliver value ahead of branded equivalents, whilst also offering promotional flexibility

Strong sales and gross margin performance driven by improving metrics across all segments

Trading KPIs: EBITDA

	HY24	HY23
UK retail EBITDA*	£3.5m	£3.0m
Sales growth rate	11.3%	9.8%
EBITDA growth rate	18.3%	-5.5%
EBITDA margin	14.4%	13.6%
UK digital EBITDA*	£2.0m	£1.8m
Sales growth rate	8.3%	-11.2%
EBITDA growth rate	10.0%	-39.9%
EBITDA margin	12.2%	12.0%
Europe EBITDA*	-£0.5m	-£0.7m
Sales growth rate	39.9%	n/a
EBITDA growth rate	27.2%	n/a
EBITDA margin	-20.4%	-39.2%
Europe EBITDA as a % of Group EBITDA*/**	-21.0%	-42.1%
UK head office EBITDA*/**	-£2.7m	-£2.5m
As a % of group sales	6.2%	6.5%
As a % of UK sales	6.6%	6.8%
UK EBITDA*/**/**	£2.8m	£2.3m
EBITDA margin	6.9%	6.1%
EBITDA growth rate	24.1%	-38.8%

- **UK Retail:** strong flow though of incremental sales and gross margin and by leveraging the cost base
- **UK digital:** robust flow though of incremental sales and gross margin by balancing cost base savings against more competitive paid advertising bidding landscape
- **Europe:** step forward in EBITDA journey, and whilst still impacted by the negative operating margin, improved EBITDA through optimisation of the cost base
- **UK head office:** leveraging the cost base despite the inflationary cost environment

Significantly stronger UK performance. Europe scale-up losses a declining ratio of Group EBITDA. Progression on Group EBITDA margin.

*Shown on a pre-IFRS16 basis, reconciliation to pre IFRS 16 set out in the appendix.

** Excluding insurance recoveries received during H1 FY23 in respect of the cyber-attack in FY22.

*** Excluding Covid grant income received in H1 FY22.

Balance Sheet

Robust balance sheet and liquidity position

	HY24 £'m	HY23 £'m	Change £'m
Intangibles - goodwill	5.6	5.6	-
Intangibles - software	0.4	0.5	(0.1)
Property plant & equipment	7.9	7.2	0.8
Right of use assets	11.2	10.8	0.4
Non current assets	25.1	24.1	1.0
Stock	20.0	17.6	2.4
Other current assets	1.5	1.6	(0.1)
Cash	17.6	17.1	0.5
Total current assets	39.2	36.2	2.9
Current Lease liabilities	(1.8)	(1.7)	(0.1)
Other current liabilities	(12.2)	(9.8)	(2.4)
Income tax	(0.3)	(0.6)	0.2
Total current liabilities	(14.3)	(12.1)	(2.2)
Non current Lease liabilities	(9.6)	(9.1)	(0.5)
Other non current liabilities	(0.8)	(0.8)	(0.1)
Total non current liabilities	(10.4)	(9.9)	(0.5)
Deferred tax	(0.9)	(0.9)	(0.0)
Net assets	38.6	37.4	1.2
Net cash	6.2	6.3	(0.0)
Working capital	9.3	9.3	0.0

- Strong balance sheet: £38.6m of net assets, 3.1% increase
- Robust cash position:
 - Positive net debt (i.e. net cash) at +£6.2m, broadly flat with FY23 (+£6.3m)
 - Cash at £17.6m, up 3.2% versus FY23 +£17.1m)
- Right of use assets increased with 1 new store in HY24 (Cardiff signed in FY23) alongside re-site of Guilford (new lease) and agreeing new long-term lease in Lincoln
- Stock increase of £2.4m (+13.9%) driven by:
 - Opening of new stores (-)
 - Timing of forward orders and securing seasonal peak availability in the DC and modestly in stores (-)
 - Additional depth for key sellers in Europe (-)
 - Underlying improvement in stock (+)
- Stock increase offset by creditor cover

Cashflow

Cash generative whilst continuing to invest in strategic objectives



- Cash generative at +£3.5m over HY24 (from £14.1m to £17.6m)
- Working capital inflow of £1.9m driven by expected replenishment profile, partially offset by timing and investment:
 - Opening of new stores (-)
 - Timing of forward orders and securing seasonal peak availability (-)
 - Additional depth for key sellers in Europe (-)
 - Underlying improvement in stock (+)
- Balance sheet PPE capex of £1.0m (of which £1.0m settled in HY24) reflecting 2 new store fits outs (Goole and most of Cardiff) and one re-site / re-fit (Guildford)

