



FY25 Interim Results



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Overview of H1 FY25

Key Objectives for FY25



Recruitment

Find cost effective ways to increase customer acquisition

+29% YOY



Growth

Move the WineBank customer base back into growth

+2% YOY



Retention

Deliver increased retention metrics

14.9% cancellation rate



Operations

Maintaining our position as lowest cost to serve

Variable cost -10% YOY



Commercial

Drive Commercial revenue & partnerships

+17% revenue YOY



Warehouse Wines

Prove the Warehouse Wines proposition had scale

17k customers/£1m revenue



Technology

Develop a technology roadmap that drives security, revenue and cost efficiencies

AWS/Payment Provider



Award Winning

Market leading for quality, value and service

Multi award winning

H1 FY25 Financial and Operations

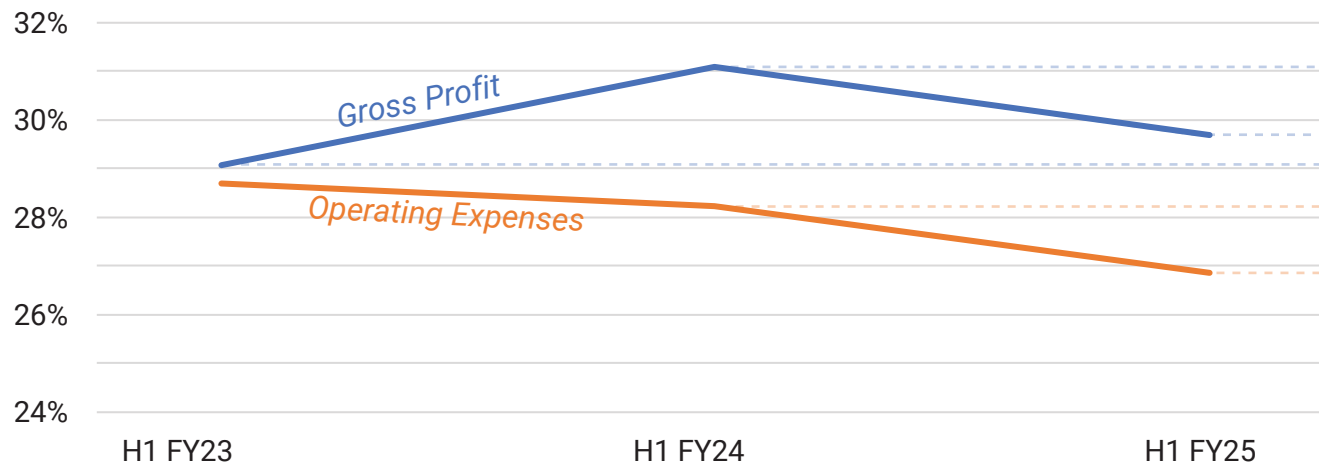


Financial Summary

- Profit before tax increased by 20% to £1.3m for the period
- EBITDA is unchanged at £1.6m despite a £0.5m increased investment in new customer acquisition
- Revenue in line with prior year at £34m
- Group cash, net of customer WineBank deposits, increased by £6.2m to £17.3m

	Unaudited 27 Dec 2024 £'000s	Unaudited 29 Dec 2023 £'000s
Revenue	34,084	34,286
Gross profit	10,122	10,654
	29.7%	31.1%
Operating expenses	(9,153)	(9,678)
EBITDA	1,612	1,618
Profit before tax	1,273	1,057
Net Assets	24,275	22,760
Group Cash	17,260	11,042
Customer WineBank Deposits	6,401	6,370
Cash and cash equivalents	23,661	17,412

Margin and Cost Summary



Gross margin declined by 1.4% to 29.7% down from 31.1% in H1 FY24, but remains 0.6% higher than H1 FY23

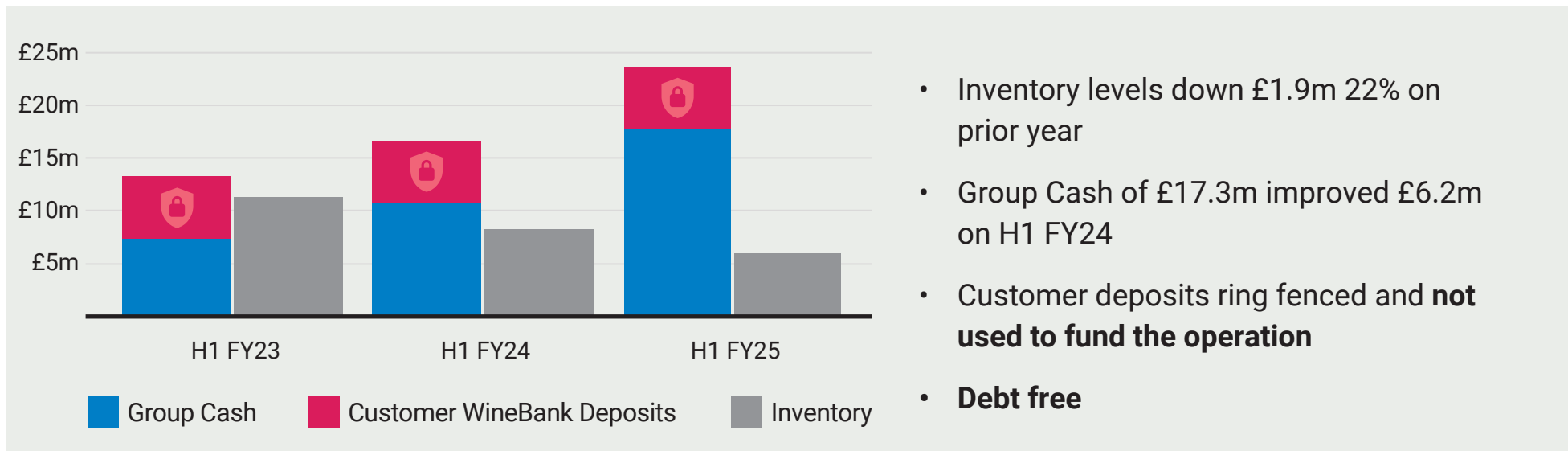
The margin impact was fully offset by a 1.4% drop in operating expenses from 28.2% to 26.9%

Adoption of a more aggressive pricing policy for new customer acquisition impacted margin but **helped deliver an uplift of 29% in the number of new recruits in H1 FY25**

Our flexible open source buying model and own label wines enable the Group to **mitigate inflationary pressures and maintain wine quality**

