

Angling Direct

Getting everyone fishing



FY 2023 Full Year Results

for the 12 months to 31 January 2023

May 2023

Agenda

FY23 Highlights & Strategic Progress

FY23 Financial Overview

Business Review

FY24 & Outlook

FY23 Overview

Financial highlights

- Group revenue increased by 2.2% to £74.1m
- Store sales increased by 6.8% against FY22 (£38.7m) as the store rollout strategy continued
- Like-for-like store sales were £38.0m (including the previously reported disruption caused by the unusually hot weather in the UK and Europe in August 2022), flat against the prior year
- UK online sales, representing 90% of total online sales, decreased by 4.8%, driven by tough H1 comparatives returning to growth in H2 against the prior year
- UK online sales were 57.9%, and the total UK business 47.3% above pre-Covid levels, illustrating a significant step change in the Group's omni-channel offering
- Our key European territories of Germany, France and The Netherlands grew 32.3% year on year
- Gross margin declined by 190 bps as we consciously invested in customer prices to gain market share
- Positive operating cashflow of £1.5m, with a strong balance sheet and net cash position of £14.1m. Securely positioned to meet short-term challenges and take advantage of any potential market consolidation

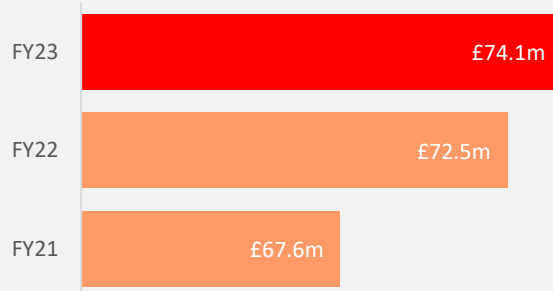
Operational highlights

- Successfully opened our European distribution centre in March 2022
- Market share gains in all key territories including strong growth in new unique customers
- Continued store rollout strategy, with a total of 45 stores at period end (FY22: 42) with Cardiff opening in early FY24. Three new stores in unserved catchments
- Angling Trust qualified coaches deployed across all stores to ensure our customers enjoy the very best experience
- Significant focused investment in Advanta stock and new ranges delivered 24% growth in own brand sales
- Over 55,000 App downloads, further user enhancements summer 2023, optimising digital capability
- As announced separately today, Sam Copeman will join the Company as CFO on 5 June 2023 and will be appointed to the Board on conclusion of the Company's AGM on 22 June 2023

FY23 Highlights – core UK profit funds Europe expansion

Sales

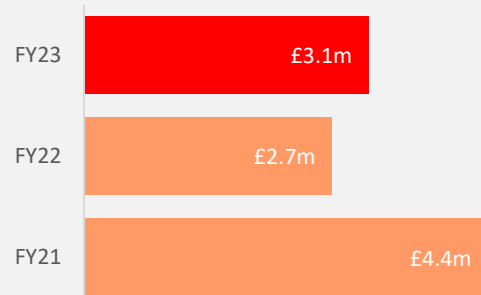
TOTAL REVENUE



£74.1m

+2.2%

EUROPEAN REVENUE

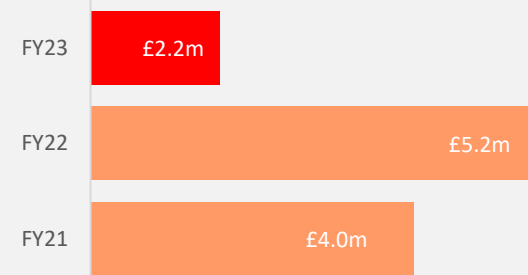


£3.1m

+18.4%

Profitability

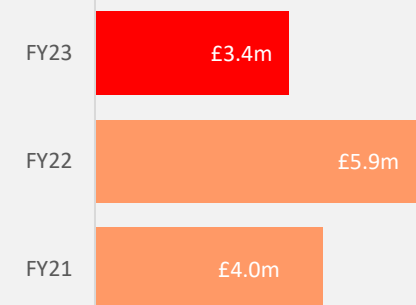
GROUP EBITDA - PRE IFRS 16



£2.2m

-57.2%

UK EBITDA - PRE IFRS 16

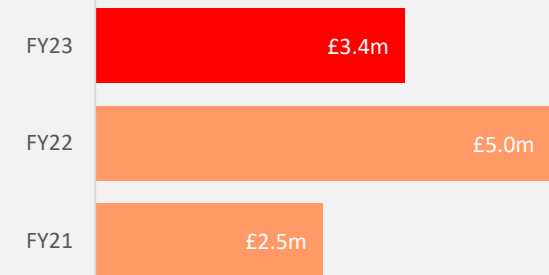


£3.4m

-41.8%

Trading

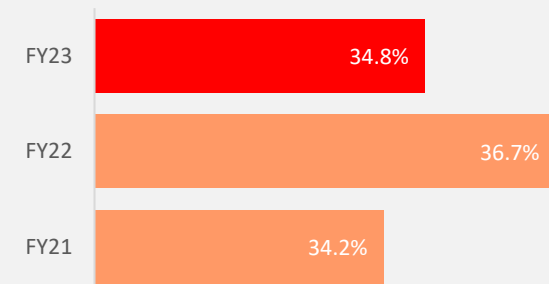
UK EBITDA – PRE IFRS 16 – PRE Gov Support



£3.4m

-30.9%

GROUP GROSS MARGIN %



34.8%

-190 bps

FY23 Strategic Progress

International Growth

Major growth opportunity, in region express fulfilment, local ranges

- New in-region DC fully operational, efficiency improving as volumes grow
- Significant investment in marketing, pricing and customer acquisition, positive margin trajectory into FY24
- Share gains in all key territories, strong growth in new unique customers
- Significant range optimisation and additional suppliers onboarded during H2
- Omni-channel opportunities identified, work in progress

