

Angling Direct

Getting everyone fishing



FY23 Half Year Results

for the 6 months to 31 July 2022

October 2022

Agenda

HY23 Overview

HY23 Financial Overview

Business Review & Strategic Progress

Summary & Outlook

HY23 Overview

Financial highlights

- Group revenue increased by 1.3% to £38.9m
- Retail store estate experienced another strong period of growth with total store sales increasing by 9.8% against H1 FY22, aided by a period free from Covid-19 restrictions
- Like-for-like store sales increased by 4.6%
- Online sales decreased by 7.9% to £17.0m against a strong H1 FY22 comparative, however UK online sales of £15.3m remained 61% above pre-Covid levels (H1 FY20: £9.5m)
- In Europe, online sales grew by 36.9% with online sales to our key European territories, via our German, French and Dutch websites, growing by 55.0%
- Gross margin decreased by 280 bps as a result of considered competitive trading both in the UK and Europe combined with inevitable cost price inflation, albeit remains comfortably above historical levels
- Pre IFRS 16 EBITDA of £1.9m reflects lack of prior year £0.9m Government COVID-19 support and £0.5m increased European start up losses
- Positive operating cashflow of £2.4m (H1 FY22: £5.8m)
- Strong balance sheet with Group net cash of £17.1m at 31 July 2022 (31 July 2021: £19.6m)
- The Group remains well capitalised and securely positioned to meet short-term challenges

HY23 Overview continued

Operational highlights

- From 1 March 2022 all EU online sales transacted through our subsidiary, ADNL B.V., and were fulfilled by our new fully operational Dutch distribution centre
- Higher margin own brand sales in the period grew by 34.6%, as a result of increased promotional activity
- Leveraging our deepening supplier relationships, we expanded our exclusive branded product ranges to customers
- Significant progress made to refresh and contemporise our store shopping environment
- Improved our in-store service proposition through the use of our new BAITS assisted selling programme, footfall counting technology, and customer focused colleague deployment
- The Company's digital customer reach continued to extend, particularly in the EU, where our social media following and email database grew by 32% and 172% respectively
- Continued our new store rollout in Washington, Tyne and Wear, establishing the Company's first store in northeast England
- Strong new store pipeline with two further stores opened in early H2 FY23, in Coventry (August 2022) and Stockton-on-Tees (September 2022)
- In late FY22 we launched our industry first trading web app. In H1 FY23 we deployed our second phase app development with improved search speed and relevance, and plan to actively market and incentivise downloads and usage in H2 FY23

LOOKING FOR SOMETHING DIFFERENT?

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

COARSE & MATCH BAIT



CARP BAIT

HY23 FINANCIAL OVERVIEW



Use hand sanitiser regularly

PROMOTION
SOLAR 6-Rod Super Quiver

ORDER ONLINE
CLICK+COLLECT
PICK UP IN-STORE

ESSENTIAL RIG PROTECTION

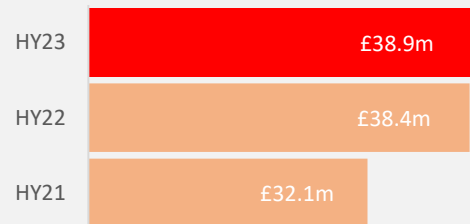
ANOTHER FISH

DON'T FORGET YOUR RIG FOAM

HY23 Highlights

Sales

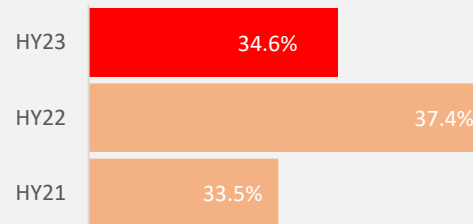
TOTAL REVENUE GROWTH



£38.9m
+1.3%

Gross Margin

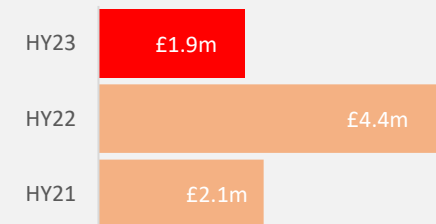
GROSS MARGIN %



34.6%
-280 bps

Profitability

EBITDA - PRE IFRS 16



£1.9m
-58.2%

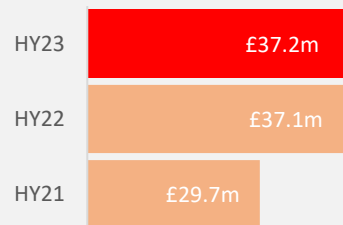
- Sales growth despite well documented weakening consumer environment and extreme adverse temperatures later in the half
- Consistent with the stated strategy some trading of gross margin to maintain UK share as well as grow the European business
- Group remains EBITDA positive despite significant start up investment losses in Europe alongside no direct Government COVID support during the period

Maintaining Positive EBITDA Performance Whilst Investing In Europe Start Up Losses

