

Virgin Wines UK plc

(“Virgin Wines”, the “Company” or the “Group”)

Interim results for the six months ended 31 December 2021

Strong growth in subscription sales and high cash generation

Virgin Wines UK plc (AIM: VINO), one of the UK’s largest direct to consumer online wine retailers, today announces its interim results for the six months ended 31 December 2021 (“H1 2022”). All numbers shown are post-IFRS16 adjustments.

Highlights

- Total revenue of £40.6m, in line with the six months ended 31 December 2020 (“H1 2021”) and up 55% compared to the six months ended 31 December 2019 (“H1 2020”).
 - Subscription based revenue of £26.3m up 23% on £21.4m in H1 2021.
- EBITDA of £3.7m (H1 2021: £4.5m) due to increased investment in new customer acquisition and additional operating costs as a listed business.
- Profit before tax of £3.2m (H1 2021: £3.4m).
- Earnings per share of 4.6p (H1 2021: 6.0p).
- Net cash¹ of £13.6m up £5.2m since 30 June 2021 (H1 2021: £8.4m).
- Customer base:
 - Subscription memberships⁽²⁾ increased by 7% during H1 2022 to 158k.
 - Active customer base⁽³⁾ grew to 185k up by 9% since H1 2021.
 - 12 month rolling new customer conversion⁽⁴⁾ up to 56.2% (H1 2021: 51.3%).
- New partnership with Moonpig, driving sales in the commercial channel.
- Launch of BeerSave and SpiritSave subscription schemes.

(1) Net cash of £13.6m is total cash of £18.8m less Wine Bank customer deposits of £5.2m.

(2) Members of the Company’s WineBank and Wine Plan subscription schemes

(3) Customers who have made a repeat purchase within last 12 months

(4) Percentage of recruits who have become active customers

Jay Wright, Chief Executive Officer at Virgin Wines, said:

“As expected, the trading environment has evolved considerably over recent months, and given strong prior year comparatives, we have worked hard to maintain encouraging growth from our core sales channels, whilst maintaining strict discipline around our customer acquisition and our cost control. This result demonstrates the strength of the underlying business model, our discipline in acquiring good quality customers, the reliability of future subscription revenues from a highly engaged customer base and the ability to generate free cashflow as well as our award-winning consumer propositions, the quality of our wines and our outstanding customer service.

The second half of the year has started well. We continue to make progress with our strategic initiatives and remain in line with management expectations.”

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Notes to editors:

Virgin Wines is one of the UK's largest direct-to-consumer online wine retailers. It is an award-winning business which has a reputation for supplying and curating high quality products, excellent levels of customer service and innovative ways of retailing.

The Company, which is headquartered in Norwich, UK, was established in 2000 by the Virgin Group and was subsequently acquired by Direct Wines in 2005 before being bought out by the Virgin Wines management team, led by CEO Jay Wright and CFO Graeme Weir, in 2013. It listed on the London Stock Exchange's Alternative Investment Market (AIM) in 2021.

Virgin Wines has more than 1,000 products in its portfolio and an active customer base of more than 180,000 worldwide. It has approximately 200 employees and more than 40 trusted winemaking partners and suppliers around the world.

The Company drives the majority of revenue through its main channels such as email and web, as well as its growing subscription schemes including WineBank, Wine Plan and Pay As You Go.

Along with its extensive range of award-winning products, Virgin Wines continues to grow its beer and spirit categories, successfully launching more than 40 exclusive products as well as its BeerSave and SpiritSave schemes.

<https://www.virginwinesplc.co.uk/>

RESULTS

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Revenue	40,609	40,589
Cost of sales	(27,979)	(27,850)
Gross profit	12,630	12,739
Underlying operating expenses	(9,224)	(8,678)
Underlying operating profit	3,406	4,061
Finance costs	(70)	(679)
Underlying profit before taxation	3,336	3,382
Share based payments	(177)	-
Profit before taxation	3,159	3,382
Taxation	(608)	(595)
Profit for the period	<u>2,551</u>	<u>2,787</u>
Basic earnings per share (pence)	<u>4.6</u>	<u>6.0</u>
Diluted earnings per share (pence)	<u>4.5</u>	<u>6.0</u>

CHIEF EXECUTIVE'S STATEMENT

Business Overview

The past two years has seen rapid and continuous change to both the trading environment and consumer behaviour and the last six months has been no exception. It has been essential during this period that the business has continued to stay focused on its key principles of acquiring low-cost, high-quality recruits, building the number of customers in its subscription schemes, delivering outstanding customer service, and sourcing and blending the best value wines from across the world, driven by many thousands of customer reviews and ratings.

