25 March 2024

Virgin Wines UK plc

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

Unaudited Interim Results

Introduction of strategic initiatives and robust customer base underpins triple digit bottom line growth

Virgin Wines UK plc (AIM: VINO), one of the UK’s largest direct to consumer online wine retailers, today announces its unaudited interim results for the six months ended 29 December 2023 (“H1 2024”).

Financial highlights

- Total revenue increased by 2% to £34.3m (H1 2023: £33.6m)
- Underlying EBITDA[1] up 122% to £1.76m (H1 2023: £0.75m)
- Earnings per share increased to 1.4p (H1 2023: 0.1p)
- Net cash[2] increased to £11.0m (H1 2023: £7.6m)

Strategic highlights

- H1 performance underpinned by resilient business model and introduction of strategic initiatives
    - Warehouse Wines proposition showing encouraging early results, with c.2k customers and an ‘excellent’ Trustpilot rating secured
    - Brand refresh complete and being rolled out across channels
    - Five O’clock Somewhere Wine Club and Vineyard Collection set to launch before year-end
- Customer base remains active and loyal, with ongoing focus on high quality customer acquisition
    - New customer conversion rate up 22% year-on-year
    - Cancellation rate of the WineBank scheme at an 18 month low at 16.8%
    - 14% reduction in fully costed cost per recruit
- WineBank achieved its second highest H1 revenue since inception in 2010
    - Membership up 1% to 152k
    - Subscription sales up 6.5% to £20.5m
- Operational efficiency continued to improve
    - Inventory reduced by 24% year-on-year
    - New Warehouse Management System (WMS) operated highly effectively during peak, and now realising expected benefits from its implementation with more to come
    - 25% reduction in warehouse fulfilment costs per case achieved
- Proactive management of costs to mitigate input pressures and increased alcohol duty sustained gross product margin of 37.2% (H123: 36.5%)

Current trading and outlook

- Positive H1 performance in spite of cost and consumer pressure gives confidence in ability to meet FY24 profit expectations
- The Group continues to look at opportunities to grow including through new ventures such as Warehouse Wines, M&A fulfilling strict criteria, and building organic growth through existing sales channels
- The Board continues to review the current Capital Allocation policy with reference to potential M&A opportunities, dividend and share buyback policies. Given the strong Group cash position and the current share price, the Board has approved a limited share buyback programme starting in the coming weeks to cover future commitments under Group share incentive schemes. Further details will be announced in due course

(1) Underlying EBITDA is before share based payments
(2) Net cash of £11.0m is total cash of £17.4m less Wine Bank customer deposits of £6.4m

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

"We are pleased to report a positive first half performance, with the underlying business performing well including through the peak Christmas period, and the introduction of our key strategic initiatives better positioning the Company to achieve further growth into the future. Our customer base remains active and loyal, with cancellation rates continuing to trend positively despite macroeconomic uncertainties. We remain focused on high quality customer acquisition and are pleased that our conversion rate increased by 22% year-on-year. Our flagship WineBank offering continues to prove popular, with the scheme achieving its second highest H1 revenue since inception.

Looking ahead, we remain optimistic about the future prospects of the Group. Warehouse Wines, our new proposition, has delivered encouraging early results, bringing in almost 2,000 previously 'lapsed' customers, and we have received positive feedback on our brand refresh. We expect a full year profit for 2024 in line with market expectations and continue to look at opportunities to continue our growth trajectory moving forward."

Enquiries:

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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 600 wines and 100 spirits in its portfolio, which it sells to an active customer base including over 150,000 members of its subscription schemes. It has approximately 200 employees and a global network of trusted winemaking partners and suppliers around the world.

The Company drives the majority of revenue though its fast-growing WineBank subscription scheme, using a variety of marketing channels, as well as through its Wine Advisor team, Wine Plan channel and Pay As You Go service.

Along with its extensive range of award-winning products, Virgin Wines was delighted to be named Online Drinks Retailer of the Year for 2022 at last year's Drinks Retailing Awards, as well as receiving the bronze award for Contact Centre of the Year at the 2022 UK National Contact Centre Awards.

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

CHIEF EXECUTIVE'S STATEMENT

Business overview

I am pleased with our H1 2024 performance, as we made good progress across the Company. The introduction of our strategic initiatives and the strength of the underlying business drove a 122% year-on-year increase in EBITDA and a reduction in warehouse fulfilment costs of 25% compared to H1 2023, further reinforcing our consistently strong balance sheet (with an increase in net cash from £7.6m by the end of December 2022 to £11m in December 2023). Inventory levels also reduced, by 24% year-on-year, despite the challenging consumer environment, highlighting the resilient and robust nature of our business model.