HY23 Highlights

Sales

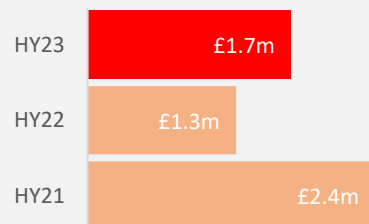
UK REVENUE GROWTH



£37.2m

+0.1%

EUROPEAN REVENUE GROWTH

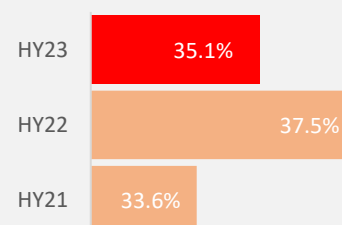


£1.7m

+36.9%

Gross Margin

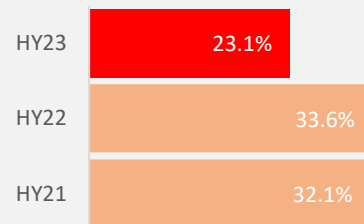
UK GROSS MARGIN %



35.1%

-240 bps

EUROPEAN GROSS MARGIN %

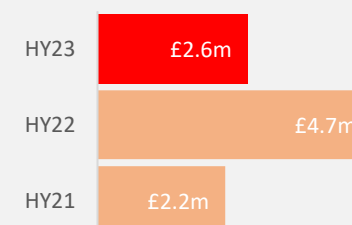


23.1%

-1,050 bps

Profitability

UK EBITDA - PRE IFRS 16



£2.6m

-45.4%

EUROPEAN EBITDA - PRE IFRS 16

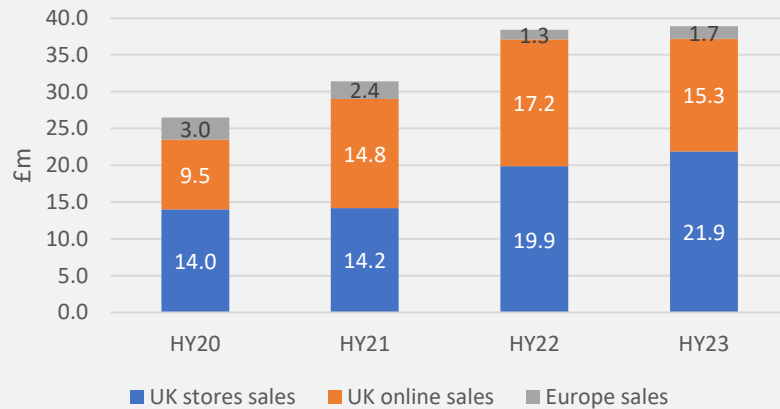


£(0.7)m

-181.6%

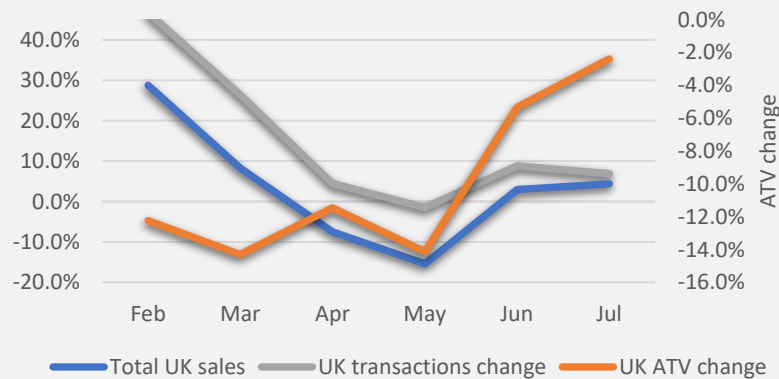
HY23 Sales Growth Volatility

TOTAL REVENUE GROWTH V Pre COVID HY20



HY23 £38.9m v HY20 £26.5m +46.7%

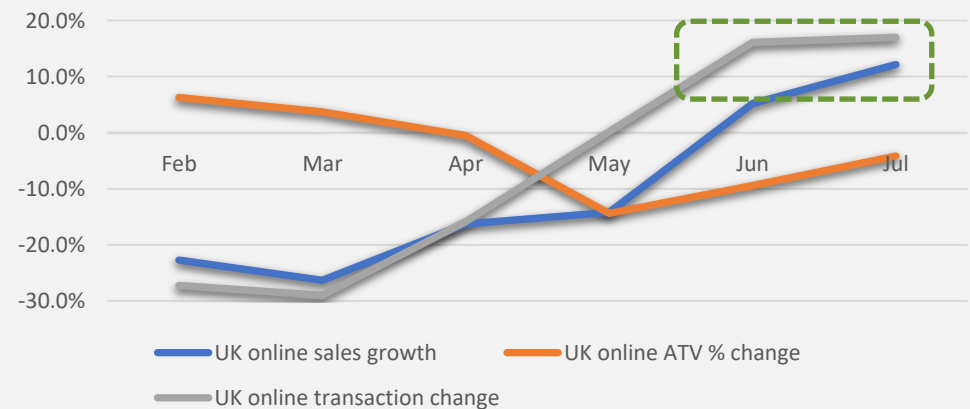
UK SALES YOY HI TRENDS



HY23 £37.2m +0.1%

- HY 23 sales trends challenging to read against COVID comparatives in first 3 months HY 22
- Transaction volumes for the total UK business ahead of the prior year with ATV dialing down
- June and July saw positive momentum back into the UK business
- UK online for June and July improving transaction volumes and slowing rate of ATV reduction. c20% year on year sales growth in the final weeks of July