Digital

Market leading omni-channel digital capability, strong conversion and reach

- Over 55,000 app downloads, further user enhancements releasing summer 2023
- Improved user experience, targeted promotional trading on homepage and within categories
- Dedicated multi-country web trading team, data led competitor insights platform
- Continuous improvement approach to web vitals
- MyAD, omni-channel customer loyalty and insight developed for FY24 launch

Stores

Expert service, evolving store formats, new catchments

- Three new stores in unserved catchments, including North East of England
- Targeted legacy store refresh focused on range adjacency and margin intensity
- B.A.I.T.S. assisted selling program, daily optimised rostering, increase in transactions and growing conversion
- Personalised AD store coaching appointments, specialist sales roles, launched reel spooling service

FY23 Strategic Progress *continued*

Commercial

Customer focused category management, supply optimisation, own brand growth

- Deepening retail trading expertise, promotional planning and execution
- Supply team focused on record product availability, 'open to buy' demand planning
- Commercial marketing, partnering key brands and exclusive products
- Continued Advanta own-brand range development, new reels, poles and consumables, sales increased by 24.2%

Organisational Capability

IT infrastructure and resilience, market leading colleagues, evolving governance

- Significant improvements to core system speed and resilience, supply chain, till and eLearning systems.
- Restructured IT agenda focused on systems scalability and process efficiency
- Two new independent Non-Executive Directors. Board succession announced, new CFO Sam Copeman joins 5 June 2023

Communities and Sustainability

Engagement, inclusivity and sustainability

- Exclusive partnership with Angling Trust, continued key supporter of Tackling Minds mental health charity
- Significant energy tracking, carbon reduction and waste management progress, store recycling hubs rolled out
- Member of Angling Trades Association and European Fishing Tackle Trades Association

SECTION 2

FINANCIAL
OVERVIEW



Income Statement – Maintaining growth and protecting share

Year ended	31 Jan 2023	31 Jan 2022
	£'000	£'000
Total sales	74,096	72,474
Gross profit	25,789	26,610
Gross profit %	34.8%	36.7%
EBITDA (post IFRS - 16)*	4,559	7,336
EBITDA Margin	6.2%	10.1%
EBITDA (pre IFRS - 16)*	2,224	5,201
EBITDA Margin	3.0%	7.2%
Depreciation & Amortisation	3,485	2,922
Net finance expenses	405	392
Profit before income tax	669	4,022
Taxation	130	945
Net profit	539	3,077
Earnings per share pence	0.70	3.98

*Reconciliation to pre IFRS 16 set out in the appendix

- Product margin consciously invested to maintain share in UK and gain share in Europe
- Gross margin 190 bps reduction through
 - - European customer acquisition
 - - UK price positioning
 - + Advanta
 - + Optimise sell through of discontinued lines
- Pre IFRS 16 EBITDA of £2.2m includes
 - £0.45m increased Europe losses
 - Loss of £0.9m direct Gov COVID-19 support
- Depreciation increase driven by new leases
- Profitable at post tax level. Net profit margin down 350 bps to 0.7% from 4.2%.

Trading KPIs

Year ended	31 Jan 2023	31 Jan 2022
Overall sales growth	2.2%	7.2%
UK Sales	£71.0m	£69.8m
UK Sale growth rate	1.6%	10.5%
Native website country sales	£3.0m	£2.2m
	32.3%	-21.8%
Other country Sales	£0.2m	£0.4m
Other country growth rate	-57.0%	-72.5%
Total European Sales	£3.1m	£2.7m
European sales growth rate	18.4%	-39.3%
Branded Products Sales	£69.1m	£68.4m
Branded Products growth rate	0.9%	6.3%
Own Brand Sales	£5.0m	£4.1m
Own Brand growth rate	24.2%	24.9%
Own Brand penetration	6.8%	5.6%
Online Sales - % of total t/o	44.3%	46.6%
Stores Sales - % of total t/o	55.7%	53.4%

- UK sales growth with new stores space impact offsetting softer online revenues
- European sales for key territories showed encouraging growth. H2 softer at 12.8% v 55.1% H1 as the Group sought to balance sales growth against the scale of start up losses
- Investment in stock depth of Advanta new ranges drove 24% growth and improved own brand penetration
- Own brand margin remains substantially ahead of branded equivalent, facilitating competitive promotions

Trading KPIs – *continued*

Year ended	31 Jan 2023	31 Jan 2022
UK Gross margin %	35.3%	37.0%
European Gross margin %	23.3%	29.4%
Group Gross margin %	34.8%	36.7%
Employee no - average	442	410
People cost	£11.1m	£10.8m
UK Stores pre IFRS 16 EBITDA	£4.9m	£5.3m
UK Online pre IFRS 16 EBITDA	£3.2m	£5.1m
Headoffice pre IFRS 16 EBITDA	-£5.0m	-£5.4m
UK pre IFRS 16 EBITDA	£3.1m	£5.0m
European pre IFRS 16 EBITDA	-£1.2m	-£0.7m
Direct Gov support/cyber claim	£0.3m	£0.9m
Group pre IFRS 16 EBITDA	£2.2m	£5.2m

- UK gross margin c20 bps softer than guidance as consciously traded margin as online price competition remained fierce through H2. UK gross margin 410 bps above FY20 pre COVID levels
- European gross margin impacted by European consumer dynamics. Action on ranging, promotion and pricing continues to target gross margin in FY24 back above FY22 levels
- UK business delivered above £3m pre IFRS 16 EBITDA, proving resilient during macro challenges
- European pre IFRS 16 EBITDA loss of £1.2m. c£0.5m higher than business case as sales volumes and gross margin didn't scale as anticipated