SECTION 3

Business Review

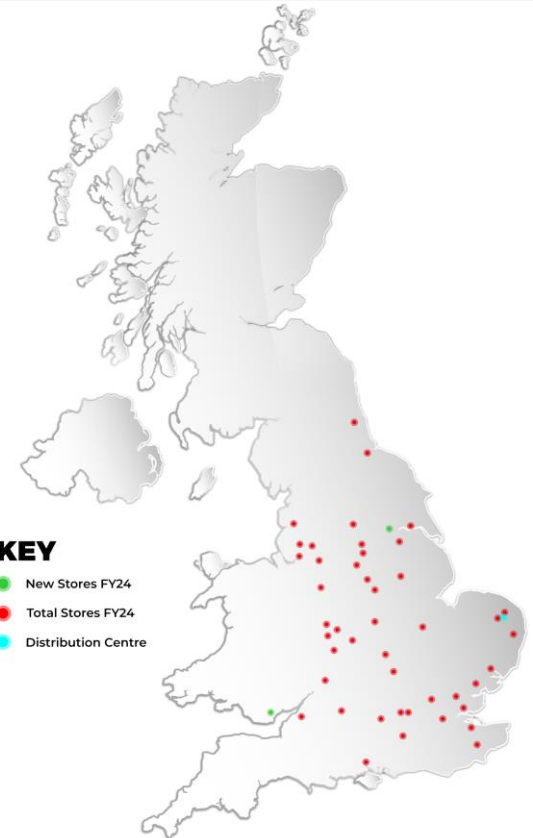


ANGLING
DIRECT
EXCLUSIVE
RANGE

HY24 Retail

Integral to our omni channel offering

- 47 stores at period end (HY23: 43), with two new stores in HY24 Goole and Cardiff, (first store outside of England) and one existing store re-sited and refreshed (Guildford)
- New footfall counting technology has enabled dynamic colleague rostering which has helped improve conversion and helped fully offset the impact of the c9.7% increase in the national living wage



Avid Benchmark Lite Memory Foam System



MyAD PRICE
Save **£60.00**
£329.99

£389.99

KEY FEATURES

- Features a 3 season fleece-lined sleeping bag
- Lateral sleep design
- Extra-large mudfeet
- Dimensions Open: L200 W80 H35cm (H47cm when extended)
- Fabric: 100% Polyester
- Super-strong Magnesium alloy frame
- Unique leg adjusting mechanism
- Heavy-duty throw hinge
- Dimensions acked: H85 W75 D30 cm
- Weight: 9.6kg

0% Interest Free Credit

Total: £389.99	Deposit: £19.50	Total: £329.99	Deposit: £16.50
£65.00 per month 6 monthly payments		£52.25 per month 6 monthly payments	

- New on shelf labelling and merchandising now enhanced with MyAD proposition – continuing opportunity to leverage this in-store and join up with digital MyAD capability
- Successful launch of service model for spooling and pole elastication giving another point of differentiation
- Opportunity to step into new catchments with a reduced footprint and margin intense range model delivering target economics consistent with wider portfolio
- ATV and IPB (items per basket) broadly flat with minimal basket inflation, illustrating the gross margin progress (+60 bps at 36.6%) through improved ranges
- Experiencing increased levels of store theft at the end of H1 and into H2 in line with recent retail news commentary – proactive ongoing loss prevention strategy to mitigate

Advanta N-Fused Prepared Particles - Natural Hemp 1ltr

MyAD PRICE

£5.99



Save **£1.00**
£4.99

HY24 UK Digital

Leading online presence, increasingly connected 'bricks and mortar' offering

	HY24	HY23
Website visitors	3.4m	3.3m
Website visitor growth rate	3.0%	-9.6%
AD App downloads	83k	18k
Growth	365.2%	n/a
App order %	4.5%	n/a
MyAD members	110k	0
Active unique customers	110k	116k
Active unique customer growth rate	-5.2%	-9.4%
Conversion rate	5.11%	5.93%
Conversion rate change	-82bps	-37bps
Average basket	£84.57	£72.75
Average basket growth rate	16.2%	-4.9%
Items per basket	4.89	4.57
Items per basket growth rate	7.0%	n/a
Customer repeat percentage	67.0%	73.4%
Customer repeat percentage change	-637bps	-372bps
Return on advertising spend	£11.88	£13.10
Return on advertising spend change	-9.3%	-20.7%
Total social media followers	356k	325k
Total social media followers growth rate	9.5%	5.9%