ONLINE H1 SALES TRENDS



£1.9m -11.1%

Trading KPIs

	HY23	HY22	FY22
Overall sales growth	1.3%	19.5%	7.2%
UK Sales	£37.2m	£37.1m	£69.8m
UK Sale growth rate	0.1%	25.1%	10.5%
Key European territory sales	£1.6m	£1.0m	£2.2m
	55.0%	-34.2%	-21.8%
Other country Sales	£0.1m	£0.2m	£0.4m
Other country growth rate	-45.4%	-73.9%	-72.5%
Branded Products Sales	£36.2m	£36.4m	£68.4m
Branded Products growth rate	-0.5%	20.1%	6.3%
Own Brand Sales	£2.7m	£2.0m	£4.1m
Own Brand growth rate	34.6%	10.1%	24.9%
Own Brand % of total sales	6.9%	5.2%	5.6%
Online Sales - % of total t/o	43.7%	48.1%	46.6%
Stores Sales - % of total t/o	56.3%	51.9%	53.4%
UK Gross margin %	35.1%	37.5%	37.0%
Europe Gross margin %	23.1%	33.6%	29.9%
Employee no - average	421	401	410
People cost	£5.6m	£5.3m	£10.8m
UK Online advertising costs	£0.7m	£0.7m	£1.3m
% of UK online sales	4.8%	3.9%	4.3%
Europe Online advertising costs	£0.2m	£0.1m	£0.3m
% of European online sales	14.1%	9.4%	9.9%

- Like-for-Like store sales increase of 4.6%
- Key European territory sales increased 55.0%, 87.2% in Q2 post opening European fulfillment
- Increased momentum on own brand sales, increasing growth and penetration rate
- H1 gross margin impacted by:
 - Competitive pricing
 - Supplier cost pressure
 - Range change clearance
- People cost as % of sales increased 60 bps as initiatives unable to fully offset wage inflation pressures
- European online advertising ratio deterioration driven by early aggression in Europe and tougher landscape with reduced overall market search volumes

Income Statement – *Remaining profitable whilst delivering on strategic agenda*

Period Ended	July 22	July 21*	Jan 22
	£'000	£'000	£'000
Total Sales	38,898	38,404	72,474
Gross Profit	13,448	14,382	26,610
Gross Margin %	34.6%	37.4%	36.7%
EBITDA - post IFRS 16	3,000	5,371	7,336
EBITDA Margin	7.7%	14.0%	10.1%
Depreciation & Amortisation	1,672	1,457	2,922
Net Finance Expenses	199	177	392
Taxation	251	863	945
Net profit/(loss)	878	2,874	3,077
Basic earnings per share (pence)	1.14	3.72	3.98

* July 21 restated as set out in the FY22 annual report, £14k positive impact on net profit

Reconciliation to pre IFRS 16 set out on slide 10

- Group sales growth of 1.3%
- Gross profit generation underperforming sales progression by 780 bps
- Group gross margin 280bps decrease, UK margin decrease of 240 bps impacted through:
 - ✓ Supplier terms
 - ✓ Advanta penetration
 - ✗ Pricing resilience below cost price increases
 - ✗ Shrinkage in UK online from carrier delivery issues
 - ✗ Heavier promotional calendar to drive footfall
- 630 bps reduction in post IFRS 16 EBITDA margin of which 240 bps from zero direct Government support in the period
- Depreciation and finance charges increase as store estate continues to grow