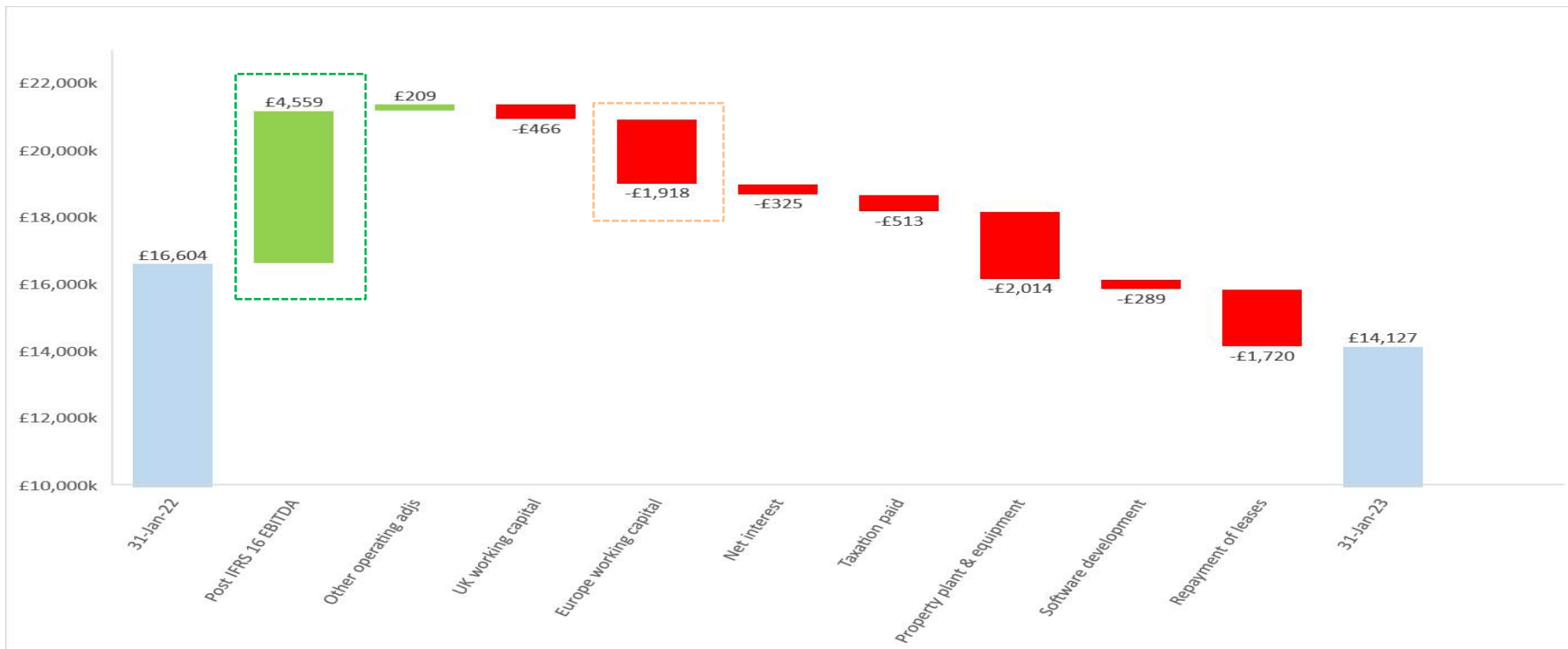
Robust Balance Sheet and Liquidity Position

Year ended	31 Jan 2023	31 Jan 2022
	£'000	£'000
Intangibles - goodwill	5,620	5,620
Intangibles - software	440	556
Property plant & equipment	7,534	6,908
Right of use assets	11,418	11,028
Non current assets	25,012	24,112
Inventories	17,813	16,273
Other current assets	1,108	1,087
Cash	14,127	16,604
Total current assets	33,048	33,964
Current Lease liabilities	1,793	1,648
Other current liabilities	7,543	8,681
Income tax	-	464
Total current liabilities	9,336	10,793
Non current Lease liabilities	9,750	9,402
Other non current liabilities	801	722
Total non current liabilities	10,551	10,124
Deferred tax	883	744
Net assets	37,290	36,415

- Strong balance sheet: £37.3m of net assets, 2.4% increase
- Cash position drives positive net debt positive at £(2.6m) (FY22 £(5.6)m)
- Right of use assets increased with 3 new stores in FY23 plus early opening FY24 Cardiff store
- Capex additions materially all UK investment, reflects continued store roll out and refresh programme
- Inventory increase of 9.5%, reflects stock build in Q1 for European distribution centre. c£2m additional YOY stock build in Europe
- Challenging Q4 UK sales impacted year end working capital through lower replenishment levels

Cash Flow – Strategic investment into European working capital

- Cash generative excluding European EBITDA losses and Europe working capital investment
- Cash consumption of £2.5m
- UK working capital peak requirement in Q4, c£3m delta to summer low point requirement
- Balance sheet capex PPE of £1.7m of which £2.0m cash settled in FY23. £1.3m in the UK reflecting 3 new stores fit outs in FY23, commencement of Cardiff as well as acceleration of some build cost for the FY24 UK stores
- Group tax paying for the first time, FY23 cash flow includes payment c£0.1m on account in respect of FY24 year