Fulfilment costs per case **are down 10%** from H1 FY24

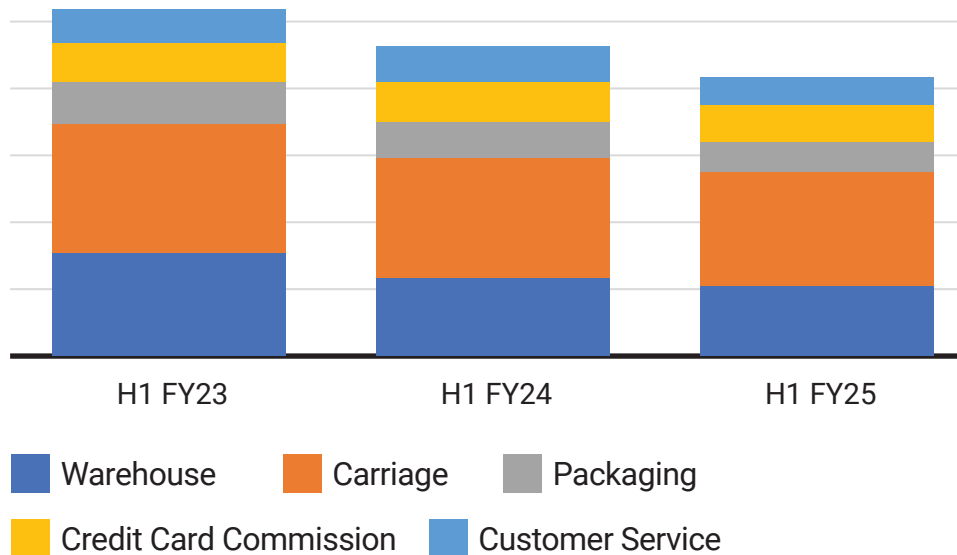
Cash and Inventory



- Open source buying model results in no commitment to wines not required
- Own label wines ensure the range and quantity is optimised
- Curating own case contents eliminates the risk of slow moving lines
- No requirement to scrap or heavily discount lines
- Cash generated from operations and improvement in the working capital cycle

Operational Efficiency

Fulfilment cost per case

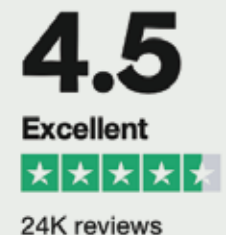


Leverage investments in technology and training to enhance customer experience and deliver operational savings

- Fulfilment cost per case **fell 10%** compared with H1 FY24 and **is now 19% down** on H1 FY23
- New Warehouse Management System continues to drive savings in the pick and pack operation. Cost per case **down 11%** against FY24 and **down 32% from FY23**
- Pick and pack errors remain at an **all time low**
- Customer service **costs down 23%** from H1 FY24

The total cost of customer returns, refunds and resends remains at historically low levels of 0.8% of revenue

- Now 47% down on FY23 levels
- No compromise on service or quality
- Material reduction in damage rate following the introduction of new packaging
- Trust Pilot ratings improved to 4.5 out of 5 with 24k rated 'Excellent'

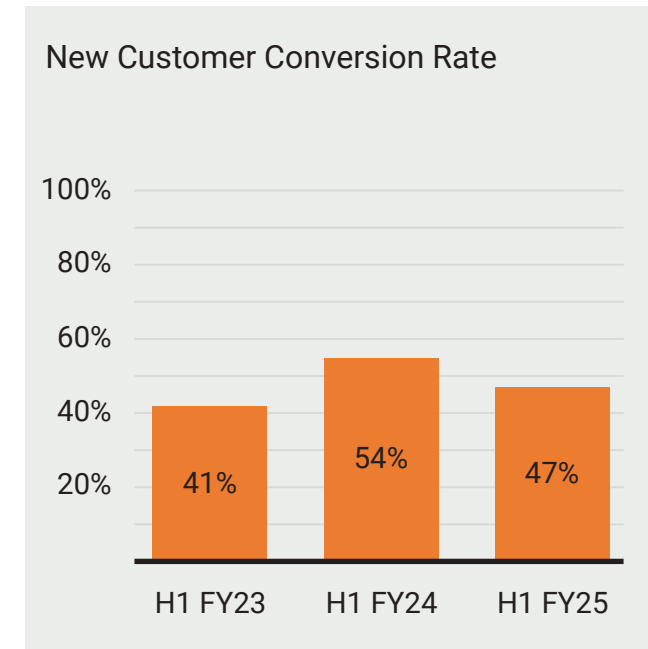
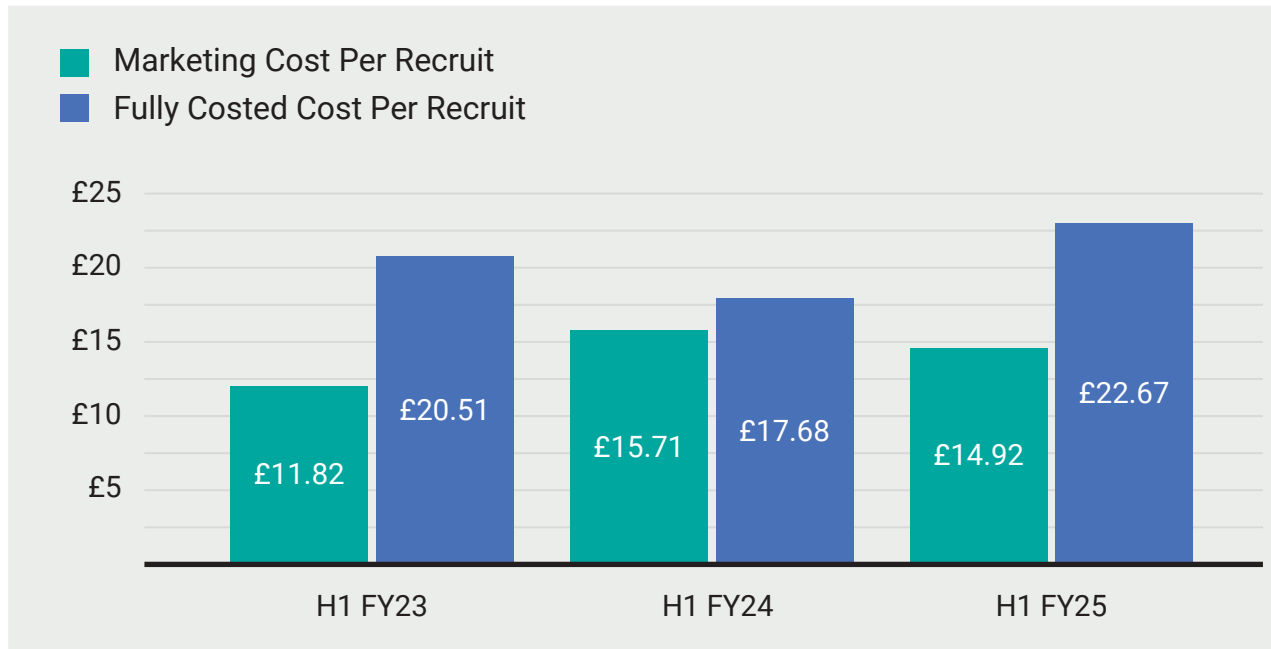