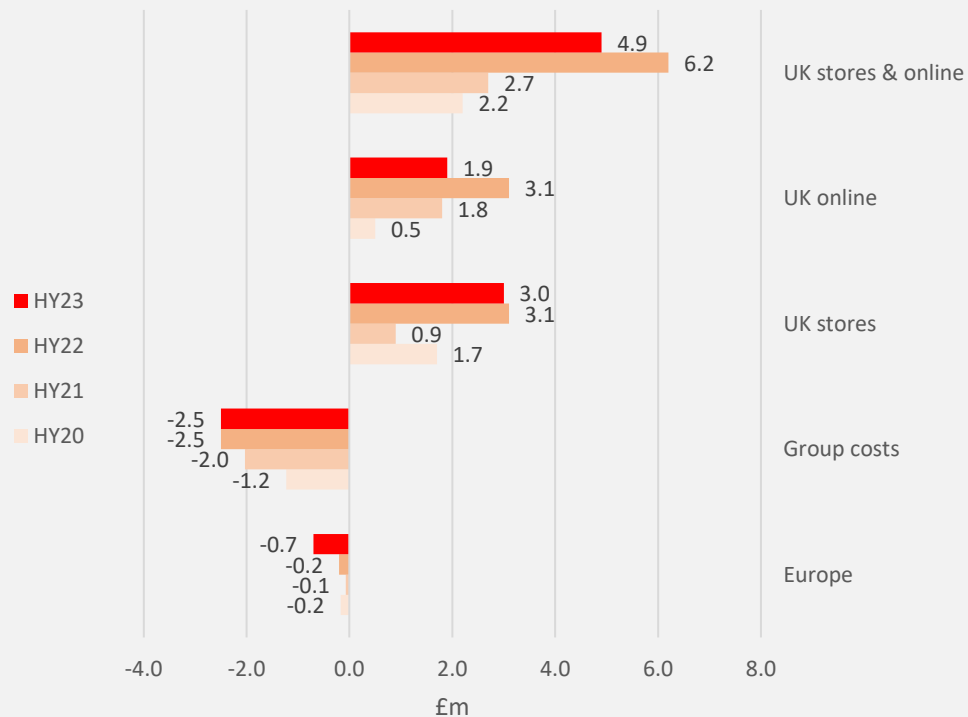
IFRS 16 Reconciliation

£'000	Excluding IFRS 16	IFRS 16	Reported
Gross profit	13,448	-	13,448
Other income	268	-	268
Overheads	(11,864)	1,148	(10,716)
EBITDA	1,852	1,148	3,000
EBITDA %	4.8%		7.7%
Depreciation and Amortisation	(718)	(954)	(1,672)
EBIT/Operating profit	1,134	194	1,328
Finance costs/income	26	(225)	(199)
Profit before tax	1,160	(31)	1,129

- IFRS 16 remains a material uplift to EBITDA, 290 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 HY22 of £9.7m, increased to £10.8m at HY23
- Immaterial impact at PBT level
- £0.9m, being 36% of pre IFRS 16 EBITDA year on year drag from elimination of COVID direct Government support

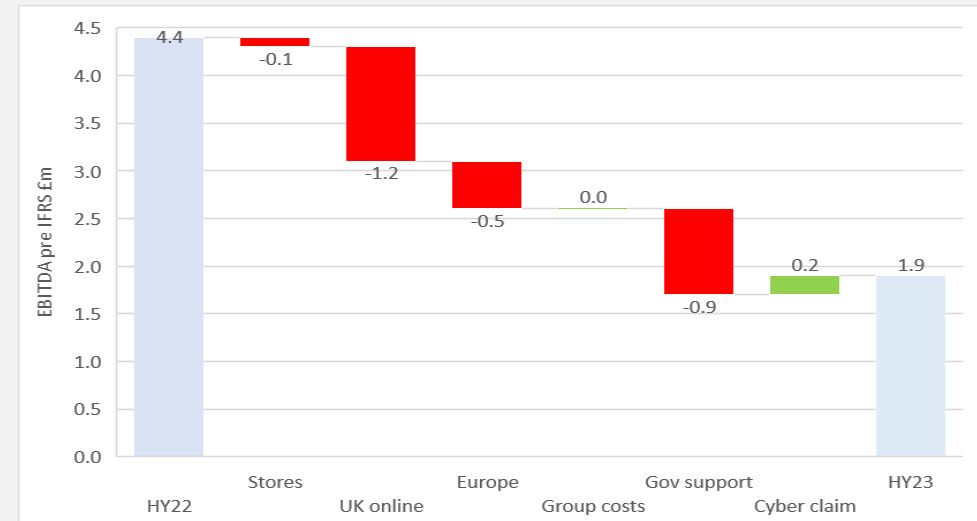
Resilient UK EBITDA able to absorb Europe start up losses

Pre IFRS 16 EBITDA Trajectories



- UK channels retaining a core level of profitability and double-digit EBITDA margins
- UK online EBITDA margin % remains above first COVID lockdown
- Europe drag c£200k greater than anticipated at H1
- Containing group costs despite increasing strategic reach

Group Pre IFRS 16 EBITDA Change



- £0.9m, being 36% of pre IFRS 16 EBITDA year on year drag from elimination of COVID direct Government support
- European start up losses drag of £500k year on year
- Successful resolution of cyber attack loss of profits insurance claim of c£200k

Robust Balance Sheet and Liquidity Position

Period Ended	July 22	July 21*	Jan 22
	£'000	£'000	£'000
Intangibles - goodwill	5,620	5,620	5,620
Intangibles - software	503	598	556
Property plant & equipment	7,158	5,829	6,908
Right of use assets	10,770	9,477	11,028
Non current assets	24,051	21,524	24,112
Inventories	17,564	15,724	16,273
Other current assets	1,568	798	1087
Cash	17,084	19,584	16,604
Total current assets	36,216	36,106	33,964
Current Lease liabilities	1,709	1,421	1,648
Other current liabilities	9,823	10,399	8,681
Income tax	566	503	464
Total current liabilities	12,098	12,323	10,793
Non current Lease liabilities	9,116	8,288	9,402
Other non current liabilities	758	293	722
Total non-current liabilities	9,874	8,581	10,124
Deferred tax	893	623	744
Net assets	37,402	36,103	36,415