SECTION 3

**BUSINESS
REVIEW**

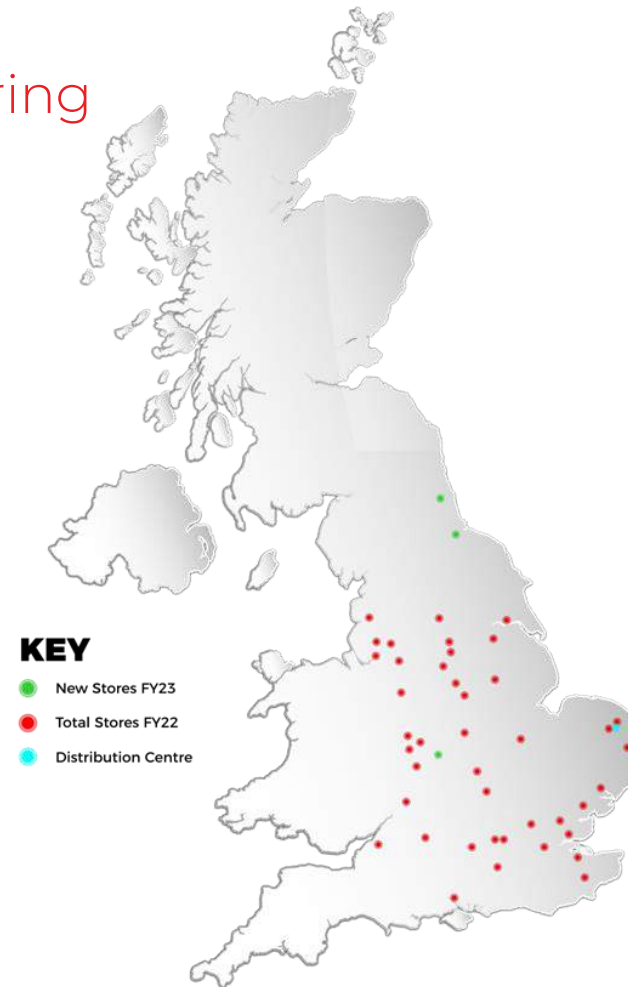


**ANGLING
DIRECT
EXCLUSIVE
RANGE**

FY23 Stores

Integral to our seamless Omni-Channel offering

- Three new stores (Washington, Coventry, Stockton) in convenient locations in high density fishing catchments, opened in record time
- Latest stores reflect significant improvements in space allocation, micro merchandising, hands on displays and customer messaging
- 45 stores at period end (FY22: 42). New stores accounted for £0.9m of total sales, as 2 of the 3 new stores opened in H2
- One further new store opened in Cardiff, in March 2023. One store, Reading, temporarily closed due to fire damage since 6th February
- New Lexmark on-shelf labelling, pricing and promotional printing deployed in H2, assisting sales and colleague efficiencies
- AD coaches delivering Get Kids Fishing events, one to one customer sessions and live streamed in-store product/skills demos
- Like for like stores impacted as footfall and average basket challenges persisted throughout the year



“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

FY23 UK Digital – Leading Online Presence

Year ended	31 Jan 2023	31 Jan 2022
Website visitors	6.9m	6.6m
Website visitor growth rate	+4.0%	-10.2%
AD App downloads	55k	0k
Active unique customers	199k	210k
Active unique customer growth rate	-5.2%	-10.6%
Conversion rate	5.69%	6.38%
Conversion rate change	-69 bps	+45 bps
Average basket online	£73.20	£74.11
Average basket growth rate	-1.2%	+1.6%
Customer repeat percentage	64.1%	67.6%
Customer repeat percentage change	-350 bps	+550 bps
Return on UK advertising spend	£12.0	£14.5
Return on UK advertising spend change	-17.4%	-12.7%
App orders % total orders	3.6%	0.0%
Total database	302k	259k
Total database growth	43k	16k
Total social media followers	339k	302k
Total social media followers growth rate	+12.3%	+11.0%

- As supply chains recover, continued to utilise price checker functionality to maintain competitive pricing position.
- UK website visitor growth strongly recovered in H2, additionally new App downloads exceeded 55k by the period end
- Strong UK website conversion (excluding App stats) continues to show resilience despite lower levels of search traffic YOY
- ATV remained broadly stable despite pressure on consumer discretionary spend, particularly for highly searched generally lower margin capital items
- 17% customer data base growth reflecting our continued focus on customer engagement outside of paid advertising
- Customer repeat percentage remains compelling and ahead of FY21 level

FY23 EU Digital – Gaining Share as H2 profitability improves

Year ended	31 Jan 2023	31 Jan 2022
Website visitors	1.7m	1.2m
Website visitor growth rate	+34.0%	-38.0%
Active unique customers	29.7k	18.6k
Active unique customer growth rate	+59.7%	-25.6%
Conversion rate	2.60%	1.88%
Conversion rate change	+72 bps	-92 bps
Average basket online	£82.13	£87.51
Average basket growth rate	-6.1%	+40.6%
Return on Europe advertising spend	£7.1	£8.9
Return on Europe advertising spend change	-20.9%	-11.2%
Total customer database	37k	15k
Total customer database growth	22k	-
Total social media followers	23k	-
Total social media followers growth rate	23k	-

- European market impacted by same consumer and cost issues as the UK market, challenging our original growth plans
- European distribution centre opened on time in March and now dispatches across the EU
- Website visitor growth rate accelerated in H2, supported by strong active unique customer growth
- Conversion rate continued to strengthen as range and website content continually evolved
- Customer engagement growing reflected in customer database and social media followers
- Germany remains most attractive and fastest growing market. Margin trajectory across all territories into FY24 remains positive

SECTION 4

FY24 & Outlook



Key Priorities for FY24

International

- Profitable market share growth through new customer acquisition
- Significant reduction to start-up losses, margin improvement and scale operating efficiencies
- Maximise EU brand outreach through fishing association partnerships/social outreach
- Implement omni-channel trial