H1 FY25 Trading Overview



Trading Performance

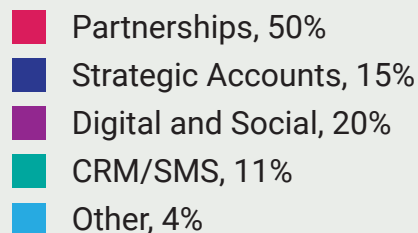
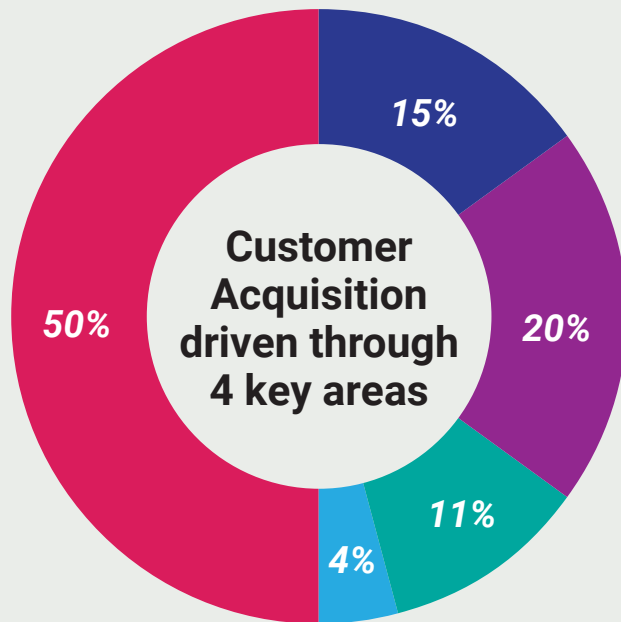
Customer Acquisition



- Positive trends, particularly over the key Christmas trading period
- Strong conversion rates in the first 6 months of the year
- Introduction of new propositions and new offer mechanics
- Significant uplift in on-site conversion after changes to customer journey

Trading Performance

Customer Acquisition



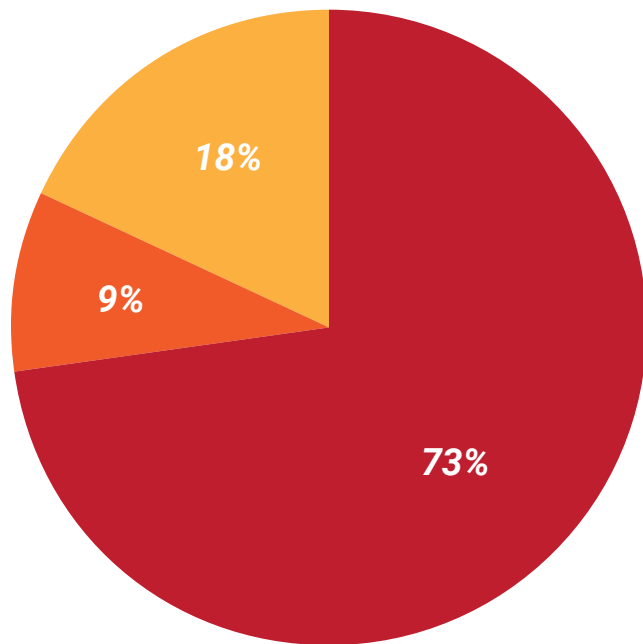
This resulted in:

- A **29% uplift** in total customers acquired by the Group
- A **23% increase** in marketing investment in customer acquisition
- **53.5k customers acquired** in the first half of the year
- **Lower gross margin** on acquisition to remain competitive and drive volume
- Test and learn initiatives to help inform **pathway for future growth**

Trading Performance

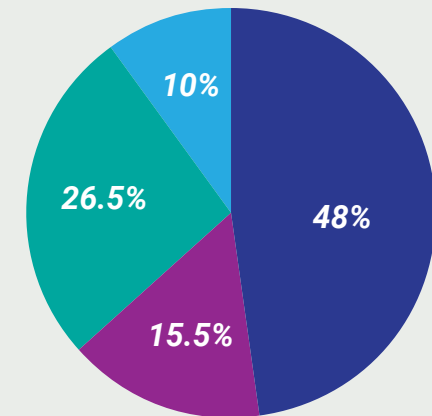
Multi-Channel Strategy to Maximise Retention

Retention and loyalty driven through multi-channel activity and a variety of propositions



Customer Propositions

- WineBank, 73%**
Monthly deposits, 20% interest, free express delivery
- Wine Plan, 9%**
Case despatched quarterly, new monthly 4-bottle option
- Pay As You Go, 18%**
No subscription but full access to portfolio