As well as being highly focussed on delivering our financial and commercial objectives, we have also been acutely aware of the personal toll the challenges of recent times has placed on our people and we have continued to support and look after our team members in a number of practical ways.

Clearly our business is impacted by the widespread cost pressures that are evident with significant increases in the cost of packaging, labour, energy, shipping, glass and courier charges all adding pressure to the cost base. Wherever possible we are mitigating these increases through beneficial FX rates and driving efficiencies.

The business has continued to perform well, with the loyalty and strength of the WineBank subscription base being of particular note, whilst our strategy of supporting the expansion of our commercial channel has been highly successful. The challenges around supply chain, that have been so well documented, have been largely avoided by pre-empting the issue, stocking up early and managing stock efficiently. This in turn has allowed us to keep gross margin largely in line with expectations whilst being able to successfully deliver customers the wines they want, when they want.

Trading Overview

Revenue for H1 2022 was £40.6m, in line with H1 2021 despite a significantly more challenging trading environment and up 55% compared with H1 2020. The Company delivered adjusted profit before tax¹ of £3.3m which was broadly in-line with £3.4m in H1 2021.

Cash generation remained strong delivering net cash² of £13.6m as at 31 December 2021, a £5.2m increase since 30 June 2021. This leaves us in a positive position to assess further opportunities to invest in growth, whether that be in adjacent markets, through M&A or through international expansion.

Subscription Schemes

Sales generated by our subscription schemes grew 23% in H1 2022 to £26.3m compared with £21.3m in H1 2021 and by 77% compared to £14.8m in H1 2020. The popularity of our WineBank scheme continues to build with membership increasing by 11k customers (9.3%) in the past six months delivering a 28% increase in revenue year-on-year.

The balance of total customer deposits in WineBank continued to build with £5.2m of customer money held at 31 December 2021 (WineBank deposits are not included in the company net cash balance). This was up 42% on 31 December 2020 and is an excellent indicator of future revenue as customers save for their ongoing wine orders.

Active customer base and sales retentions

Whilst the WineBank membership base grew encouragingly, the decreased levels of organic walk-up traffic and the lapsing of PAYG customers led to only modest growth of 2k in the active customer base⁽³⁾ over the past six months to 185k customers.

However, the continued focus on recruiting a high-quality and loyal customer base, alongside building the number of customers in our subscription schemes, resulted in a sales retention rate of 94% which helped underpin total Group sales.

Customer Acquisition

Customer acquisition was the most challenging area of the business. Aggressive competitor pricing coupled with the wider promotional schemes made throughout the sector to potential customers over the Christmas trading period, led to decreased traffic to the website from acquisition activity. Despite this challenging environment, we continued to focus on low-cost, high-quality recruits that can deliver market leading levels of payback and deliver a positive ROI.

New customers were acquired at an average cost of £13.62 per new customer (H1 2021: £12.65) while the conversion rate⁽⁴⁾ achieved was 56.2% (H1 2021: 51.3%) once again highlighting the quality of the customers being acquired. We were also pleased to have scaled our partnership programme by delivering 55% more partnerships than during H1 2021.

Development Channels

Over recent years we have actively developed sales channels in adjacent markets to supplement the Company's core D2C wine business, moving into commercial/B2B activity, gifts, and beers and spirits. We have specifically focussed on driving the commercial channel having identified significant headroom to scale and which we are delighted has delivered £4.2m of sales, up 25% compared with H1 2021. The recent partnership with Moonpig, successfully launched in September 2021, is a good example of the opportunities we believe exist to drive growth in this area.