Digital

- MyAD, app based omni-channel loyalty scheme, engagement, frequency and data insight
- Recommendation and similar product optimisation through active trading and promotional management
- Unique enhanced mobile functionality through strategic partnership

Stores

- Embed new in-store services: reel spooling, pole elastication and reel servicing
- Express small store format development and trial
- Customer in-store engagement via MyAD
- Continuous process improvement review to mitigate labour inflation

Commercial

- Continued focus on margin development
- Leverage customer reach to drive return through commercial marketing relationships
- Grow Advanta and Advanta Pro own brand, new consumable product extensions
- Launch new Discover own brand focused on supporting new anglers

Our Investment Case

Leader in attractive and fragmented market

- UK £550m TAM; target £1.8bn European TAM
- c.8x larger than next 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 years
- European distribution capability established, growth accelerating
- Sustainability leadership in ESG

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 growth

- Supported by positive operating cashflow
- Underpins store rollout in UK and Europe to continue targeting profitable growth
- Further working capital opportunity exists

Current Trading & Outlook

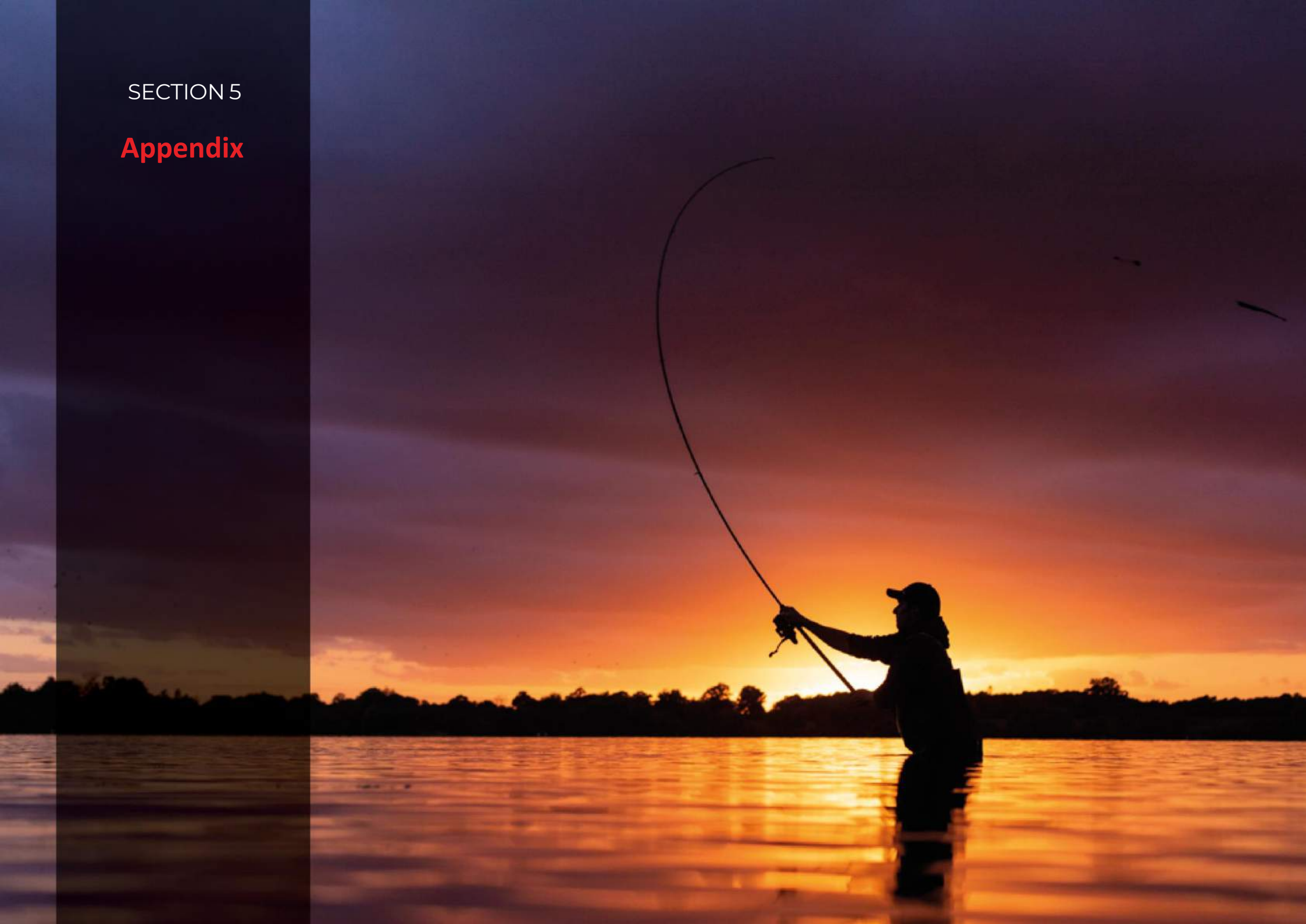
- Despite the turbulent consumer environment and sustained cost pressures, management remains focused on delivering profitable growth and market share gains in the UK and Europe over the medium to long term
- Total Q1 FY24 sales growth of 11.0%, with growth across all channels, including accelerated growth in Europe
- Whilst management is pleased with this early sales performance it remains vigilant to the ongoing inflationary cost pressures being experienced by consumers
- However, given the fundamental strengths of the business, management believes there is a significant opportunity to gain market share in a weakening competitor landscape

Board changes

- Board changes remain on track with new CFO Sam Copeman joining 5 June 2023.