- Successful launch of MyAD with 110,000 members
- Modest growth in website visitors but softer conversion, repeat % and unique customers, driven by the challenging consumer and competitor landscape
- Despite the challenges, engagement with consumers remains high through MyAD, with AD's social media following continuing to grow
- Sales growth supported by a positive App journey with increasing downloads and orders, with significant potential for development as the MyAD roll out continues
- Strong ATV driven by highly searched items, increasingly competitive bidding landscape for paid search
- Strong ATV driven by items per basket and customers 'trading up'
- Continuous focus on pricing through technology led intelligence to maintain a competitive consumer proposition

HY24 Europe Digital

Gaining share as profitability improves

	HY24	HY23
Website visitors	1.0m	0.9m
Website visitor growth rate	11.1%	24.3%
Active unique customers	25.1k	17.6k
Active unique customer growth rate	42.6%	81.4%
Conversion rate	3.13%	2.50%
Conversion rate change	+63bps	+90bps
Average basket	£75.73	£84.08
Average basket growth rate	-9.9%	-6.0%
Items per basket	4.60	4.05
Items per basket growth rate	13.6%	n/a
Customer repeat percentage	46.6%	48.1%
Customer repeat percentage change	-152bps	+100bps
Return on advertising spend	£8.76	£6.50
Return on advertising spend change	34.8%	-29.7%
Total social media followers	22.5k	18.1k
Total social media followers growth rate	24.3%	32.1%

- Growth in website visitors and unique customers despite a challenging competitive landscape
- Conversion improving as range and website optimisation evolves
- Softer ATV driven by mix, but supporting the positive gross margin journey
- Paid advertising landscape intensifying, balancing cost of acquisition with gross margin of the basket
- Customer engagement continues to grow through social media channels
- German key web trading metrics closing in on the UK in HY24 and, in some cases surpassing, for example:
 - Conversion: Germany +6 bps vs UK
 - Click through rate: Germany + 6 bps vs UK
 - Items per basket: Germany -0.3 items vs UK

SECTION 4

FY24 and Outlook



Key priorities for FY24

UK Retail

- Customer in-store engagement via MyAD
- Enter into new catchments with a reduced footprint and margin intense range model
- Build operational resilience to increasing levels of store theft
- Continuous process improvement review to mitigate further labour inflation and increasing energy costs

UK Digital

- Continue roll out of MyAD, App based omni-channel loyalty scheme, engagement, frequency and data insight
- Develop the partnership with 'Catch' to further embed respective offerings in the customer's digital journey
- Recommendation and similar product optimisation through technology deployment

Europe

- Continue to grow, balancing customer acquisition with building a gross margin that delivers a positive operating margin to deliver the EBITDA flightpath
- Evaluating technologies to join up real time consumer pricing and paid advertising bidding strategies
- 'Bricks and mortar' opportunity identified and being actively pursued

Commercial

- Intensify the focus on gross margin development
- Leverage reach and relationships to drive commercial marketing, utilising MyAD
- Evaluation of in-store space planning tool to complement commercial decision making around ranging and terms

Our Investment Case

Leader in attractive and fragmented market

- UK £550m TAM; target £1.8bn European TAM
- c.8x larger than next UK competitor providing significant product purchasing power
- Deepening relationships with supply chain, record product availability

Track record of delivering our strategic goals

- 47% UK revenue CAGR over last three full years
- European distribution capability established, growth accelerating
- Sustainability leadership in ESG leveraging key partnerships

UK quality of earnings starting to develop

- Building gross margin flightpath
- Stores and online double digit EBITDA % margins
- Leveraging Group cost base