With online gifting being such a beneficiary of Covid-19 based restrictions on retail over the 2020 Christmas trading period revenue from our gifting channel was down 27% against H1 2021, but 47% ahead against H1 2020. There are still many opportunities to scale the gift channel with the launch of a fully personalised gift service planned for Q3 2022 whilst recent partnerships with Virginia Haywood (hampers) and Arena Flowers offer excellent new cross marketing opportunities.

In Q2 2022 we were also delighted to launch subscription schemes for our beer and spirit channels - BeerSave and SpiritSave. Operating on the same successful premise as WineBank, where customers save money each month in their BeerSave/SpiritSave account, they then receive preferential pricing on all products across respective categories. This preferential pricing is also available as standard for all WineBank customers, so our focus in the short term will be on communicating this new initiative and scaling the beer and spirit categories to our existing customer base where we believe there is still substantial headroom.

A Purpose Driven Business

At the centre of our brand DNA is our purpose, which is 'to make people's lives more enjoyable'. This is just as appropriate for our colleagues and our winemaking partners as it is for our customers and this philosophy of ensuring every interaction we have with each other, as well as with our customers, adds value to their lives in a positive way is core to our culture.

Over the past year we have introduced a free Employee Assistance Programme to all staff that offers everything from help with practical matters such as personal finance right through to individual one-to-one counselling. We have also developed an internal ESG Group that has 14 volunteers from across the business who are particularly passionate about our environment, both inside and outside our business. Everything from creating opportunities for colleagues to meet and interact in a variety of social situations (as our teams start the transition to office working again) through to the creation of our new charity wine initiative, The Benevolent Range, have been driven by this group. We are in the process of collecting our scope 3 data alongside creating an emission reduction roadmap in order to work towards net zero.

We have continued to work hand in hand with our winemaking partners across the world, and to support them as they deal with supply/harvest issues. This support has come in a variety of ways, from amending payment terms to more forward planning on wine requirements and firm commitments where appropriate.

Our focus on exceptional customer service continues and we are delighted to have been able to maintain our 'Excellent' TrustPilot rating, even over a period where there have been so many challenges with warehouse labour, courier capacity and supply chain disruption. Despite these headwinds we have managed to continue to keep the wine flowing into our customers' homes efficiently, accurately and with speed.

Operations

There has been significant pressure across our operations over the past six months. Warehouse labour, principally temporary labour over the Christmas period, was particularly competitive. This coupled with a significant increase in absenteeism as the Omicron variant took hold in December 2021 led to a challenging environment, and ultimately to an early cut-off (by 48 hours) for guaranteed Christmas deliveries costing the business circa £800k of sales in the final week running up to Christmas.

Increased costs in shipping, packaging, glass and courier charges led to pressure on the cost price of our goods although we were able to mitigate much of this through our flexible merchandising model, efficiencies and beneficial FX rates. There continues to be inflationary pressure in multiple areas of the supply chain to our business and we therefore keep pricing continually under review to ensure gross margins are maintained.

- (1) *Adjusted Profit before tax is stated after adding back share based payments of £177k.*
- (2) *Cash balance £13.6m is stated after the deduction of Wine Bank customers deposits of £5.2m.*
- (3) *Customers who have made a repeat purchase within last 12 months*
- (4) *Percentage of recruits who have become active customers*

FINANCIAL REVIEW

Revenue

Group revenue of £40.6m which is broadly flat compared with £40.5m in H1 2021 and up 55% compared with £26.2m in H1 2020. Revenue from subscription schemes of £26.3m up 23% on £21.4m in H1 2021 and 77% on £14.8m in H1 2020.

Gross Profit

Gross profit margin fell by 30 basis points to 31.1% (H1 2021: 31.4%) mainly due to higher discounts offered on introductory case offers and an increase in packaging costs. Despite cost challenges from increases in inbound freight costs the D2C product margin before packaging and delivery was relatively unchanged at 40.4% (H1 2021: 40.5%).

EBITDA

EBITDA of £3.7m was lower than £4.5m in H1 2021 due to an increase in new customer acquisition investment of £240k and an increase in operating costs as a listed business (Plc head office costs £233k and share based payments £177k). Net contribution from repeat customers was marginally higher.