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

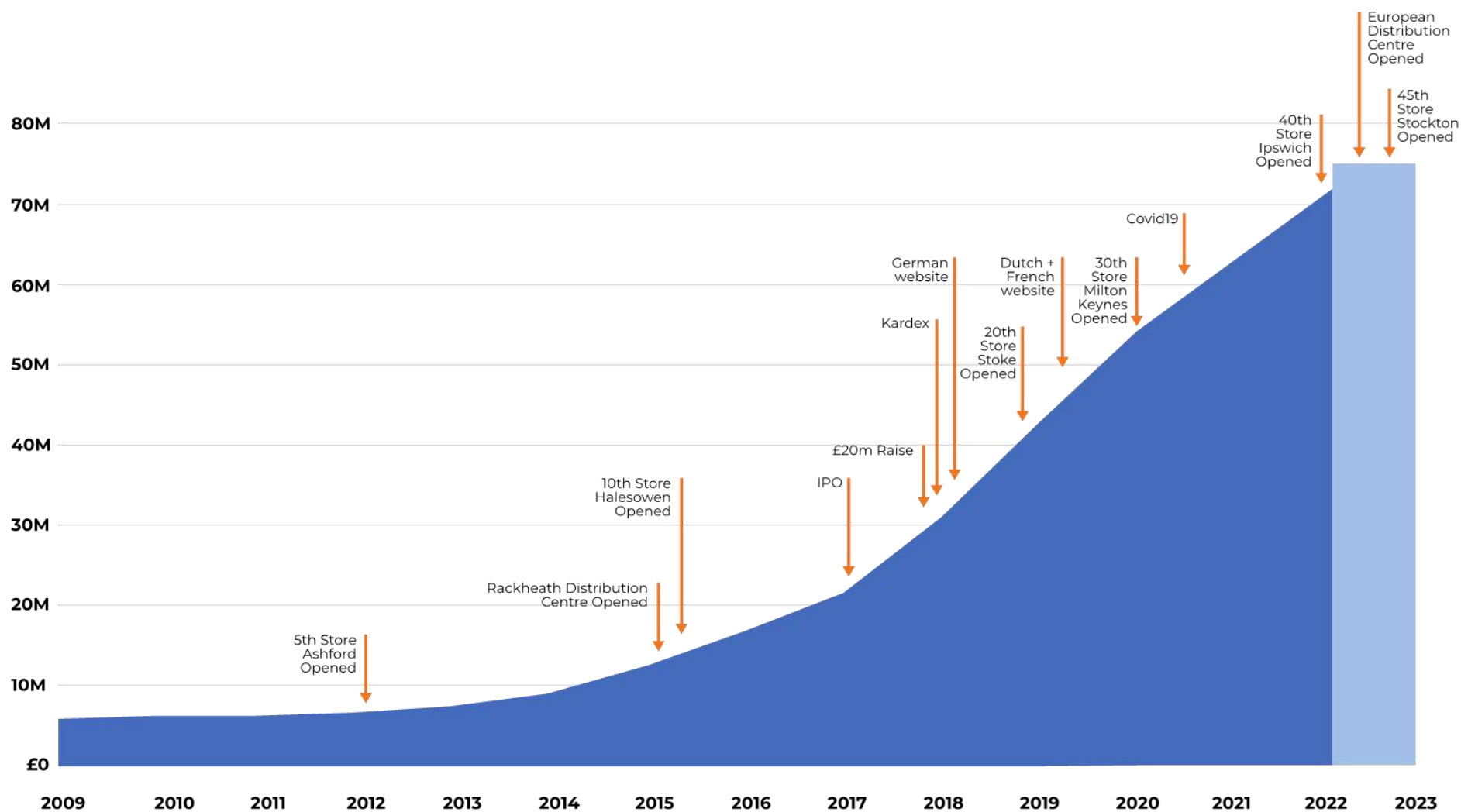
Our contemporary digital technologies -

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

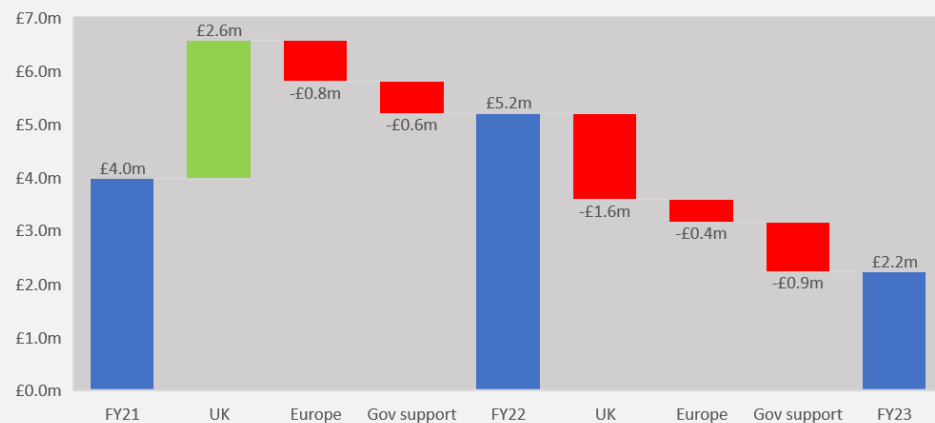
Key Milestones



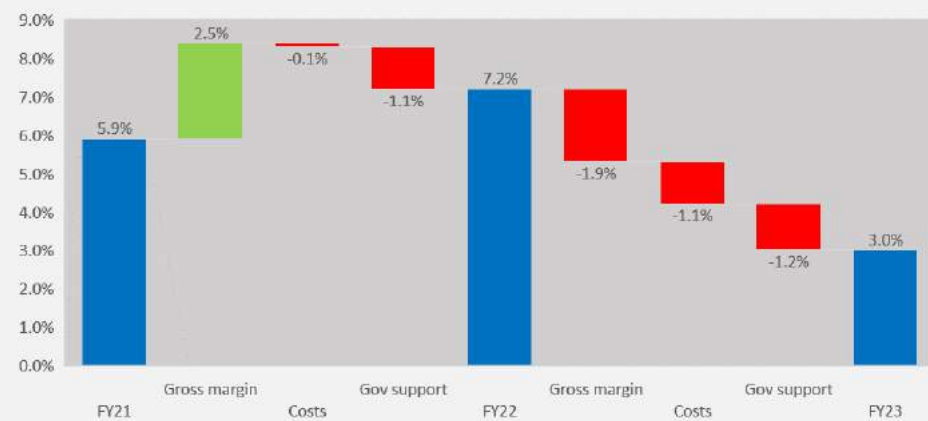
EBITDA Journey

Group

EBITDA - PRE IFRS 16

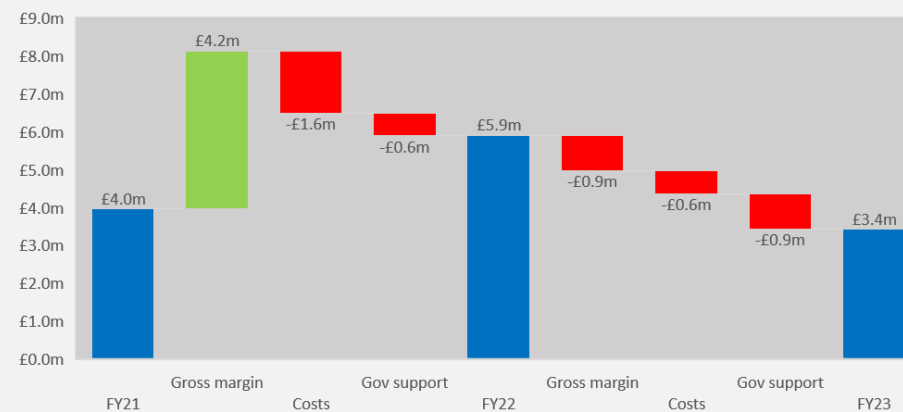


EBITDA % - PRE IFRS 16

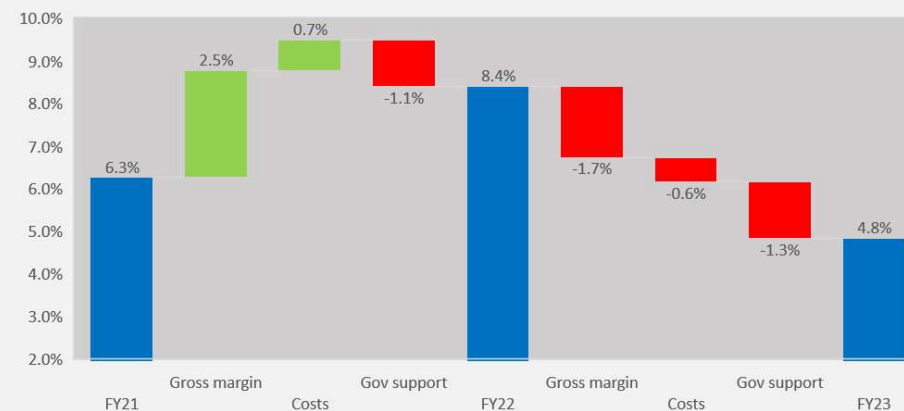


UK

EBITDA - PRE IFRS 16



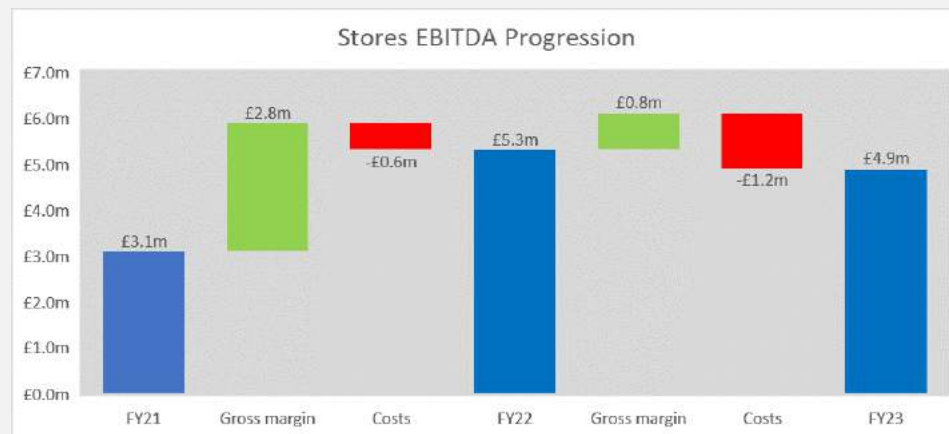
EBITDA % - PRE IFRS 16



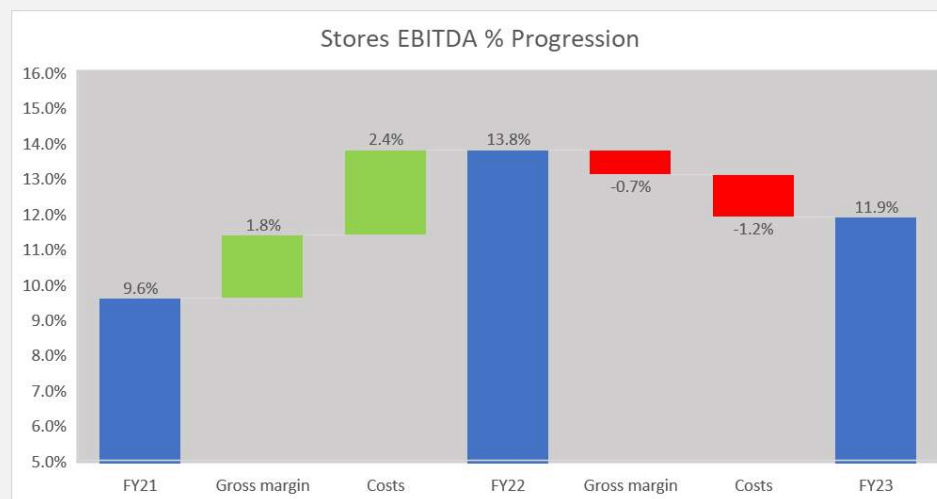
EBITDA Progression

Stores

EBITDA - PRE IFRS 16

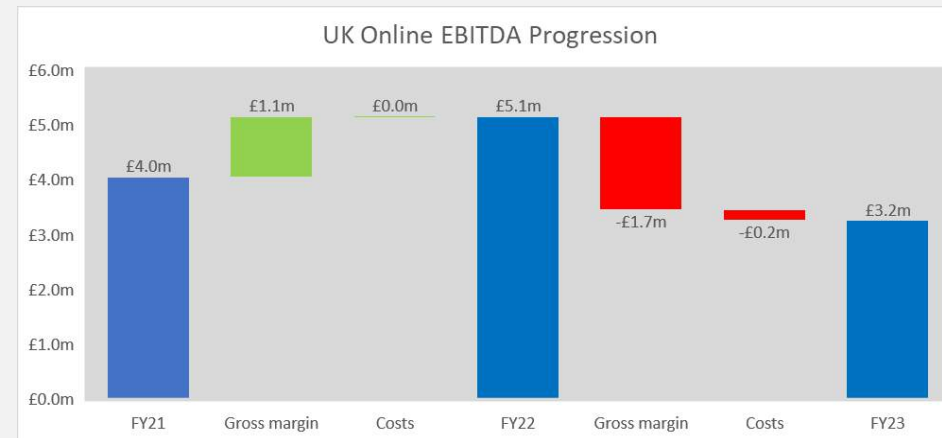


EBITDA % - PRE IFRS 16

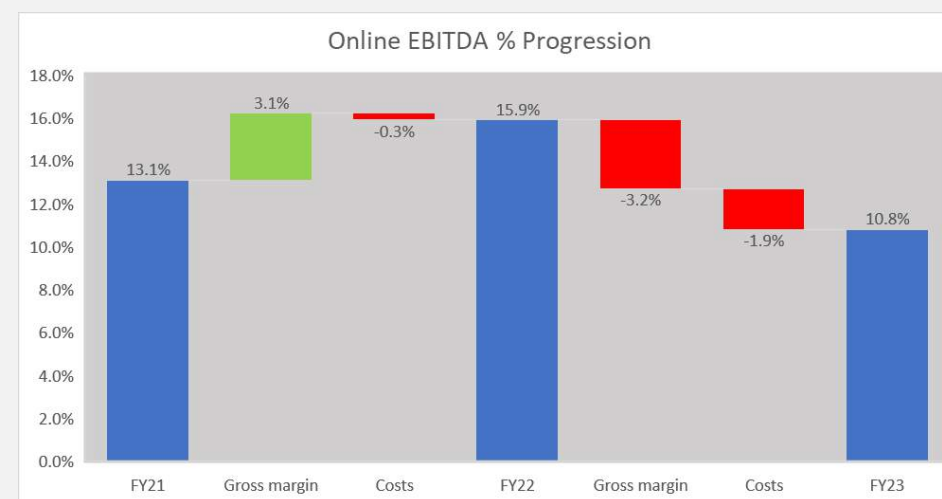


UK Online

EBITDA % - PRE IFRS 16



EBITDA % - PRE IFRS 16



IFRS 16 reconciliation

£m	Excluding IFRS 16	IFRS 16	Reported
Gross profit	25,789		25,789