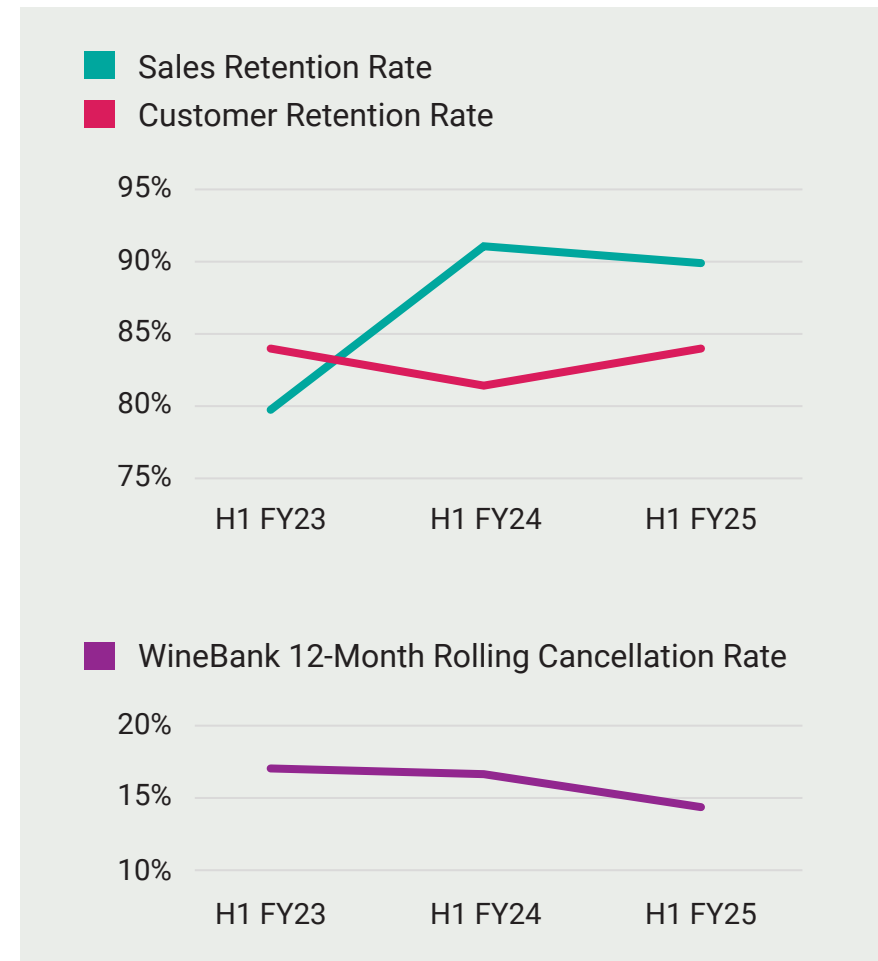
Key Sales Channels

- Email/SMS, 48%**
- Web, 15.5%**
- Wine Advisors, 26.5%**
- Wine Plan, 10%**

Trading Performance

Multi-Channel Strategy to Maximise Retention

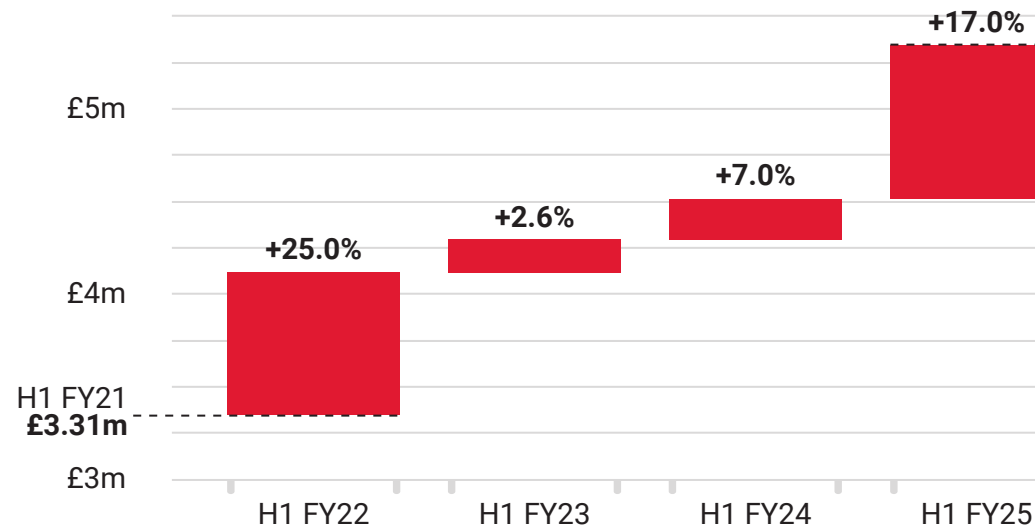
- Loyalty enhanced by customers finding the right option for their own requirements
- WineBank rolling 12-month cancellation rate at all-time low of 14.9%
- WineBank membership in growth +2% year-on-year
- Sales retention rate and customer retention rate both remain strong
- Quality and value of wine range backed up with average rating of 4.2 out of 5
- New propositions introduced to help drive further gains in retention and customer engagement



Trading Performance

A Fast-Growing Commercial Channel

Revenue through our B2B Commercial channel continues to grow year-on-year...



...and the channel works across a number of different verticals



Trading Performance

A Fast-Growing Commercial Channel

Revenue driven through established and new partnerships:



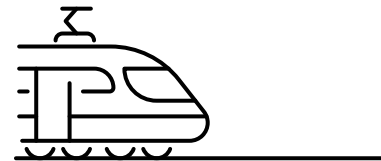
Moonpig

- An important and expanding relationship
- Volume up year-on-year with agreement in place for Virgin Wines to manage and grow the alcohol category for Moonpig



Ocado

- A new partnership launched in October 2024
- 55 wines available on the Ocado store
- 17k bottles sold to the end of December
- An exciting growth partner



Travel

Long-standing and valuable relationships with;

- LNER
- Avanti
- GWR

All renewed during 2024



Loyalty

- We are proud to be a key partner within the Virgin Red loyalty programme
- Virgin Red points available to be redeemed against a range of Virgin Wines products

There are a number of new exciting opportunities in the pipeline and our Commercial channel is seen as a **major contributor to future growth**

Trading Performance

Our Value Proposition: Warehouse Wines

Following a soft launch in late 2023, proposition rolled out for FY25



Warehouse Wines is designed to attract a different customer to Virgin Wines:

- Wines all under £10 a bottle with most £7.99 and below
- No subscription scheme
- Everyday low prices all year round
- Actively targeting the supermarket buyer with it's '**Drink Better, Spend Less**' slogan

Proving the concept

17k customers acquired by end of December '24

£1m of revenue generated in the first 6 months of the financial year

Annual delivery option, Wine Pass, **proving material in converting customers**

Wine range rating in line with Virgin Wines at **4.2 out of 5**

Rated '**Excellent**' on Trustpilot at 4.5 out of 5 from over 500 reviews

Five-Year Plan Project £100m

Our Growth Strategy and Capital Allocation Plan



Rationale for Driving Growth Now

The last 5 years have seen unprecedented and volatile trading conditions

- 45% revenue growth since the start of FY20 but it hasn't been delivered in a straight line
- Extraordinary growth during Covid followed by a fall and levelling off in revenue
- During this 5-year period the business has performed robustly in challenging market conditions, been cash generative and profitable, but revenue has now flatlined

Our disciplined approach and historical profitability has enabled the Group to build up significant cash reserves

The Board believes the best use of this cash is to supercharge growth

Our Investor community have also been clear that management should prioritise investment in growth