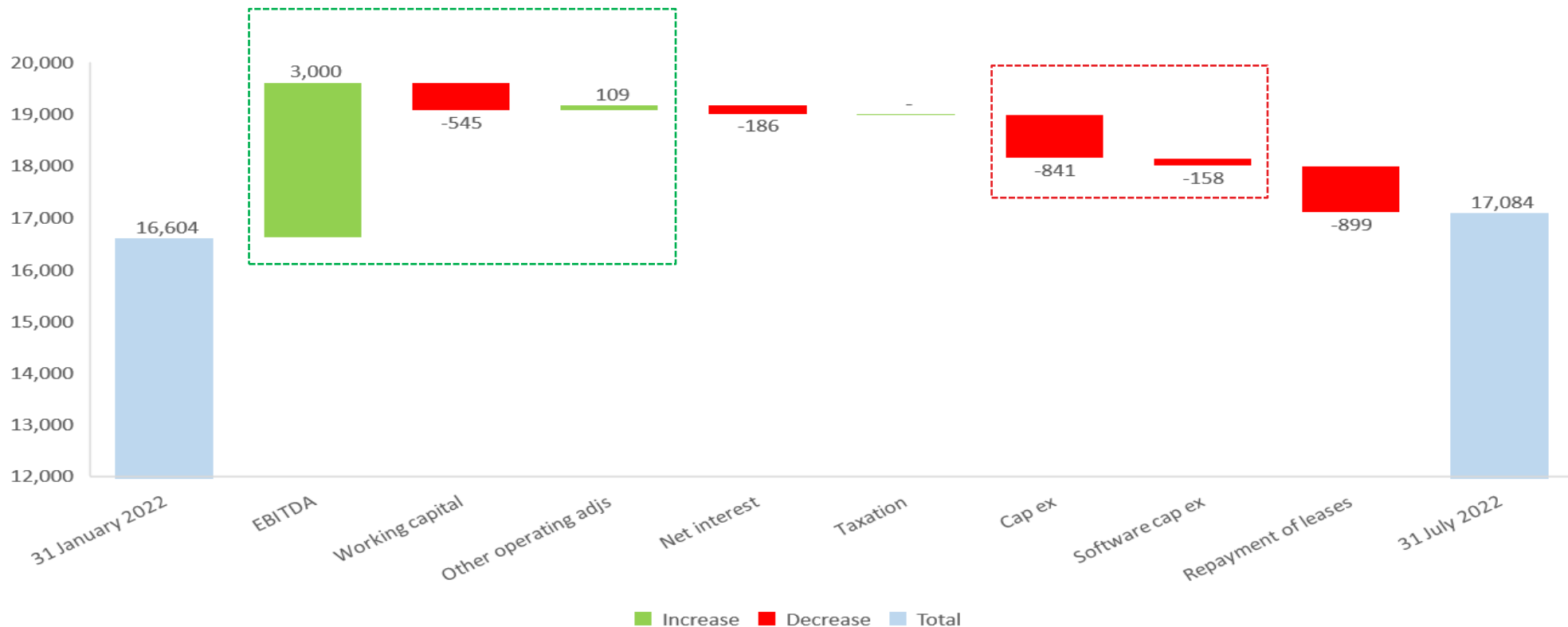
- Strong balance sheet - £37.4m net assets, 3.6% increase on HY22
- Net debt** positive at £(6.3m) (HY22: £9.9m positive) deployment of cash into European working capital
- Property plant and equipment focused on store roll out
- Inventory investment of £1.9m, including £2.2m into new European distribution centre v July 21
- UK stock turn 2.9x v 3.6x at HY22, range review work continues to optimise this. UK stock availability currently at its highest level since pre-pandemic
- Cyber insurance claim debtor (settled post period end) and Klarna merchant balances driving up other current assets

* July 21 restated as set out in the FY22 annual report, £43k positive impact on net assets

** Net debt is IFRS 16 lease liabilities less cash

Cash Flow Overview

- Net cash generation for the period of £0.5m
- Working capital drag as c£1.9m stock investment in Europe
- Capex spend reflects 1 store opening pre period end and a further 2 now open in Q3
- Modest decrease YOY in software investment with bulk of the investment in European search optimisation and further App development



Cash flow reflects strategy of continuing investment despite short term profitability challenges

BUSINESS REVIEW & STRATEGIC PROGRESS



Solid Progress on all FY23 Key Priorities

International

- Growth in all key territories despite economic headwinds. Competitive leadtimes, extended ranges
- More focused profitable customer acquisition with reducing losses in H2
- Venlo DC fully operational and ready for scale growth
- New customer outreach, high engagement with German and Dutch fishing organisations

Digital

- Growing trading web App engagement, direct push marketing, over 5% of orders
- Refreshed product and basket pages, upsell and recommendation
- Improved AI enabled personalisation and browsing, trigger-based email journeys
- New Web Trading Manager, significant effort optimising EU sites customer experience

Stores

- BAITS assisted sales model driving conversion and items per basket
- Three new stores to date, unserved catchments, one late in period, two further since
- Outsourced store dev, record opening time and product availability
- AD coaching and Pole Expert bookings, further added value services in trial
- Customer targeted colleague deployment, mitigating some portion of wage inflation

Commercial

- Record levels of product availability, new Head of Supply, improved stock forecasting
- Increasing levels of product exclusivity and innovation
- Further Advanta and AdvantPro own brand growth, 34.6%, new ranges on way
- Continuing range review process partially mitigating cost price pressures