>30% net assets is free cash to invest in sustainable growth

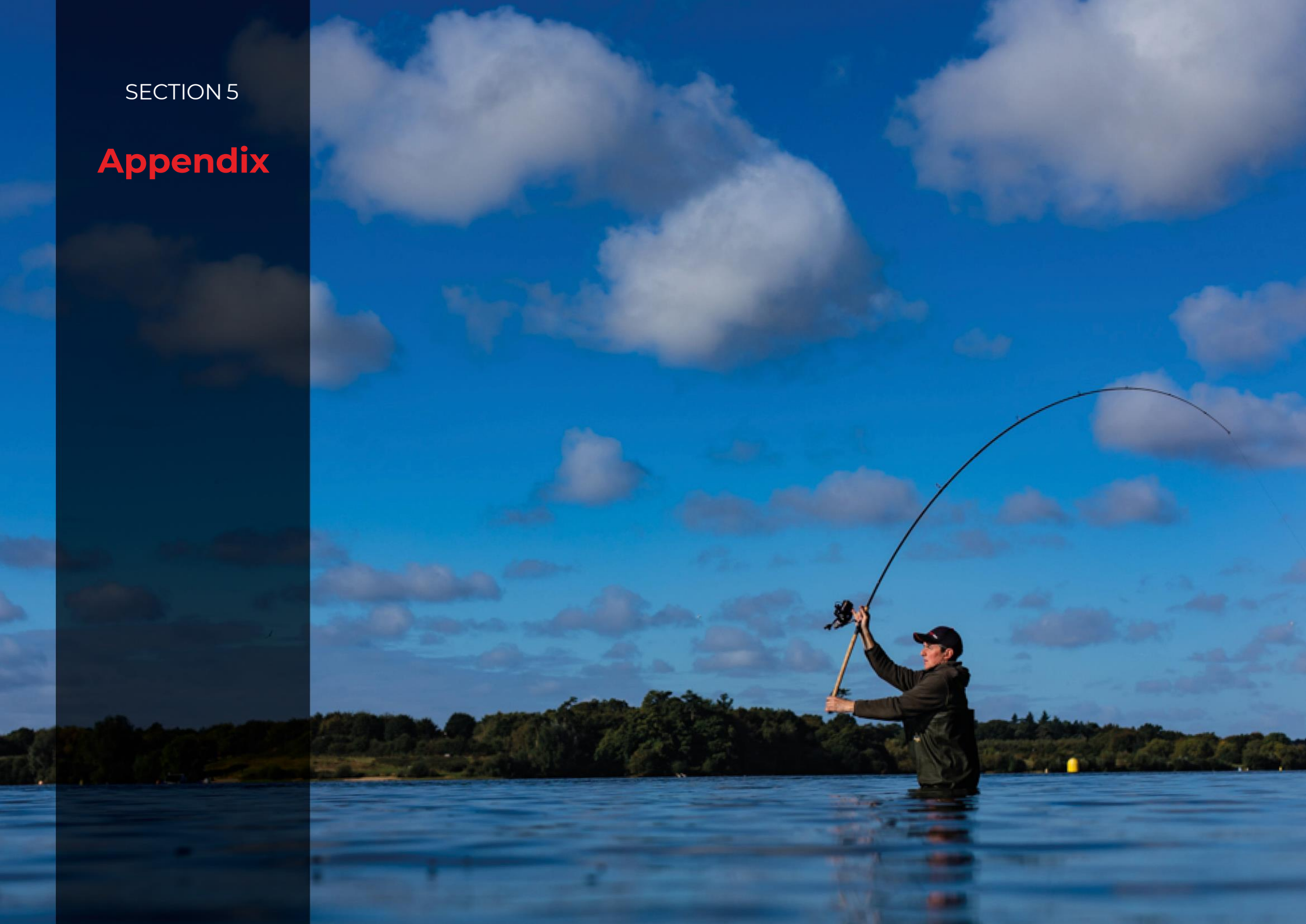
- Supported by positive operating cashflow
- Underpins investment further market consolidation in UK
- Enables 'bricks and mortar' investment in Europe
- Further working capital opportunity exists

Current Trading and Outlook

- Cumulative August and September sales were in line with expectation, up 13.9% versus FY23. This was against a softer comparative period, with the prolonged extreme temperatures in the prior year.
- The Company has gained further market share both in the UK and Europe and believes that a significant opportunity remains in both of these markets
- The Group will continue to invest digitally and physically in the UK, to further drive market share growth, leveraging its strong balance sheet to ensure it is well placed competitively as consumer confidence returns
- The European market remains a highly competitive landscape, driven by more intense price competition. The Group has continued to take market share and will continue to invest prudently, to ensure it is well positioned once markets and consumer confidence stabilise
- The Board remains confident that a combination of continued UK sales momentum and optimising European growth means that the Group is well placed to deliver revenue and pre-IFRS 16 EBITDA for the current year in line with market expectations*

SECTION 5

Appendix



Compelling 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 for 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 inclusive and 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

Crucial to inspiring anglers of all backgrounds and abilities to stretch themselves and seek more from their fishing