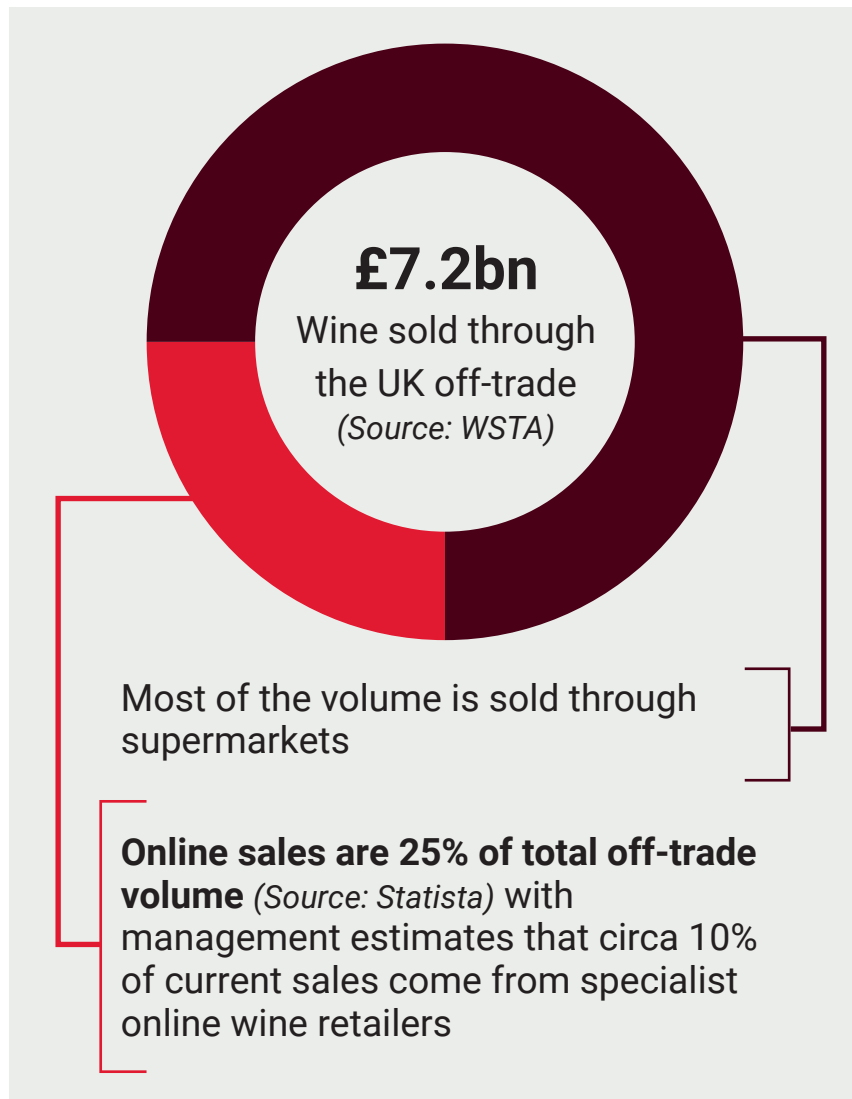
In addition, we have numerous cost pressures including:

- A new duty regime that increases the cost of wine by an average of 25p per bottle
- Increases in the National Living Wage and National Insurance contributions
- The introduction of the Extended Producer Responsibility tax
- Constant inflationary pressure on the cost of services, paper and energy amongst others

Without revenue growth the cost base increases will reduce profitability

The UK Off-Trade Wine Market

Online growth and the move to premiumisation



- **Huge growth potential** for both the specialist online sector and Virgin Wines within that sector
- **Four main specialist retailers** in the DTC space (*Laithwaites, Wine Society, Naked Wines and Virgin Wines*) plus Majestic with a large retail store presence and DTC capabilities
- Value of the sector **remains relatively flat** with a 1% decline in alcohol sales in 2023 (Source: IWSR) followed by a 0.4% increase the following year (Source: IWSR)
- Prices have risen consistently since 2020 (*Still wine by 40%* Source: Statista) while consumer discretionary spending has been squeezed
- However, the **premiumisation of wine plays into Virgin Wines strengths**, with the highest growth seen in the £7 - £12 per bottle range

The Growth Opportunity



Drive to premiumisation



Online penetration expected to grow



Huge market with tiny share currently



Strength of balance sheet gives competitive advantage

Four key growth pillars identified

Increased Investment in Customer Acquisition

Drive Growth in Commercial Partnerships

Utilise Technology to Enhance Customer Engagement

Investment In Warehouse Wines

The Four Pillars of Growth

Increased Investment in Customer Acquisition

Drive Growth in Commercial Partnerships

Utilise Technology to Enhance Customer Engagement

Investment In Warehouse Wines



Increased Investment in Customer Acquisition



Increased numbers of new customers drive the growth engine of the core business

- Recent test and learn has given confidence that scale to grow exists
- New propositions and mechanics introduced to open incremental routes to market
- Improved online customer journey has increased conversion by up to 50%
- 29% increase in customers acquired with a 23% increase in marketing investment
- Increase in acquisition budget in place to deliver larger numbers of new customers

The Four Pillars of Growth

Increased Investment in Customer Acquisition

Drive Growth in Commercial Partnerships

Utilise Technology to Enhance Customer Engagement

Investment In Warehouse Wines



Drive Growth in Commercial Partnerships

- The Commercial channel has a track record of growth
- Current volume underpinned by **stable, long-term relationships** with a number of key partners
- **Recently expanded relationship with Moonpig** to manage full alcohol category gives significant growth potential
- Newer partnerships, such as Ocado, are in the early stage and also have **substantial room to grow**

Constant pipeline of new relationships spanning:

Travel

Wholesale

Loyalty

Corporate Gifting

Retail

The Four Pillars of Growth

Increased Investment in Customer Acquisition

Drive Growth in Commercial Partnerships

Utilise Technology to Enhance Customer Engagement

Investment In Warehouse Wines



Utilise Technology to Enhance Customer Engagement

We see a number of ways to use technology to drive growth

Development of a Mobile App

- Investment already under way with full specifications of features agreed
- Working with a top-class development partner with an award winning track record in the DTC space as well as with the Virgin brand

The app will deliver:

1

Improved convenience for customers

2

An incremental and significant acquisition channel

3

Increased loyalty and retention

4

Higher frequency of engagement and order cycle

The Four Pillars of Growth

Increased Investment in Customer Acquisition

Drive Growth in Commercial Partnerships

Utilise Technology to Enhance Customer Engagement

Investment In Warehouse Wines



Utilise Technology to Enhance Customer Engagement

We see a number of ways to use technology to drive growth

Using AI to transform personalisation and productivity

- The use of real time data in the online environment is one of its major advantages
- Using this data with the power of AI to improve the customer experience is a huge opportunity

The main areas we believe we can positively influence include:

1

Personalisation

2

Relevancy of offer

3

Better channel targeting

4

Improved efficiency and productivity

The Four Pillars of Growth

Increased Investment in Customer Acquisition

Drive Growth in Commercial Partnerships

Utilise Technology to Enhance Customer Engagement

Investment In Warehouse Wines



Investment in Warehouse Wines

- Premiumisation has driven significantly increased volume into the £6 - £9 a bottle range
- There are no specialist online wine retailers that focus on that sector
- Huge potential to capture market share within this price range

Warehouse Wines is a value proposition that sits squarely in that space and offers a unique proposition focussed on the following areas:

1. Everyday low pricing
2. No subscription schemes
3. Wine specialist quality
4. Convenience of home delivery

This is the brand that is best placed to engage with the supermarket buyer and we see significant room for growth by investing further in:

1. Increased levels of customer acquisition
2. Limited additional resource to manage growth
3. Specific range expansion to ensure key wine categories are covered