It is particularly satisfying that our customers remain active and loyal, with the rolling 12-month cancellation rate on our flagship WineBank scheme at an 18-month low and our new customer conversion rate up 22% on last year, as we continue to prioritise driving high-quality customers through our low-cost acquisition channels.

We also completed a brand refresh and have been delighted with the overwhelmingly positive feedback received to date. The refresh is now being rolled out across all sales and other communication channels, whilst the launch of our new value proposition, Warehouse Wines, has delivered encouraging early results.

Our buying model continues to perform well, enabling us to mitigate higher cost pressures where possible. These include glass, bottling and packaging, as well as the largest increase in alcohol duty in 50 years, which was implemented in August 2023. Despite this, our mitigating actions helped to ensure we still achieved an increase in the gross product margin, from 36.5% in H1 2023 to 37.2% in H1 2024.

Encouragingly, costs have eased from their peak levels over the past year, with supporting positive movements on currency. Nonetheless the careful management of costs is an ongoing focus across the business, and we have a cost reduction plan that will ensure we continue to cement our position as the player with the lowest 'cost to serve' in the sector – whether that be in operations, customer acquisition or marketing.

Trading overview

Revenue for H1 2024 increased by 2% to £34.3m (H1 2023: £33.6m) while EBITDA increased 122% to £1.75m (H1 2023: £0.8m). The increased profit was driven by the revenue lift, an increase in gross margins, significantly reduced operating variables and prudent cost control in relation to our customer acquisition. Sales from our DTC channels were up 4.5% and revenue through our B2B business was 6.5% higher year-on-year. Sales generated through our email and SMS marketing were particularly positive, with revenue attributable to these channels 16% ahead of H1 2023.

Sales through our gift channel were a highlight, with revenue 17.5% ahead year-on-year. Within this, our Christmas advent calendar campaign again proved successful, with an 18% increase in units sold alongside a reduction in digital advertising costs.

Our Commercial channel continues to grow, up 6% year-on-year. We saw strong growth through corporate gifting over the Christmas period and are pleased to have recently renewed our partnerships with both LNER and Avanti for the supply of wines on board their trains for another two years.

Over the past six months the Group has built upon its strong cash position and remains debt free, with the Board continuously assessing the best means to utilise its cash position to deliver value to shareholders.

Customer acquisition

The landscape for recruiting large volumes of new customers in a cost effective and disciplined manner remains challenging. Given that backdrop, we continue to focus on ensuring our investments deliver high conversion rates by concentrating on high quality customer acquisition.

Gross margins on our customer acquisition during H1 2024 doubled, to 14.1% from 7.1% in H1 2023, and delivered a 56% increase in gross profit. This margin increase, alongside our reduced operating costs, helped deliver a reduction in the fully costed cost per recruit of 14%.

Our strategy of focusing on quality recruits also led to a 22% increase in the new customer conversion rate, from 41.1% in December 2022 to 50% in December 2023. This, coupled with the positive reduction in the cancellation rate for our WineBank scheme, led to a 1% increase in the total membership of our subscription schemes, to 152k.

WineBank subscription scheme and customer behaviour

Our flagship WineBank subscription scheme produced a robust performance, with memberships increasing by 1% and sales up 6.5% to £20.5m, the second highest H1 revenue from WineBank customers since its inception. Total revenue generated through our WineBank members is now 75% higher than in H1 2020, highlighting the growth in its popularity and the effects of significant marketing around the scheme underpinning the progress that has been achieved over the past four years.

In addition, the 12-month rolling cancellation rate reduced from 17.8% in December 2022 to 16.8% in December 2023, reflecting the loyalty of the customer base and the initiatives that have been implemented to boost retention rates.

WineBank customer deposits totalled £6.4m at the end of December 2023, down from a high of over £9m at the end of October as customers became more active during November and December. All customer deposits are held in a separate client account and are not used to fund the business or our working capital requirements.