Our contemporary digital technologies

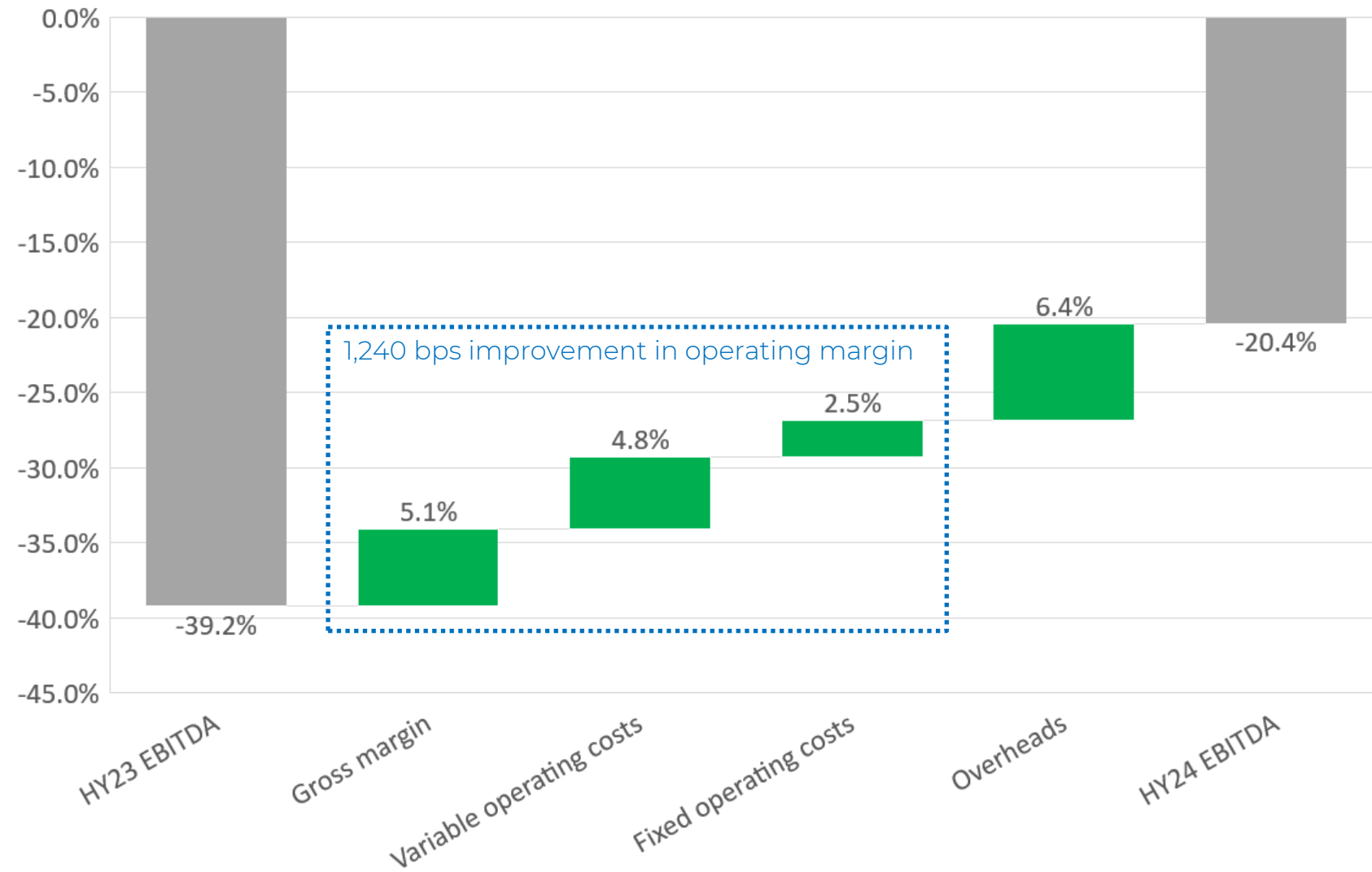
Facilitate our growth, stand us apart and uniquely position us to grow market share