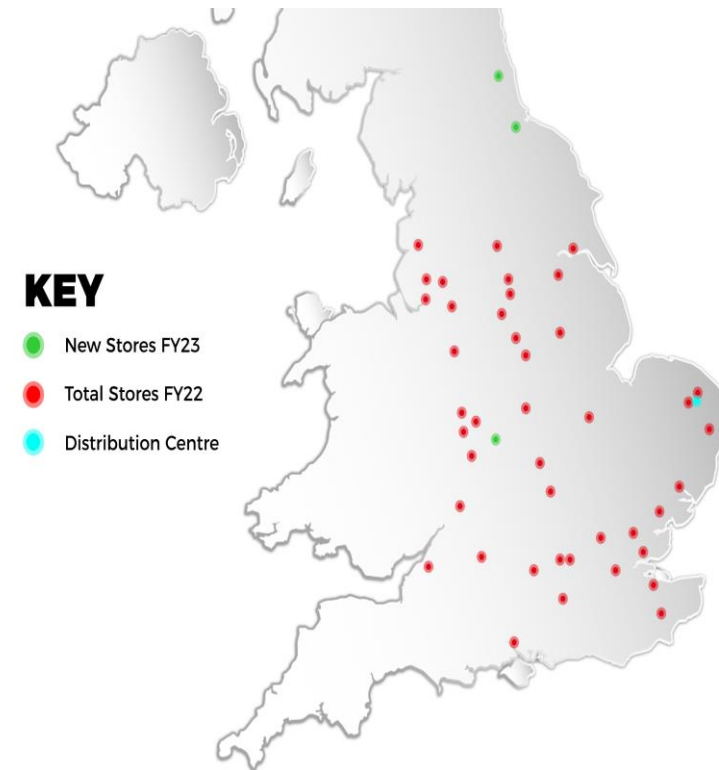
Communities & Sustainability

- Angling Trust, Angling Trades – Get Fishing Campaign and National Fishing Month
- Environmental - progress toward PPN06 21 carbon standard, Anglers Against Pollution
- Progressing Public Health Development grant in conjunction with ARU, Tackling Minds
- Get Kids Fishing held at regional fisheries, instore simultaneous live stream demos

Two Year Stores Transformation

Stores – Remain pivotal cog in omni-channel proposition

- 43 stores at period end, 1 new store in Washington opened in July
- Healthy property pipeline in underserved catchments. Two further new stores opened post the period end in Coventry and Stockton on Tees
- Development of new stores via 3rd party contractor with the in-house build team disbanded. Greater flexibility on pace, timing and cost of builds. Washington store built in record time
- Only 2 stores not making a contribution in half, one being the HY23 July opening and the other from the FY22 cohort
- New on-shelf labelling, pricing and promotional technology to be deployed in H2 to support driving further colleague efficiencies
- Angling Direct coaches supporting the “Get Kids Fishing” events run during the period



“Our convenient locations and knowledgeable store colleagues perfectly complement our online store, providing market leading hands on product service and advice, as well as being a hub for their local angling community.” – Andy Torrance, CEO

HY23 UK Digital – Lockdown comps & cost of living challenges blurring trends

	HY 2023	HY 2022	FY 2022
Website visitors	3.3m	3.6m	6.6m
Website visitor growth rate	-9.6%	-2.7%	-10.2%
Active unique customers	116k	128k	209k
Active unique customer growth rate	-9.4%	-13.0%	-10.3%
Conversion rate	5.93%	6.30%	6.38%
Conversion rate change	-37 bps	+80 bps	+45 bps
Average basket	£72.75	£76.47	£73.94
Average basket growth rate	-4.9%	+4.6%	+3.5%
Customer repeat percentage	73.4%	77.1%	72.6%
Customer repeat percentage change	-372 bps	+1210 bps	+1050 bps
Return on advertising spend	£13.1	£16.6	£14.5
Return on advertising spend change	-20.7%	-6.2%	-12.7%
Total database	282k	248k	259k
Total database growth	+13.7%	+0.8%	+6.6%
Total social media followers	325k	307k	302k
Total social media followers growth rate	+5.9%	+16.3%	+11.0%
Web return rate	3.56%	3.42%	3.46%
Web return rate change	+140 bps	+140 bps	-10 bps

- Distribution Centre capacity continues to be utilised to protect supply position relative to wider market. Continue to utilise price checker functionality to maintain pricing position
- Some downturn in impressions for key words and consequential website sessions putting pressure on paid advertising bidding costs
- UK conversion rate showing resilience despite lower levels of online search traffic YoY. ATV reduced in the half, relative pressure on this easing later in Q2 post a strong dip in May
- Customer reach through social and database continues to grow despite sales headwinds
- Advertising ratio facing wider market pressure, launch and promotion of App being targeted as a defence mechanism

HY23 Europe Digital – *Double digit sales growth*

	HY 2023	HY 2022	FY 2022
Website visitors	0.9m	0.7m	1.2m
Website visitor growth rate	+24.3%	+68.0%	-26.7%
Active unique customers	17.6k	9.7k	18.4k
Active unique customer growth rate	+81.4%	-43.3%	-31.8%
Conversion rate	2.50%	1.60%	1.88%
Conversion rate change	+90 bps	-90 bps	-92 bps
Average basket	£84.08	£89.42	£87.51
Average basket growth rate	-6.0%	+55.2%	+40.6%
Customer repeat percentage	48.1%	47.1%	47.8%
Customer repeat percentage change	+100 bps	-340 bps	-450 bps
Return on advertising spend	£6.5	£9.2	£8.9
Return on advertising spend change	-29.7%	+11.2%	-11.2%
Total database	30k	11k	14k
Total database growth	+172.7%	+266.7%	+55.6%
Total social media followers	18.1k	13.7k	16.6k
Total social media followers growth rate	+32.1%	n/a	n/a
Web return rate	4.14%	8.60%	7.02%
Web return rate change	-456 bps	N/A	N/A