The key limiting factor on more substantial revenue growth is the relatively subdued order frequency rate that has reduced over the past two years, from circa four cases per annum per customer to nearer three cases. However, we are starting to see early signs that this has bottomed out and is beginning to trend more positively, borne out by the increase in the sales retention rate from 80% in H1 2023 to 91% in H1 2024. We are also encouraged by the ongoing loyalty of the customer base, as members remain active and we are confident that, as consumer confidence starts to rise, we will see a return to a higher frequency of purchase.

We continue to receive excellent reviews from customers for both our service levels and the quality of our wines. Our Trustpilot score is rated as 'excellent' at 4.4 stars with over 17,000 five-star reviews. Similarly, our customer wine ratings continue to average over 4 out of 5 and the feedback we receive from our members continues to be a vital component of how we develop our wine ranges from vintage to vintage.

Operations

Our warehouse management system operated highly effectively during the peak 2023 Christmas period and we are now realising considerable benefits from its implementation. The cost per case for fulfilment in our distribution centres reduced by 25% year-on-year, and we delivered the highest levels of customer service over the peak period with a continuous ability to despatch orders placed by 4pm for next day delivery.

We still believe there are further efficiencies to be driven by the new WMS and we continue to work hard to deliver these future cost benefits.

The total operating variable per case reduced by 11% over H1 2024 despite a 10% increase in the national living wage for both our customer service and warehouse teams, and cost pressure on courier rates through fuel surcharges and packaging.

Buying strategy

In August 2023, the wine sector in the UK was subjected to the largest single rise in alcohol duty, increasing the cost of wines with an alcohol level between 11.5% and 14.5% from £2.23 a bottle to £2.67. This 20% increase, which affects the vast majority of wine and does not include VAT, comes at a time when customers have been particularly price sensitive.

We are fortunate that our open source buying model has allowed us to partially mitigate the effects of this duty change by enabling us to quickly switch supply to countries and regions that are delivering the very best quality/value ratios in the short term, whilst also working with our global network of winemakers to focus on creating a larger portfolio of lower alcohol wines. Nonetheless, it is not possible to deliver a substantial quantity of wines at 11% abv and below, particularly with red wines and wines from hotter climates.

In the meantime, the excellent work of the buying team has helped us to remain competitive on pricing whilst maintaining quality levels and delivering increased gross product margins. We were delighted that our Head Buyer, Sophie Lord, was recognised throughout the industry as 'UK Buyer of the Year' at this year's Decanter Retailer Awards, and the whole buying team has been short-listed for 'Best Buying Team' at the forthcoming London Wine Fair.

New strategic initiatives

We continue to make good progress on the introduction of a number of new strategic initiatives, and we were pleased to launch our new value proposition, Warehouse Wines, in late October 2023 alongside the ongoing roll-out of our new brand refresh.

We tested the Warehouse Wines proposition with a number of Virgin Wines 'lapsed' customers, offering access to a brand that delivered everyday low pricing in the £6.49-£8.99 per bottle price range on excellent quality wines without any ongoing subscription scheme. The initial launch has been encouraging, with just under 2k customers taking up a Warehouse Wines offer, a 4.4 'excellent' rating on Trustpilot and customer wine ratings at over 4 out of 5, in keeping with those of the core Virgin Wines brand.

More widely, the customer feedback from the initial stage of the brand refresh has been wholly positive, and we continue to roll this out across our different channels. The launch of our Five O'clock Somewhere Wine Club that features outstanding, small batch, boutique wines, handcrafted in McLaren Vale in Australia is imminent, and the initial batch of wines that we have developed for our Vineyard Collection, using our own winemaking expertise and vineyard plots in the South East of England, France, South Africa and Australia are due to be launched in Q4 2024.

Current trading and outlook

We have been encouraged by both the operational performance and level of profit generated in the first half of the year, which has given us a solid platform moving into H2 2024. Whilst the consumer environment remains challenging, we remain confident that we will deliver a positive year-on-year performance and achieve full year profit in line with our expectations.

January and February are typically the quietest months of the year in our sector. However, March has returned to a more normal level of trading and we look forward to continuing this and delivering year-on-year growth over Q4 2024.

Cost pressures continue and the Board is continuously looking at a variety of ways to reduce costs and maintain our position as being the lowest cost to serve in the DTC wine sector. We also recognise the need to be competitive on pricing and to drive volume in an environment with significant cost inflation. Ensuring we continue to have a cost structure appropriate to the current trading environment, as well as allowing the sales channels to have the flexibility on product margins to deliver growth, is an ongoing focus.