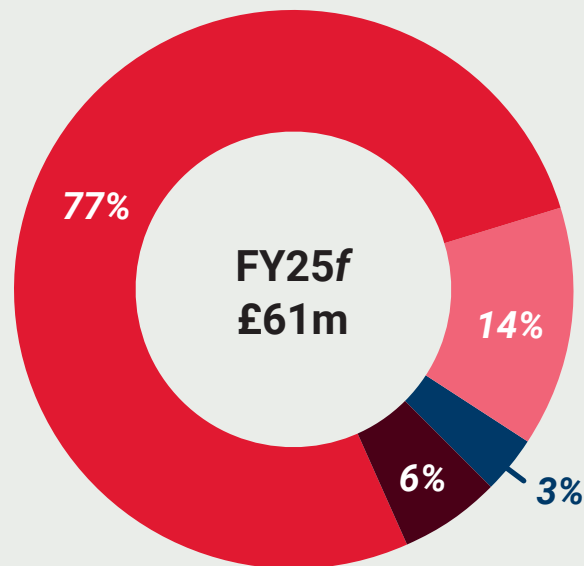
Five-Year Plan Project £100m

Delivering Financial Performance



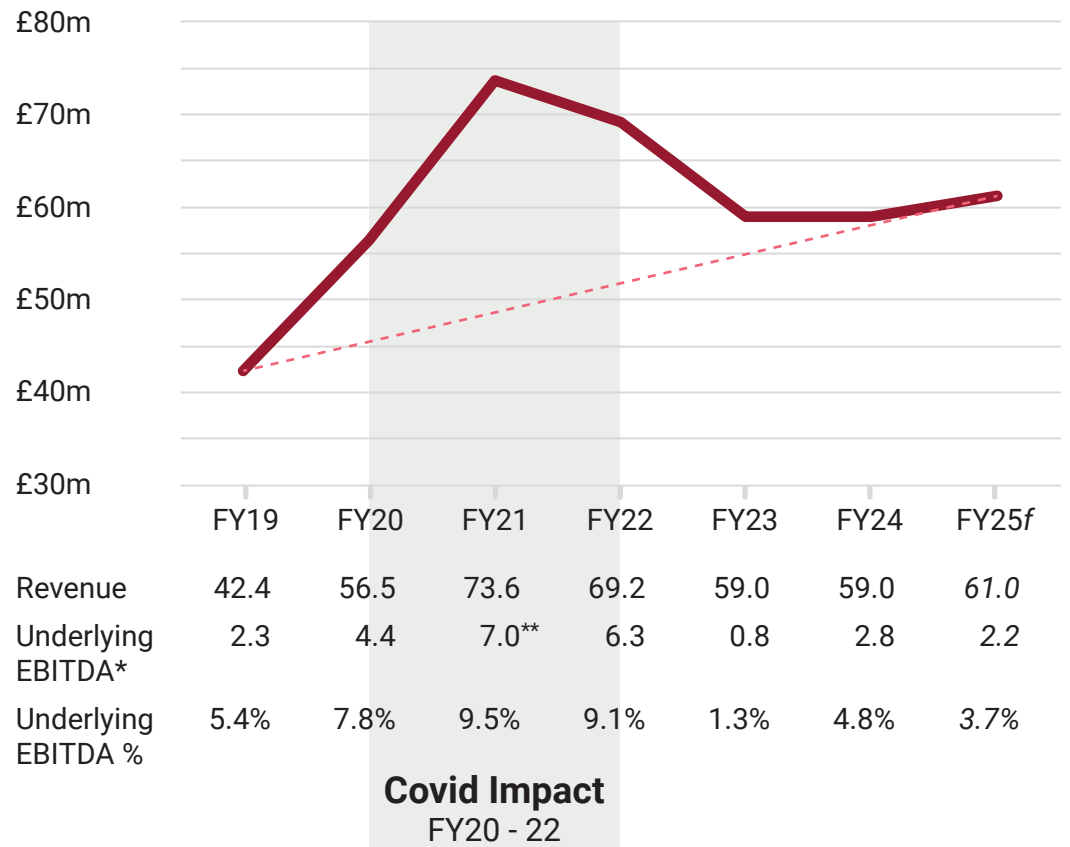
Where we are now

77% of revenue derived from Virgin Core Repeat Customer base



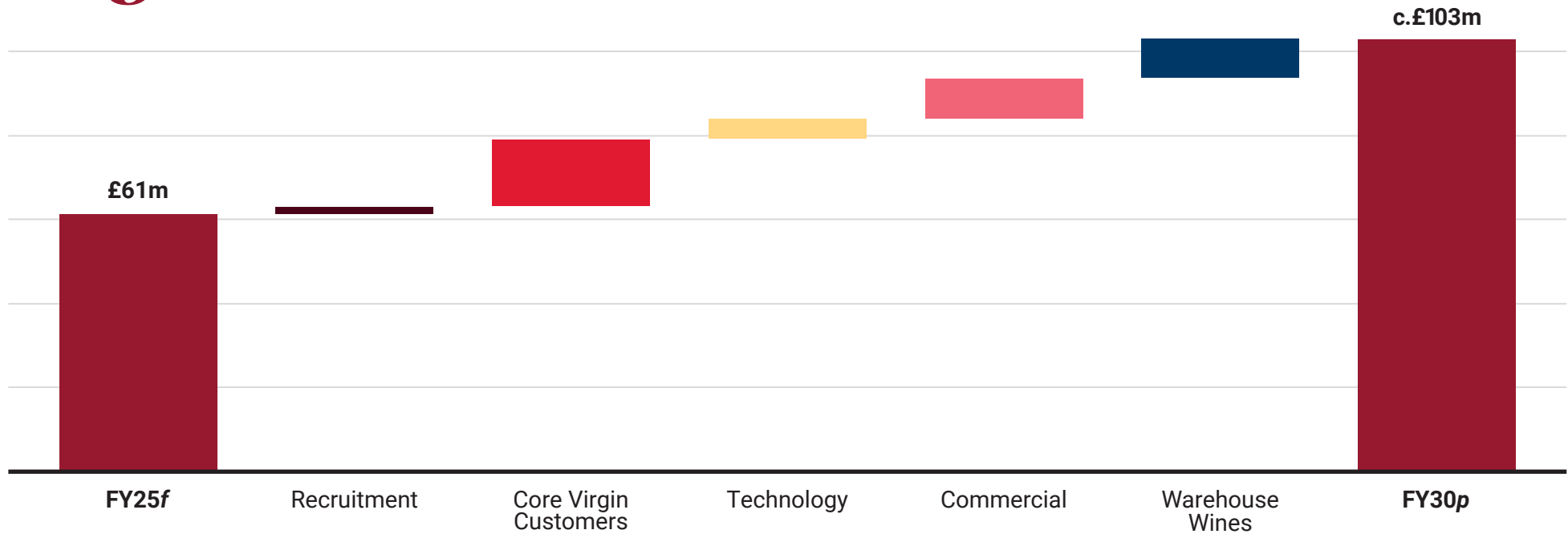
- Recruitment, 6%
- Core Virgin customers, 77%
- Commercial, 14%
- Warehouse Wines, 3%