Overheads	(23,565)	2,335	(21,230)
EBITDA	2,224	2,335	4,559
EBITDA Margin	3.0%		6.2%
Depreciation and Amortisation	(1,512)	(1,973)	(3,485)
EBIT/Operating profit	712	362	1,074
Finance costs	54	(459)	(405)
Profit before tax	766	(97)	669

- IFRS 16 remains a material uplift to EBITDA ratio, 320 bps (290 bps FY22)
- Business continues to use pre IFRS 16 operationally to review rent recovery through respective store P&L accounts
- < £100k difference pre and post IFRS 16 at PBT level

Sustainability - *At Our Heart*



Protecting our environment

- Angling Trust's "Anglers against Pollution" campaign
- Energy saving measures implemented in Distribution Centre and across store estate
- Commenced project working with external parties to use the PPN 06/21 protocol to map journey towards net zero

Reducing waste

- Now over four million metres of used customer fishing line recycled
- In-store recycling for customer product packaging
- Roll out of new waste recycling contractors across the estate to enable tracking of waste to landfill

Giving to communities & supporting the next generation of anglers

- A further 11,000 free whip kits to under 16s, total now over 33,000
- Official exclusive partner for Angling Trust's "Get fishing" campaign
- Over 80 Angling Direct colleagues now certified as angling coaches
- AD "Get Kids Fishing" events held

Wellbeing and mental health

- Supporting Tackling Minds as key national charity, exclusive merchandise retailer
- Co-funded with Anglia Ruskin University unique research to support angling as a form of social prescribing to NHS patients
- Fishing increasingly recognised as a way to improve mental health and physical wellbeing

Disclaimer

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