The Group continues to look at opportunities to grow, whether that be investing in its new ventures such as Warehouse Wines, considering any M&A opportunities that may fulfil the strict criteria the business would require, or building on the organic growth of its existing sales channels.

FINANCIAL REVIEW

Profit before tax

Profit before tax was £1.1m (H123: £0.1m), reflecting the recovery in performance in H1 2024.

Revenue

Group revenue increased by 2% in H1 2024, to £34.3m (H123: £33.6m). This was underpinned by the resilience of our main subscription scheme, WineBank, where revenue was up by £1.3m, or 6.5%, year-on-year.

Gross profit

Reported Gross profit margin increased by 2% to 31.1% (H123: 29.1%). Reported Gross Profit margin includes the cost of wine, duty, packaging and delivery costs. Product margins excluding packaging and delivery also increased, to 37.2% (H123: 36.5%).

Exceptional one-off expenses

Exceptional one-off expenses in H1 2024 totalled £0m (H123: £616k). The prior year included exceptional costs relating to the implementation of the Warehouse Management System in September 2022. These were disclosed separately due to their scale and one-off nature.

EBITDA

Underlying EBITDA before share based payments was up £965k, or 122%, to £1.755m (H123: £790k).

Share based payments

The Group provided for a share-based payment expense of £137k (H123: £89k), relating to the share based long-term incentive plan for the leadership team. These charges have been added back into the underlying EBITDA.

Finance income

Finance income of £161k (H123: £52k) related to bank interest earned on cash balances.

Finance expenses

Finance expenses of £80k (H123: £89k) related to the interest charge for Right of Use Assets. The Group has no borrowings so there are no expenses relating to servicing overdrafts or loans.

Earnings per share

Basic and Diluted Earnings per share increased to 1.4p in H1 2024, from 0.1p, due to a substantial increase in Profit after Tax to £801k (H123: £73k).

Dividend

The Board is not recommending the payment of an interim dividend, but 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

Closing Inventory was down by 24% from the prior year, to £8.4m (H123: £11m). We continue to monitor the wine range and supply chain to ensure we optimise the carrying value of inventories.

Cash

Gross cash at the period end was £17.4m (H123: £14.1m). The Group monitors net cash after deducting WineBank customer deposits. The net cash in hand excluding WineBank deposits was up £3.4m to £11.0m (H123: £7.6m). WineBank deposits are ringfenced and are not used to fund stock purchases or working capital.

Jay Wright
Chief Executive Officer
25 March 2024

Results Summary

£000's	**Unaudited 29-Dec 2023**	**Unaudited 31-Dec 2022**
Revenue	**34,286**	**33,627**
Gross Profit	**10,654**	**9,774**
Gross Profit %	**31.1%**	**29.1%**
Underlying operation expenses	**(8,899)**	**(8,984)**
Underlying EBITDA	**1,755**	**790**
Profit before tax	**1,057**	**90**
Net Assets	**22,760**	**22,235**
Cash and cash equivalents	**17,412**	**14,128**

Underlying EBITDA excludes share based payments

Virgin Wines UK Plc
Condensed consolidated statement of comprehensive income
for the period ended 29 December 2023

	Note	*Unaudited* 29 December 2023 £'000	*Unaudited* 30 December 2022 £'000
Revenue		**34,286**	33,627
Cost of sales		**(23,632)**	(23,853)
Gross profit		**10,654**	9,774
Operating expenses		**(9,678)**	(9,647)
Operating profit	3	**976**	127
Finance income	5	**161**	52
Finance costs	6	**(80)**	(89)
Profit before taxation		**1,057**	90
Taxation		**(256)**	(17)
Profit for the financial period and total comprehensive income		**801**	73
Basic and diluted earnings per share (pence)	7	**1.4**	0.1

Virgin Wines UK Plc
Condensed consolidated statement of financial position
as at 29 December 2023