Our value based, data driven decision making

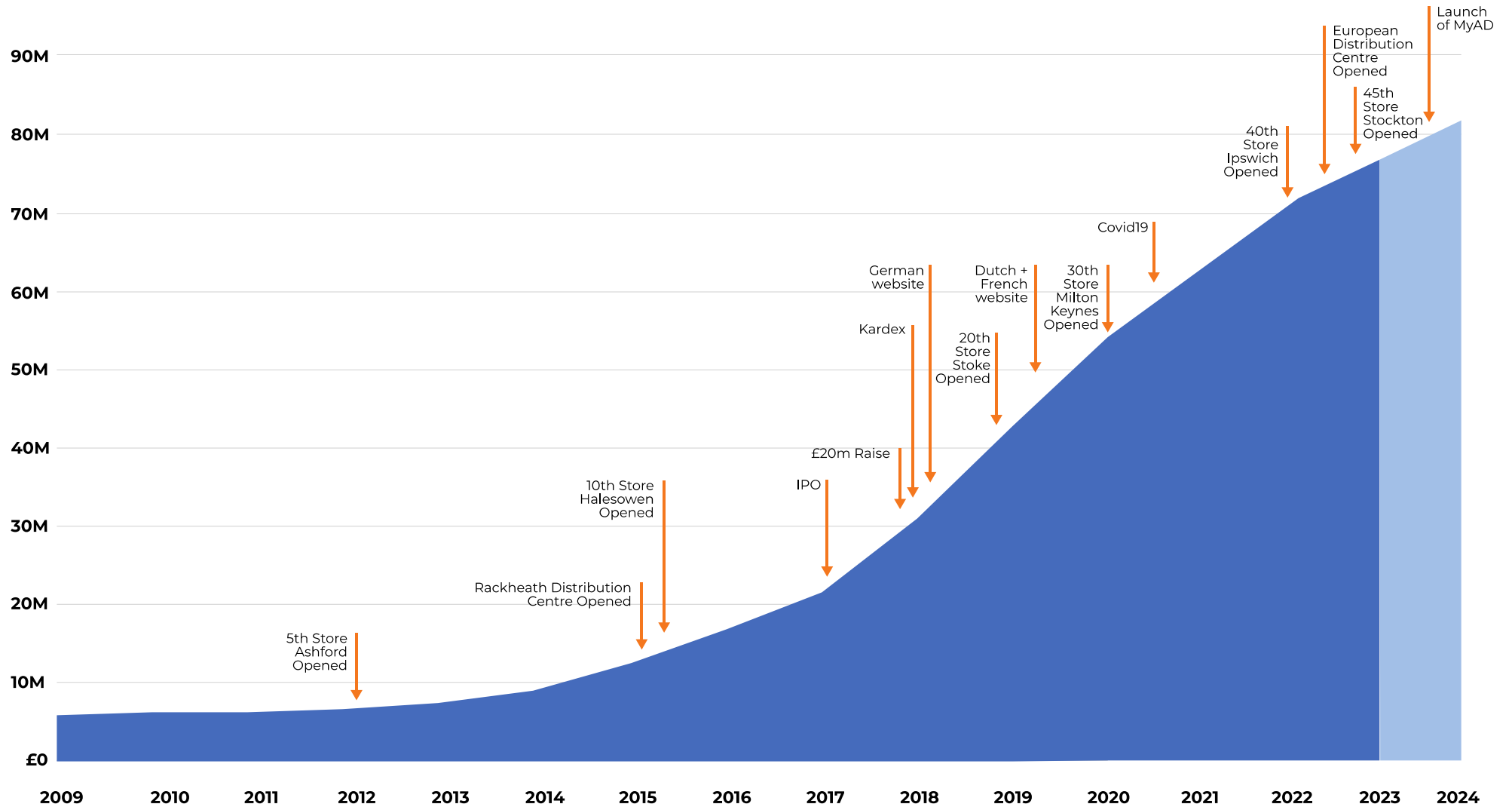
Underpins and directs all that we do, ensuring that we maximise value for all our stakeholders

European progress

Developing margin and optimising costs



Key Milestones



IFRS 16 Reconciliation

	Excluding IFRS 16 £'m	IFRS 16 £'m	Reported £'m
Sales	43.3	-	43.3
Gross profit	15.2	-	15.2
Overheads	(12.8)	1.3	(11.6)
EBITDA	2.3	1.3	3.6
<i>EBITDA margin</i>	<i>5.4%</i>		<i>8.3%</i>
Depreciation and amortisation	(0.8)	(1.0)	(1.8)
EBIT / operating profit	1.6	0.2	1.8
Finance costs	0.2	(0.3)	(0.1)
Profit before tax	1.7	(0.0)	1.7

- IFRS 16 remains a material uplift to EBITDA ratio, 290 bps (290 bps HY23)
- Business continues to use pre IFRS 16 operationally to review rent recovery through respective store P&L accounts
- Immaterial difference at a profit before tax level

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