- European market impacted by same consumer and cost issue as the UK market challenging the original growth plans
- European distribution centre opened on time in March and has remained fully operational since launch
- Strong active customer numbers in the half, however too early to read this in conjunction with repeat customer rates
- Social and customer database continuing to build during start up phase
- Conversion rates continue to grow with an encouraging trajectory, with differing impacts seen across the key territories
- Investment in advertising spend now being more targeted by territory
- Challenge for H2 to balance product margin against variable cost base

Summary

Financial

- Continued significant growth opportunity – online and in-store in the UK and Europe
- Strong balance sheet, resilient business model, responsive to opportunity and challenge
- European market opportunity is clear despite external economic headwinds
- Focus on profitably 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 invest to drive market share growth, where prudent to do so, leveraging market leading position in the UK and strong balance sheet
- Build on native language European website successes, positive omni-channel outlook
- 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

- The Company remains focussed on gaining market share both in the UK and Europe over the medium to long term and believes that the current uncertain consumer environment coupled with the Company's fundamental strengths mean there is a significant opportunity to gain market share in a weakening competitor landscape
- The Group will therefore continue to invest to drive market share growth, where prudent to do so, leveraging its market leading position in the UK and strong balance sheet to ensure it is best placed competitively when consumer confidence returns
- As flagged in our recent trading update, post-period end sales have been impacted by unusually hot temperatures which caused some fishery closures and led to sales in the peak trading month of August being 7.0% down against the corresponding month in H2 FY22
- Total sales returned to modest year on year growth in September, however, like many consumer facing businesses we have recently seen volatile, unprecedented and unpredictable trading conditions both in-store and online which change significantly week-by-week for example, for trading weeks which commenced in the month of September year on year total UK sales ranged from 21% increase to 0.5% decrease
- The general market outlook has deteriorated further in recent weeks which creates a heightened degree of uncertainty and makes short term forecasting extremely challenging
- The Board remains optimistic about the long-term prospects for the Group, underpinned by its leading omni-channel proposition and strong balance sheet which reinforces the Group's decision to continue to invest to support its long-term strategy
- Due to the challenging and highly volatile trading conditions the Company faces, and the difficulty in short term forecasting and trading, the Board believes it prudent to reduce its expectations for both revenue and pre-IFRS 16 EBITDA for FY 2023
- The Board is confident that revenue and pre-IFRS 16 EBITDA for the year ending 31 January 2023 will not be less than £73.8m and £2.2m respectively

Well positioned for growth with industry-leading profitability, driving long-term value creation

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 -

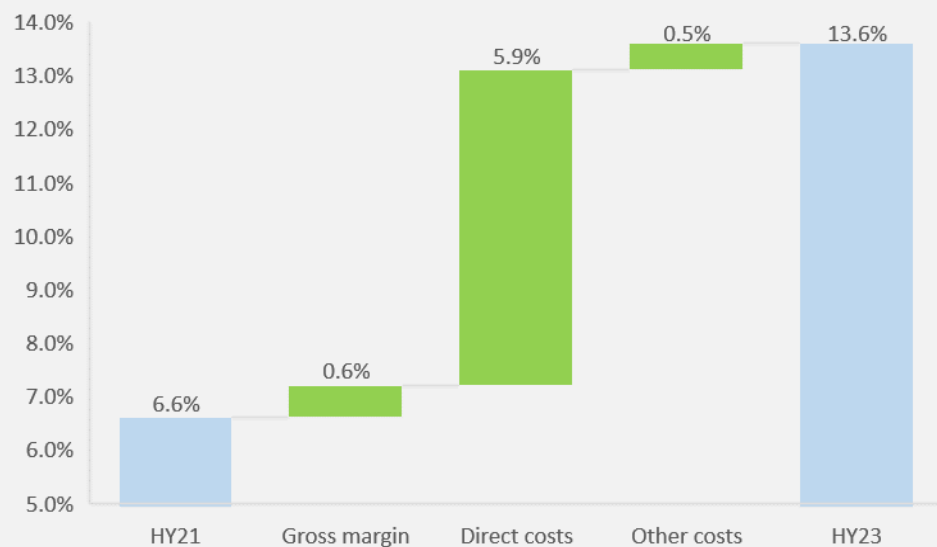
Facilitate our growth, stand us apart and uniquely position us to grow market share