FY25f revenue **45% up** on pre COVID level

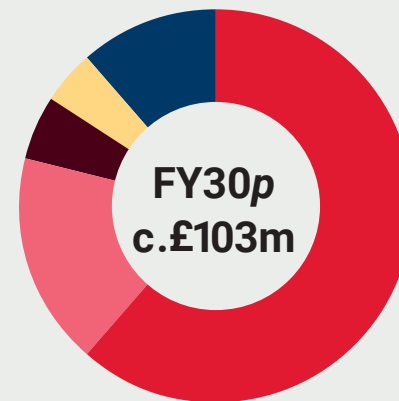


* underlying EBITDA pre share based payments
 ** FY21 EBITDA is before IPO listing fees

Organic Growth



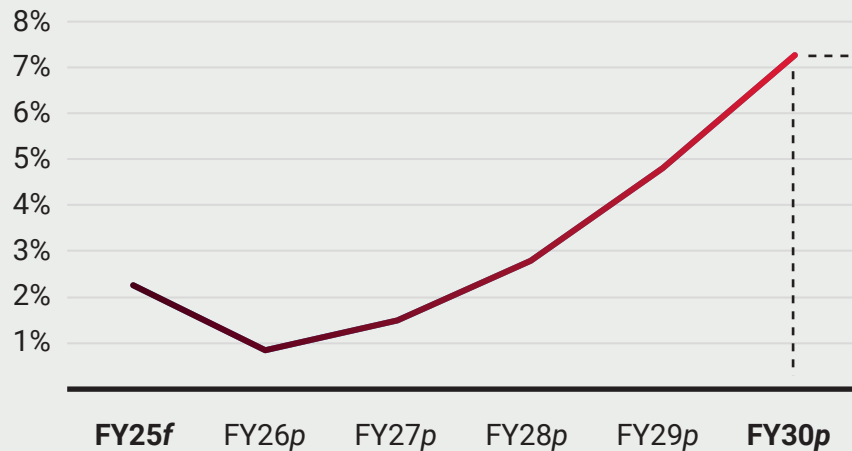
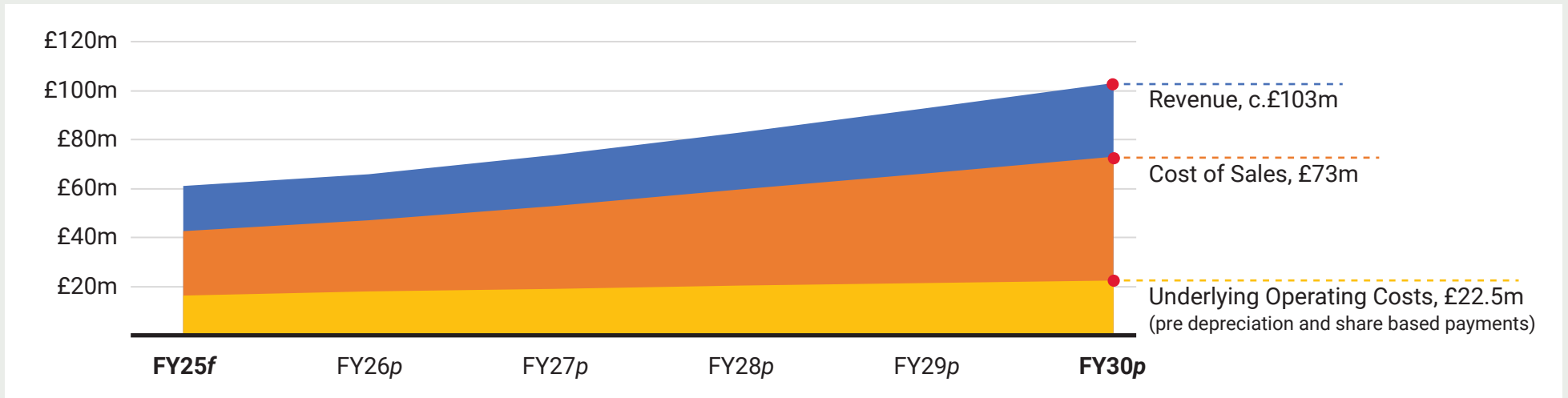
- Growth in core sales through increased recruitment to grow active customer base
- Incremental revenue through new technology to increase customer engagement and retention
- Build on current double digit growth in Commercial through existing partners and new customers
- Continued investment in growing customer base of Warehouse Wines brand



FY30p Revenue by Sector

- Recruitment
- Core Virgin Customers
- Technology
- Commercial
- Warehouse Wines

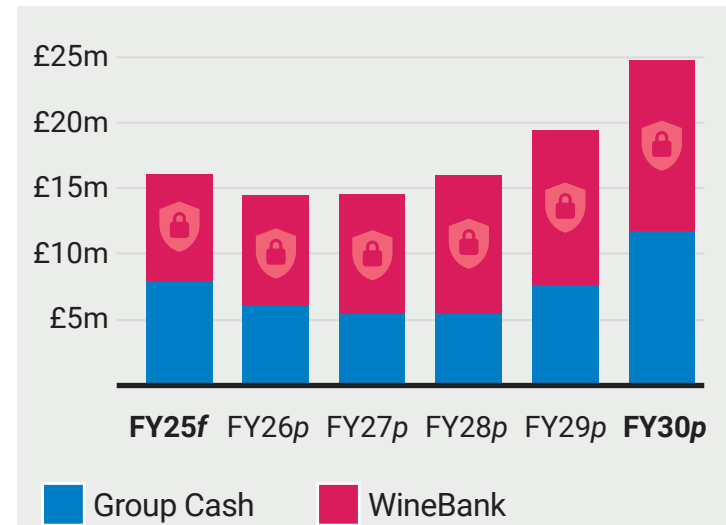
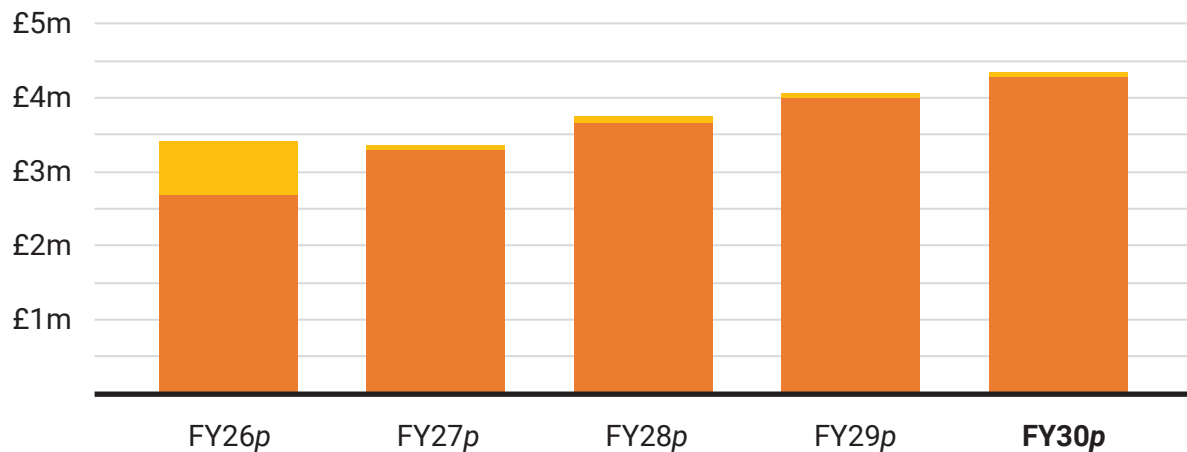
Driving Operational Leverage