Profit Before Tax

Profit before tax was £3.2m (H1 2021: £3.4m). Profit before tax on a like-for-like basis adjusted for share based payments was marginal lower at £3.3m (H1 2021: £3.4m).

Share based payments

The Group provided for a share-based payment expense of £177k (H1 2021: £0k) relating to the share based long term incentive plan for the leadership team.

Finance expenses

Finance expense of £70k in H1 2022 relates to the interest charge for Right of Use Assets. Finance expense of £679k in H1 2021 included £61k relating to the interest charge for Right of Use Assets and £618k relating to interest on Investor Loans which were repaid in full on 2 March 2021 as part of the IPO listing.

Earnings per share

Earnings per share decreased to 4.6p from 6.0p H1 2021 primarily due to the issue of new shares as part of the IPO listing on 2 March 2021.

Dividend

The Board is not recommending the payment of an interim dividend however, it will keep the Group's dividend policy under review.

Foreign currency

All group income is derived from UK activity and denominated in GBP. The Group purchases supplies, mainly wine, from the global market predominantly in Euros, US Dollars and Australian Dollars. The Group hedges its foreign currency purchases to provide clarity on future cost prices.

Inventory

As previously indicated the Group invested in higher stockholding to mitigate the impact of potential supply disruption throughout the 2021 calendar year. As a result, inventory increased by £2.9m from 30 June 2021 to £10.2m as at 31 December 2021 (H1 2021: £6.4m). The Group continues to monitor the supply conditions but expects to see stockholding return to normal levels in our Q4 as supply issues ease.

Cash

The Group monitors net cash after deducting Wine Bank customer deposits. The cash in hand excluding Wine Bank deposits at 31 December 2021 increased by £5.2m to £13.6m (FY 2021: £8.4m). Loans outstanding at 31 December 2020 of £12.0m were repaid in full on 2 March 2021 from funds raised as part of the IPO listing.

SUMMARY AND OUTLOOK

This result demonstrates the strength of the underlying business model, our discipline in acquiring quality customers, the reliability of future subscription revenues from a highly engaged customer base and the ability to generate free cashflow.

There are many positives with customers on our subscription schemes performing strongly and our key WineBank customer base growing steadily. Our disciplined business model ensures that it continues to generate high levels of cash which in turn gives opportunities to invest in a range of strategic initiatives to drive growth when, and where, appropriate. This, in tandem with the strong growth of our commercial channel, the ongoing initiatives delivering increased marketing opportunities through our gift channel and the introduction of our new subscription schemes in the beer and spirit categories leaves us optimistic that the business is well placed to grow strongly over future years.

There are two particularly challenging areas within the business, specifically driving customer acquisition numbers at the forecasted levels while also delivering low-cost, high-quality recruits, and the increasing cost pressure that is mounting on the business from a multitude of sources. However, we continue to drive new partnerships as well as optimising our digital marketing strategy, telemarketing, and CRM recruitment to help deliver the acquisition numbers the business is targeting, whilst we continually look to find efficiencies to help mitigate against rising costs while maintaining strict margin control.

Overall, notwithstanding the challenging trading environment, the business is in very good health and the second half of the year has started well. We have a strong and highly cash generative business model. We have many opportunities to grow the business through customer acquisition as well as new revenue channels and remain confident for the future and in our ability to create shareholder value. We continue to make progress with our strategic initiatives and remain in line with management expectations.