Our value based, data driven decision making -

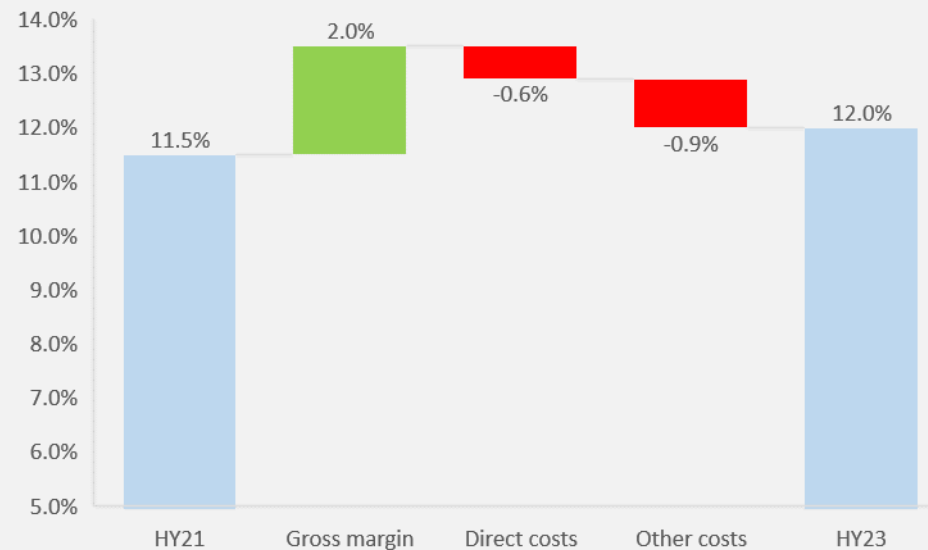
Underpins and directs all that we do, ensuring that we maximise value for all our stakeholders

UK Channel Pre IFRS 16 Margin % Movement

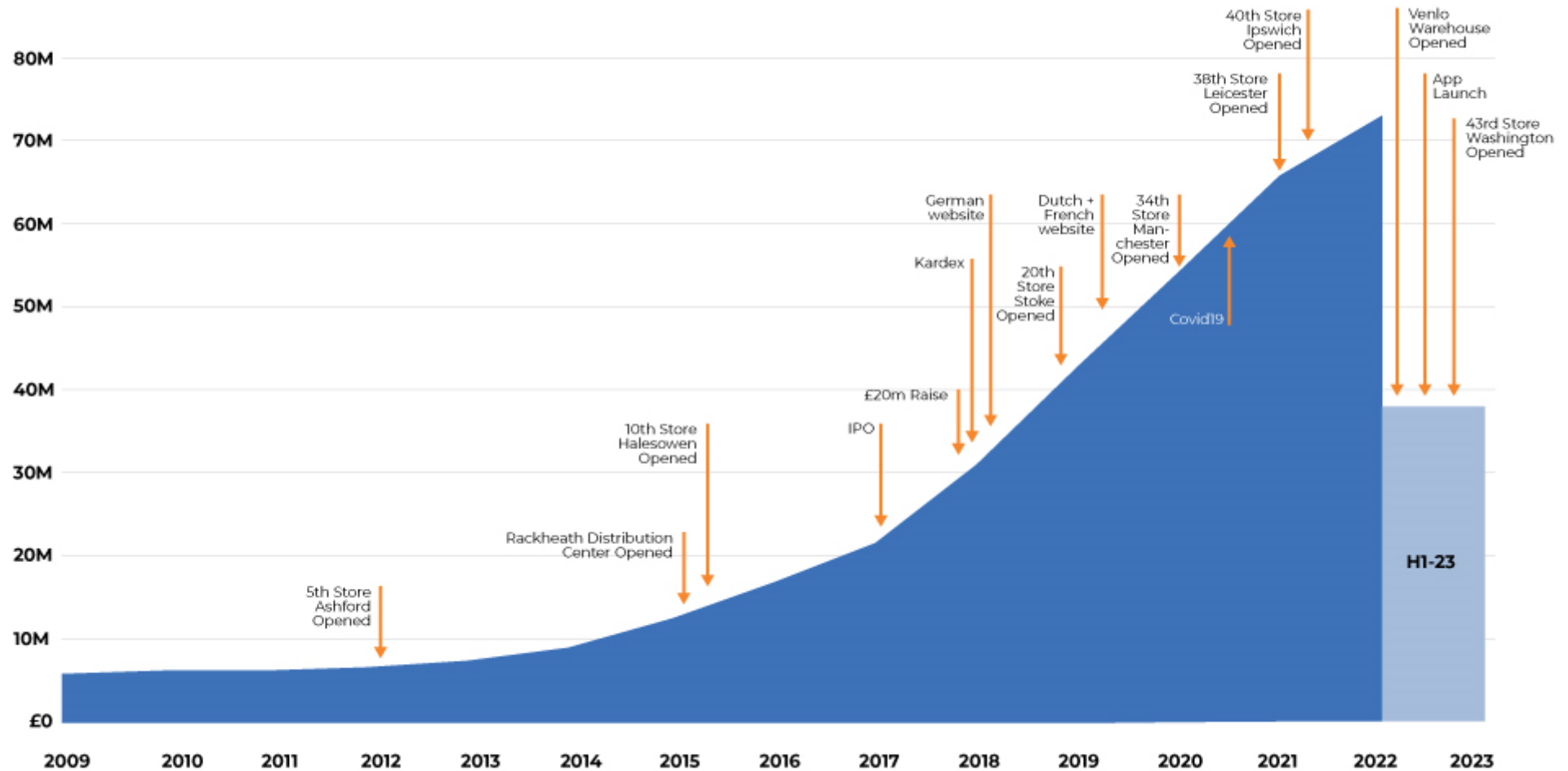
STORES 2YR EBITDA Margin progression



UK ONLINE 2YR EBITDA Margin Progression



Key Milestones



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