	Note	*Unaudited* 29 December 2023 £'000	*Unaudited* 30 December 2022 £'000	*Audited* 30 June 2023 £'000
ASSETS				
Non-current assets				
Intangible assets	8	11,145	11,424	11,350
Property, plant and equipment	9	306	487	402
Right of use assets	10	2,620	3,007	2,870
Deferred tax asset		240	411	496
Total Non-current assets		**14,311**	15,329	15,118
Current assets				
Inventories		8,400	11,046	8,367
Trade and other receivables	11	2,689	2,484	2,615
Derivative financial instruments		6	26	-
Cash and cash equivalents		17,412	14,128	13,514
Total current assets		**28,507**	27,684	24,496
Total assets		**42,818**	43,013	39,614
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	12	(16,718)	(17,074)	(14,206)
Derivative financial instruments		-	-	(12)
Lease liability		(534)	(527)	(521)
Loans and borrowings		-	-	-
Total current liabilities		**(17,252)**	(17,601)	(14,739)
Non-current liabilities				
Provisions		(344)	(313)	(321)
Lease liability		(2,462)	(2,864)	(2,732)
Total non-current liabilities		**(2,806)**	(3,177)	(3,053)
Total liabilities		**(20,058)**	(20,778)	(17,792)
Net assets		**22,760**	22,235	21,822
Equity				
Share capital	13	558	558	558
Share premium		11,989	11,989	11,989
Own share reserve		-	(36)	-
Merger reserve		65	65	65
Other reserve		539	184	402
Retained earnings		9,609	9,475	8,808
Total Equity		**22,760**	22,235	21,822

Virgin Wines UK Plc
Condensed consolidated statement of changes in equity
for the period ended 29 December 2023

	Called up share capital £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Other reserve	Retained earnings £'000	Total Shareholders' funds £'000
2 July 2022	**558**	**11,989**	**(36)**	**65**	**95**	**9,402**	**22,073**
Profit for the financial year	-	-	-	-	-	73	73
Share-based payments	-	-	-	-	89	-	89
30 December 2022 unaudited	**558**	**11,989**	**(36)**	**65**	**184**	**9,475**	**22,235**
1 July 2023	**558**	**11,989**	**-**	**65**	**402**	**8,808**	**21,822**
Profit for the financial year	-	-	-	-	-	801	801
Share-based payments	-	-	-	-	137	-	137
29 December 2023 unaudited	**558**	**11,989**	**-**	**65**	**539**	**9,609**	**22,760**

Virgin Wines UK Plc
Condensed consolidated statement of cash flows
for the period ended 29 December 2023

	Unaudited	*Unaudited*
	29 December 2023	**30 December 2022**
	£'000	**£'000**
Cash flows from operating activities		
Profit before taxation	**1,057**	90
Adjustments for:		
Depreciation and amortisation	**642**	573
Net finance costs	**(81)**	37
Share-based payment	**137**	89
Decrease/(increase) in trade and other receivables	**(80)**	(17)
Increase in-inventories	**(33)**	(2,393)
(Decrease)/increase in trade and other payables	**2,522**	1,647
Net cash (used in)/generated from operating activities	**4,164**	26
Cash flows from investing activities		
Interest received	**161**	52
Purchase of intangible and tangible fixed assets	**(90)**	(716)
Net cash used in investing activities	**71**	(664)
Cash flows from financing activities		
Payment of lease liabilities	**(257)**	(215)
Payment of lease interest	**(80)**	(89)
Net cash used in financing activities	**(337)**	(304)
Net (decrease)/increase in cash and cash equivalents	**3,898**	(942)
Cash and cash equivalents at beginning of period	**13,514**	15,070
Cash and cash equivalents at end of period	**17,412**	14,128
	3,898	(942)

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, Ribbleton, 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 2023. 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.

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.

3 Operating profit

Operating profit is stated after charging/(crediting):

	Unaudited	***Unaudited***
	29 December 2023	**30 December 2022**
	£'000	**£'000**
Inventory charged to cost of sales	**21,575**	21,416
Amortisation of intangible assets (note 8)	**272**	209
Depreciation of property, plant and equipment (note 9)	**120**	109
Depreciation of right of use asset (note 10)	**250**	255
Net exchange gains (including movements on fair value through profit and loss derivatives)	**(22)**	8
Movement in inventory provision	**(38)**	(35)

4 Share-based payments

In the period ended 29th December 2023 the Group operated an equity-settled share-based payment plan as described below.

The charge in the period attributed to the plan was £137k (H1 2023: £89k).

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’.

	Unaudited	***Unaudited***
	29 December 2023	**30 December 2022**
	Shares	**Shares**
Outstanding at start of period	**2,811,645**	1,216,739
Granted during the period	**-**	2,366,798
Outstanding at end of period	**2,811,645**	3,583,537

The Company granted its first share options on 23 June 2021. Further share options were granted on 6 December 2021 and 6 December 2022.