Delivering EBITDA margin of **7% in FY30p**
 Buying efficiencies reducing product cost
 Increased volumes leveraging fixed operating cost more efficiently

Additional Investment in Organic Growth

Strong Balance Sheet and cash position that can fund growth via Opex, Capex and **return cash to shareholders via buybacks**



Opex Investment

Increased customer acquisition impacts PBT and cash generation in the short term

Growth in Commercial driven by opex spend on additional resource and marketing

Capex Investment

Development of an app to improve customer experience, new functionality and slicker navigation

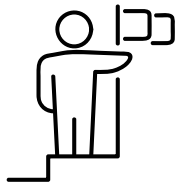
Cash Balance

Retain a cash buffer to ensure new investments do not negatively impact the normal working capital cycle

Customer deposits are safe. **Investment plans ensure customer funds remain ring fenced**

Cash forecasts reflect a return to shareholders through share buy back in FY25 & FY26

Signposts to Success



Customer Acquisition



Number of Recruits



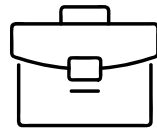
Cost per Recruit



Customer Base Growth



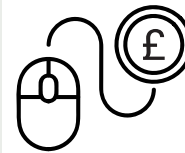
Conversion Rates



Commercial



Sales Growth



Technology



Incremental Revenue Streams



Increased Customer Engagement



New Acquisition Channel



Higher Order Frequency



Warehouse Wines



Sales Growth



Number of Recruits

Capital Allocation Strategy



Priority One: Organic Growth

Board and Investor preference is always investment in growth via Opex or Capex



Priority Two: Share Buyback

The strong Balance Sheet and cash position enables the Group to not only invest in growth but also return free cash flow to investors in a manner that will boost earnings per share and support the liquidity of the shares



Priority Three: Acquisitions

M&A opportunities - our focus remains organic growth. We will assess good opportunities and if profit accretive, to develop an appropriate funding plan



Priority Four: Dividend

We remain open to introducing a dividend policy in the future and this remains an ongoing item on the Board's agenda

Share Buyback Scheme

The Board consider the shares to be **currently undervalued** given the strong balance sheet, cash position and loyalty of our customer base



Following approval by shareholders the Board has announced **commencement of a share buyback programme**

- Authority to repurchase up to 15% of the issued equity
- Shares purchased will be used to satisfy future LTIP commitments with any surplus cancelled
- Cavendish will manage the share buyback programme outside the MAR regulations to ensure the scheme has the capability to acquire larger volumes
- The Board considers the share buyback programme will benefit both existing and future investors
- Full details of the programme available in the RNS

**Thank You
Any Questions?**



Appendix

Group Income Statement

	Unaudited 27 Dec 2024 £'000s	Unaudited 29 Dec 2023 £'000s
Revenue	34,084	34,286
Cost of sales	(23,962)	(23,632)
Gross profit	10,122	10,654
Operating expenses	(9,153)	(9,678)
Operating profit	969	976
Finance income	372	161
Finance costs	(68)	(80)
Profit before taxation	1,273	1,057
Taxation	(352)	(256)
Profit for the financial period and total comprehensive income	921	801
Basic and diluted earnings per share (pence)	1.6	1.4
Diluted earnings per share (pence)	1.5	1.4

Group Cash Flow

	Unaudited 27 Dec 2024 £'000s	Unaudited 29 Dec 2023 £'000s
Cash flows from operating activities		
Profit before taxation	1,273	1,057
Adjustments for:		
Depreciation and amortisation	643	642
Net finance costs	(304)	(81)
Share-based payment	34	137
Decrease/(increase) in trade and other receivables	43	(80)
Increase in inventories	(649)	(33)
(Decrease)/increase in trade and other payables	4,449	2,522
Net cash (used in)/generated from operating activities	5,489	4,164
Cash flows from investing activities		
Interest received	372	161
Purchase of intangible and tangible fixed assets	(232)	(90)
Net cash used in investing activities	140	71
Cash flows from financing activities		
Payment of lease liabilities	(270)	(257)
Payment of lease interest	(68)	(80)
Net cash used in financing activities	(338)	(337)
Net (decrease)/increase in cash and cash equivalents	5,291	3,898
Cash and cash equivalents at beginning of period	18,370	13,514
Cash and cash equivalents at end of period	23,661	17,412
	5,291	3,898

Group Balance Sheet

	Unaudited 27 Dec 2024 £'000s	Unaudited 29 Dec 2023 £'000s	Audited 28 June 2024 £'000s
Assets			
Non-current assets			
Intangible assets	11,067	11,145	11,159
Property, plant and equipment	133	306	202
Right of use assets	2,120	2,620	2,370
Deferred tax asset	28	240	194
Total non-current assets	13,348	14,311	13,925
Current assets			
Inventories	6,517	8,400	5,868
Trade and other receivables	2,656	2,689	2,684
Derivative financial instruments	11	6	-
Cash and cash equivalents	23,661	17,412	18,370
Total current assets	32,845	28,507	26,922
Total assets	46,193	42,818	40,847
Liabilities and equity			
Current liabilities			
Trade and other payables	(19,067)	(16,718)	(14,425)
Derivative financial instruments	-	-	(3)
Lease liability	(544)	(534)	(539)
Total current liabilities	(19,611)	(17,252)	(14,967)
Non-current liabilities			
Provision	(390)	(344)	(367)
Lease liability	(1,917)	(2,462)	(2,193)
Total non-current liabilities	(2,307)	(2,806)	(2,560)
Total liabilities	(21,918)	(20,058)	(17,527)
Net assets	24,275	22,760	23,320