



22 January 2024

**Virgin Wines UK plc
("Virgin Wines", the "Company" or the "Group")**

Trading Update

Good Christmas period provides strong momentum; maintain FY24 expectations

Virgin Wines UK plc (AIM: VINO), one of the UK's largest direct-to-consumer online wine retailers, is pleased to announce a trading update for the six months ended 29 December 2023 (the "Period"), with a positive performance that saw year-on-year revenue growth, a significant increase in profitability, strong cash generation and excellent efficiencies in its operational performance.

Total revenue in H1 2024 was £34.3m (H1 2023: £33.6m), representing 2% YOY growth, with sales to repeat customers up c.5% and commercial revenue up 6.5%. This was achieved despite a subdued consumer economic landscape. In this environment, the business continued to take a disciplined approach to customer acquisition and focused its resources on acquiring high quality new customers. This led to a 22% increase in the new customer conversion rate and a decrease of 14% on the fully costed cost per acquisition.

The Group achieved a significant improvement in profitability during the Period. EBITDA* increased by 122% to £1.75m (H1 2023: £0.8m), representing an EBITDA margin of 5.0% (H1 2023: 2.3%), driven by revenue growth and stringent cost management, with operating variable costs falling by 14.5% year-on-year.

Conversion and cancellation rates continued to improve, with the conversion rate at 50% by the end of December 2023 (2022: 41.1%) and the cancellation rate at 16.8% (2022: 17.8%) for the flagship WineBank scheme. The new Warehouse Management System, implemented during the prior year, operated smoothly and drove a warehouse cost per case reduction of 25% during the Period.

The Group has no net borrowings, maintains a strong balance sheet and generated a positive cash return across H1 2024. Gross cash (including Wine Bank Deposits) at the Period end was £17.4m (December 2022: £14.1m and June 2023: £13.5m). Net cash (which excludes Wine Bank Deposits) improved by £3.4m to £11.0m at the Period end (December 2022: £7.6m and June 2023: £5.5m).

The Group continues to manage inventory and working capital in line with business requirements. Inventories at 29 December 2023 were £8.4m, a decline of £2.6m from £11.0m in December 2022.

FY24 outlook

The Board remains confident of the Group's prospects in delivering a positive 2024 performance in line with current market expectations. This confidence is supported by our underlying trading, high-quality product range, operational efficiency, loyal customer base and proven business model.

The Board believes the robust and resilient nature of the business model and the strong balance sheet leave it well positioned.

Furthermore, the strategic initiatives that are being pursued, including the launch of Warehouse Wines, give further optimism around the Group's growth prospects and we look forward to providing more detail on the progress of these in the coming months.

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

"We are pleased with our performance through the first half of our financial year, particularly our strong profitability despite the challenging trading environment, with EBITDA representing over 5% of revenue. Following operational challenges last year, we made significant improvements in our warehouse operations, achieving a planned reduction in fulfillment costs, while maintaining an excellent next day delivery service throughout the busy peak trading period. We have remained debt free and cash generative, holding £17.4m of gross cash and £11.0m of net cash whilst reducing our inventory levels by 24% YOY.

Our existing customer base continues to be active and loyal, with revenue from repeat sales channels up c.5% YOY and the cancellation rate of our key WineBank subscription base at an 18-month low. Whilst new customer acquisition remains challenging, we have maintained our disciplined approach, and our new Warehouse Wines value offering which launched in late October has had an encouraging initial response. We go into the second half

encouraged by our performance and in line with the key drivers behind our business model, whilst remaining mindful of the challenging consumer landscape."

** EBITDA excludes share-based payments.*

- Ends -

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Notes to editors:

About Virgin Wines

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 almost 700 wines and c. 150 spirits in its portfolio which it sells to an active customer base of more than 170,000 members. It has approximately 200 employees and more than 40 trusted winemaking partners and suppliers around the world.

The Company drives the majority of its revenue through 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. In addition, in 2023 the Group's Head of Buying, Sophie Lord, was also named Buyer of the Year by Decanter magazine.

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

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