The awards outstanding at 29 December 2023 have a weighted average remaining contractual life of 1.4 years (30 December 2022: 2.2 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 income

	Unaudited	***Unaudited***
	29 December 2023	**30 December 2022**
	£'000	**£'000**
Bank interest	**161**	**52**

6 Finance costs

	Unaudited	*Unaudited*
	29 December 2023	**30 December 2022**
	£'000	**£'000**
Interest payable for lease liabilities	**80**	89

7 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

	Unaudited	*Unaudited*
	29 December 2023	**30 December 2022**
Earnings (£'000)		
Profit after tax	801	73
Earnings for the purpose of basic earnings per share	801	73
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	55,837,560	55,837,560
Weighted average number of shares for the purposes of diluted earnings per share	58,649,205	57,054,299
Basic and diluted earnings per ordinary share (pence)	1.4	0.1

8 Intangible assets

	Goodwill £'000	Software £'000	Group Total £'000
Cost			
At 2 July 2022	9,623	2,781	12,404
Additions	-	520	520
30 December 2022 unaudited	9,623	3,301	12,924
At 1 July 2023	9,623	3,480	13,103
Additions	-	67	67
29 December 2023 unaudited	9,623	3,547	13,170
Accumulated amortisation and impairment			
At 2 July 2022	-	1,291	1,291
Amortisation charge	-	209	209
30 December 2022 unaudited	-	1,500	1,500
At 1 July 2023	-	1,753	1,753
Amortisation charge	-	272	272
29 December 2023 unaudited	-	2,025	2,025
Net book value			
At 29 December 2023 unaudited	**9,623**	**1,522**	**11,145**
At 30 June 2023 audited	9,623	1,727	11,350
At 30 December 2022 unaudited	9,623	1,801	11,424

9 Property, plant and equipment

	Leasehold property	Computer hardware & warehouse equipment	Fixtures & fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 2 July 2022	20	899	385	1,304
Additions	-	71	125	196
30 December 2022 unaudited	20	970	510	1,500
At 1 July 2023	20	980	538	1,538
Additions	-	9	15	24
29 December 2023 unaudited	**20**	**989**	**553**	**1,562**
Accumulated depreciation				
At 2 July 2022	20	612	272	904
Charge for the year	-	63	46	109
30 December 2022 unaudited	20	675	318	1,013
At 1 July 2023	20	750	366	1,136
Charge for the period	-	69	51	120
29 December 2023 unaudited	**20**	**819**	**417**	**1,256**
Net book value				
At 29 December 2023 unaudited	**-**	**170**	**136**	306
At 30 June 2023 audited	-	230	172	402
At 30 December 2022 unaudited	-	295	192	487

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

10 Right of use assets

	Leasehold property	Computer hardware & warehouse equipment	Total
	£'000	£'000	£'000
Cost			
At 2 July 2022	5,060	143	5,203
30 December 2022 unaudited	5,060	143	5,203
At 1 July 2023	5,060	252	5,312
29 December 2023 unaudited	**5,060**	**252**	**5,312**
Accumulated depreciation			
At 2 July 2022	1,891	50	1,941
Charge for the period	241	14	255
30 December 2022 unaudited	2,132	64	2,196
At 1 July 2023	2,357	85	2,442
Charge for the period	225	25	250
29 December 2023 unaudited	**2,582**	**110**	**2,692**
Net book value			
At 29 December 2023 unaudited	**2,478**	**142**	**2,620**
At 30 June 2023 audited	2,703	167	2,870
At 30 December 2022 unaudited	2,928	79	3,007

11 Trade and other receivables

	Unaudited 29 December 2023 £'000	*Unaudited* 30 December 2022 £'000
Amounts falling due within one year:		
Trade receivables	**1,591**	1,562
Contract assets	**966**	922
Other receivables	**132**	-
	2,689	2,484

12 Trade and other payables

	Unaudited 29 December 2023 £'000	*Unaudited* 30 December 2022 £'000
Trade payables	**4,648**	4,674
Taxation and social security	**3,119**	3,440
Contract liabilities	**6,548**	6,734
Accruals and other creditors	**2,403**	2,226
	16,718	17,074

13 Share capital

	Unaudited 29 December 2023 £'000	*Unaudited* 30 December 2022 £'000
Authorised, Allotted, called up and fully paid		
55,837,560 (2022: 55,837,560) ordinary shares of £0.01 each	**558**	**558**