Jay Wright
Chief Executive Officer
15 March 2022

Condensed consolidated statement of comprehensive income

for the period ended 31 December 2021

		<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Revenue		40,609	40,589
Cost of sales		(27,979)	(27,850)
Gross profit		12,630	12,739
Operating expenses		(9,401)	(8,678)
Operating profit	3	3,229	4,061
Finance costs	5	(70)	(679)
Profit before taxation		3,159	3,382
Taxation		(608)	(595)
Profit for the financial period and total comprehensive income		2,551	2,787
Basic earnings per share (pence)	6	4.6	6.0
Diluted earnings per share (pence)	6	4.5	6.0

Condensed consolidated statement of financial position

as at 31 December 2021

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	Note	31 December 2021	31 December 2020	30 June 2021
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	7	11,027	10,886	10,842
Property, plant and equipment	8	288	179	163
Right of use assets	9	2,656	3,023	2,867
Deferred tax asset		492	1,438	1,100
Total Non-current assets		14,463	15,526	14,972
Current assets				
Inventories		10,176	6,372	7,239
Trade and other receivables	10	1,930	2,244	1,552
Derivative financial instruments		16	31	-
Cash and cash equivalents		18,799	20,038	15,660
Total current assets		30,921	28,685	24,451
Total assets		45,384	44,211	39,423
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	11	(21,754)	(19,771)	(18,314)
Lease liability		(506)	(501)	(489)
Loans and borrowings		-	(11,980)	(5)
Total current liabilities		(22,260)	(32,252)	(18,808)
Non-current liabilities				
Provisions		(267)	(248)	(275)
Lease liability		(2,502)	(2,787)	(2,713)
Total non-current liabilities		(2,769)	(3,035)	(2,988)
Total liabilities		(25,029)	(35,287)	(21,796)
Net assets		20,355	8,924	17,627
Equity				
Share capital	11	558	477	558
Share premium		11,989	31	11,989
Own share reserve		(36)	(36)	(36)
Merger reserve		65	-	65
Other reserve		177	-	-
Retained earnings		7,602	8,452	5,051
Total Equity		20,355	8,924	17,627

Condensed consolidated statement of changes in equity

for the period ended 31 December 2021

	Called up share capital £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Retained earnings £'000	Other reserve	Total Shareholders' funds £'000
1 July 2020	477	31	(36)	-	5,665	-	6,137
Profit for the financial year	-	-	-	-	2,787	-	2,787
31 December 2020 unaudited	477	31	(36)	-	8,452	-	8,924
1 July 2021	558	11,989	(36)	65	5,051	-	17,627
Profit for the financial year	-	-	-	-	2,551	-	2,551
Share-based payments	-	-	-	-	-	177	177
31 December 2021 unaudited	558	11,989	(36)	65	7,602	177	20,355

Condensed consolidated statement of cash flows

for the period ended 31 December 2021

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Cash flows from operating activities		
Profit before taxation	3,159	3,382
Adjustments for:		
Depreciation and amortisation	464	398
Net finance costs	70	679
Share-based payment	177	-
Decrease/(increase) in trade and other receivables	(394)	248
Increase in inventories	(2,938)	(1,376)
(Decrease)/increase in trade and other payables	3,426	(2,267)
Net cash (used in)/generated from operating activities	3,964	1,064
Cash flows from investing activities		
Purchase of intangible and tangible fixed assets	(561)	(106)
Net cash used in investing activities	(561)	(106)
Cash flows from financing activities		
Interest on loans and borrowings	-	(690)
Payment of lease liabilities	(194)	(73)
Payment of lease interest	(70)	(61)
Net cash used in financing activities	(264)	(824)
Net (decrease)/increase in cash and cash equivalents	3,139	134
Cash and cash equivalents at beginning of period	15,660	19,904
Cash and cash equivalents at end of period	18,799	20,038
	3,139	134

1 General Information

The principal activity of the Group is import and distribution of wine.

The Company was incorporated on 1 February 2021 in the United Kingdom and is a public company limited by shares registered in England and Wales. The registered office is 37-41 Roman Way Industrial Estate, Longridge Road, Ribbleson, Preston, Lancashire, United Kingdom, PR2 5BD. The registered company number is 13169238.

2 Significant accounting policies

Basis of preparation

The consolidated interim financial information of the Virgin Wines UK Plc group have been prepared in accordance with the principal accounting policies used in the Group's consolidated financial statements for the year ended 30 June 2021. These interim financial statements should be read in conjunction with those consolidated financial statements, which have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

These interim financial statements do not fully comply with IAS 34 'Interim Financial Reporting', as is currently permissible under the rules of AIM.

Historical cost convention

The interim financial information has been prepared on a historical cost basis except for certain financial assets and liabilities (including derivative instruments), measured at fair value through the income statement.

New standards, interpretations and amendments issued not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the EU that are effective in future accounting periods that the group has decided not to adopt early.

The following standards were in issue but have not come into effect:

Amendments to

- IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9, as amended in June 2020 - effective for the year ending 30 June 2024
- IFRS 3, IAS 16, IAS 37 (narrow scope) and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 - effective for the year ending 30 June 2022
- IAS 1, 'Presentation of financial statements' on classification of liabilities - effective for the year ending 30 June 2024
- IAS 1, Practice statement 2 and IAS 8 (narrow scope) - effective for the year ending 30 June 2024
- IAS 12 - deferred tax related to assets and liabilities arising from a single transaction - effective for the year ending 30 June 2024
- IFRS 17, 'Insurance contracts' - effective for the year ending 30 June 2024

The Directors anticipate that the adoption of planned standards and interpretations in future periods will not have a material impact on the financial information of the Group.

2 Significant accounting policies

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executives Statement, which also describes the financial position of the Group.

During the period the Group met its day to day working capital requirements through cash generated from operating activities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate using cash generated from operations, and that no additional borrowing facilities will be required.

Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Goodwill

Goodwill is not amortised but is reviewed annually for impairment. The recoverable amount of the Group's single cash-generating unit (CGU) is determined by calculating its value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the single CGU and to use a suitable discount rate in order to calculate the present value. The value in use is then compared to the total of the relevant assets and liabilities of the CGU. The Directors note the emerging clarifications from the IFRS Interpretations Committee regarding how companies should account for configuration and customisation costs relating to cloud computing arrangements, and will continue to monitor. It is too early to assess the likely impact.

3 Operating profit

Operating profit is stated after charging/(crediting):

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Inventory charged to cost of sales	25,419	24,998
Amortisation of intangible assets (note 7)	152	147
Depreciation of property, plant and equipment (note 8)	62	43
Depreciation of right of use asset (note 9)	250	208
Net exchange gains (including movements on fair value through profit and loss derivatives)	(30)	(93)
Movement in inventory provision	(58)	147

4 Share-based payments

In the period ended 31st December 2021 the Group operated an equity-settled share-based payment plan as described below.

The charge in the period attributed to the plan was £177,000 (2020: nil).

Under the Virgin Wines UK Plc Long-Term Incentive Plan, the Group gives awards to Directors and senior staff subject to the achievement of a pre-agreed revenue and net profit figure for the financial year of the Group, three financial years subsequent to the date of the award. These shares vest after the delivery of the audited revenue and profit figure for the relevant financial year has been announced.

Awards are granted under the plan for no consideration and carry no dividend or voting rights.

Awards are exercisable at the nominal share value of £0.01.

Awards are forfeited if the employee leaves the Group before the awards vest, except under circumstances where the employee is considered a 'Good Leaver'.

	<i>Unaudited</i> 31 December 2021 Shares	<i>Unaudited</i> 31 December 2020 Shares
At 1 July	433,288	-
Granted during the period	783,451	-
Outstanding at 31 December	1,216,739	

The Company granted its first share options on 23 June 2021.

The awards outstanding at 31 December 2021 have a weighted average remaining contractual life of 2.5 years.

The fair value at grant date was determined with reference to the share price at grant date, as there are no market-based performance conditions and the expected dividend yield is 0%. Therefore there was no separate option pricing model used to determine the fair value of the awards.

5 Finance costs

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Investor loans	-	618
Interest payable for lease liabilities	70	61
	70	679

6 Earnings per share

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period.

The calculation of basic profit per share is based on the following data:

Statutory EPS

	<i>Unaudited</i> 31 December 2021	<i>Unaudited</i> 31 December 2020
Earnings (£'000)		
Profit after tax	2,551	2,787
Earnings for the purpose of basic earnings per share	2,551	2,787
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	55,837,560	47,617,287
Weighted average number of shares for the purposes of diluted earnings per share	56,381,553	47,617,287
Basic earnings per ordinary share (pence)	4.6	6.0
Diluted earnings per ordinary share (pence)	4.5	6.0

7 Intangible assets

	Goodwill £'000	Software £'000	Group Total £'000
Cost			
At 1 July 2020	9,623	2,085	11,708
Additions	-	-	-
31 December 2020 unaudited	9,623	2,085	11,708
At 1 July 2021	9,623	2,188	11,811
Additions	-	337	337
31 December 2021 unaudited	9,623	2,525	12,148
Accumulated amortisation and impairment			
At 1 July 2020	-	675	675
Amortisation charge	-	147	147
31 December 2020 unaudited	-	822	822
At 1 July 2021	-	969	969
Amortisation charge	-	152	152
31 December 2021 unaudited	-	1,121	1,121
Net book value			
At 31 December 2021 unaudited	9,623	1,404	11,027
At 30 June 2021 audited	9,623	1,219	10,842
At 31 December 2020 unaudited	9,623	1,263	10,886

8 Property, plant and equipment

	Leasehold property £'000	Computer hardware & warehouse equipment £'000	Fixtures & fittings £'000	Total £'000
<i>Cost</i>				
At 1 July 2020	20	549	233	802
Additions	-	68	40	108
Disposals	-	(14)	-	(14)
31 December 2020 unaudited	20	603	273	896
At 1 July 2021	20	631	277	928
Additions	-	117	70	187
Disposals	-	-	-	-
31 December 2021 unaudited	20	748	347	1,115
<i>Accumulated depreciation</i>				
At 1 July 2020	20	460	206	686
Charge for the year	-	32	11	43
Disposals	-	(12)	-	(12)
31 December 2020 unaudited	20	480	217	717
At 1 July 2021	20	516	229	765
Charge for the period	-	45	17	62
Disposals	-	-	-	-
31 December 2021 unaudited	20	561	246	827
<i>Net book value</i>				
At 31 December 2021 unaudited	-	187	101	288
At 30 June 2021 audited	-	115	48	163
At 31 December 2020 unaudited	-	123	56	179

Depreciation is charged to operating expenses in the profit and loss account.

9 Right of use assets

	Leasehold property £'000	Computer hardware & warehouse equipment £'000	Total £'000
<i>Cost</i>			
At 1 July 2020	2,423	95	2,518
Additions	1,731	-	1,731
Disposals	-	-	-
31 December 2020 unaudited	4,154	95	4,249
At 1 July 2021	4,202	104	4,306
Additions	-	39	39
31 December 2021 unaudited	4,202	143	4,345
<i>Accumulated depreciation</i>			
At 1 July 2020	983	35	1,018
Charge for the period	201	7	208
31 December 2020 unaudited	1,184	42	1,226
At 1 July 2021	1,415	24	1,439
Charge for the period	238	12	250
31 December 2021 unaudited	1,653	36	1,689
<i>Net book value</i>			
At 31 December 2021 unaudited	2,549	107	2,656
At 30 June 2021 audited	2,787	80	2,867
At 31 December 2020 unaudited	2,970	53	3,023

Notes to the interim financial information

for the period ended 31 December 2021

10 Trade and other receivables

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Amounts falling due within one year:		
Trade receivables	1,015	1,105
Taxation and social security	-	2
Contract assets	915	1,137
	1,930	2,244

11 Trade and other payables

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Trade payables	5,112	5,998
Taxation and social security	6,952	5,028
Contract liabilities	5,780	5,654
Accruals and other creditors	3,910	3,091
	21,754	19,771

12 Share capital

	<i>Unaudited</i> 31 December 2021 £'000	<i>Unaudited</i> 31 December 2020 £'000
Authorised, Allotted, called up and fully paid		
55,837,560 (2020: 15,687,291) ordinary shares of £0.01 each	558	156
Nil (2020: 80,000) A ordinary shares of £0.01 each	-	1
Nil (2020: 30,899,252) B ordinary shares of £0.01 each	-	309
Nil (2020: 950,744) C ordinary shares of £0.01 each	-	10
Nil (2020: 79,200) A and B preference shares of £0.01 each	-	1
	558	477