

26 March 2025



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

Growth Strategy and Capital Allocation Plan

Plans to turbocharge growth delivering £100m in annual revenue at a 7% EBITDA margin in the medium term

Virgin Wines UK plc (AIM: VINO), one of the UK's largest direct-to-consumer online wine retailers, is pleased to announce its new growth strategy (the "Growth Strategy") and capital allocation plan (the "Capital Allocation Plan").

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

"I am delighted to release our Growth Strategy and Capital Allocation Plan, both of which underpin the next chapter of Virgin Wines' growth. The underlying business is performing well, and we have a unique business model as well as a dedicated and highly experienced team. We look forward to executing this strategy to turbocharge Virgin Wines' growth and deliver value for all of our stakeholders."

Since Virgin Wines listed on AIM in March 2021, the Group has remained debt free, consistently cash generative and has grown its revenues by 45% since the start of FY2020 despite volatile and challenging trading conditions. This growth has been driven by strong commercial disciplines, a loyal and active customer base and the introduction of new initiatives and propositions to attract new customers. As of end Dec 2025, the Group had net cash of £17.3m and a further £6.4m of customer WineBank deposits giving a gross cash position of £23.7m. The Board has been actively engaging in discussions with investors as to the best use of cash to deliver increased value to shareholders and drive growth.

The Growth Strategy, which is to be implemented over the next 5 years, has been devised with the objective of propelling annualised revenue to at least £100m at the end of that period (FY24: £59m revenue), at EBITDA margins of 7%. Alongside the Growth Strategy the Group intends to launch a share buyback programme enabling the Group to purchase up to 15% of the existing share capital of the Company in order to return value to shareholders.

The Growth Strategy is focused around 4 key strategic goals:

1) Increased customer acquisition

Increasing the size of the customer base by acquiring high numbers of new, quality customers is the fuel that drives the Group's growth. Given the volatility of the consumer landscape in recent years, the Group has been both disciplined and prudent in using cash in an environment where there is subdued consumer intent to purchase. However, through a period of 'test and learn' the business has introduced new propositions, different mechanics and an improved customer journey that has seen a 29% year-on-year increase in customers acquired in H1 2025. Given the success the business has shown retaining existing customers and delivering increased loyalty and engagement the Board believes that now is the right time to invest further in growing the customer base and to drive the number of customers acquired each year, in a controlled but accelerated manner.

The Group will report its success in this area through the number of customers acquired, the cost per recruit, the conversion rate and the growth of the active customer base.

2) Drive growth in commercial partnerships

The commercial channel has delivered impressive revenue growth over recent years, driven in particular by partnerships with Moonpig, WH Smith, Very and Virgin Red. This has been supplemented by long standing supply agreements in the travel sector with LNER, Avanti and Great Western Railways.

The recent addition of Ocado as a key partner that will deliver increased growth, alongside the opportunity to develop significantly increased volume through a newly expanded relationship with Moonpig, increases the Board's confidence in the opportunities for further growth. It has therefore been identified as a low risk and high reward area for increased investment as the business maximises the opportunities to expand visibility and revenue with existing partners as well as forge new relationships into the future.

Success here will be demonstrated by an increase in the absolute value of revenues from this channel with the expectation that it will contribute circa 20% of Group revenue by FY30.

3) Utilise technology to enhance customer engagement

The Board recognises the significant opportunities to grow through investing in new technology. The development

or a mobile app is a major investment that is already under way and will give the business the ability to engage more frequently and effectively with existing customers as well as create additional methods to acquire new customers and different propositions to create incremental revenue streams..

The pace at which AI is developing also affords the Group opportunities to be far more sophisticated in terms of the personalisation of consumers experience, relevancy of content and tactical use of data, as well as increasing productivity and efficiencies across the Company's operations. These initiatives will all drive value through the core business in terms of increased customer acquisition, higher order frequency, increased loyalty and further cost efficiencies.

4) Investment in Warehouse Wines

Since the 'soft' launch of Warehouse Wines in the last financial year, the Board has been highly encouraged with the key metrics delivered, consumer feedback and the brand's ability to scale in a market poorly catered for by existing direct-to-consumer wine retailers. It is the Company's intention to invest in the growth of the proposition through further investment in marketing, resource and range expansion.

The Group expects Warehouse Wines to become an increasingly important contributor to Group revenue over the next 5 years at circa 10% of Group revenue. We will measure our success through the growth in revenue and the increase in the active customer base.

Due to the nature of the Group's business model, the necessary upfront investment will affect Group operating expenditure rather than capital expenditure and will therefore impact short term profitability during the first phase of the Growth Strategy. However, following this initial period of investment in years [1-3], it is expected that the growth initiatives outlined above are capable of delivering Group revenue of £100m in the medium term in turn providing a solid foundation for the Group to achieve target EBITDA margins of over 7%.

Capital Allocation Plan and Share buyback programme

In addition to funding these growth initiatives, which the Board doesn't anticipate will utilise the majority of the Group's excess capital, the Board also sets out its intention to implement a share buyback programme (the "Share Buyback Programme").

Following approval of the Rule 9 Waiver at the Group's General Meeting on 24th February 2025, the business is able to purchase up to 15% of the existing share capital and will be actively implementing the policy with immediate effect. The Board will actively manage the parameters used for the share buyback programme depending on the share price, market conditions and liquidity

The Group has, to date, relied upon the safe harbour conditions for trading as set out in the EU Market Abuse Regulation (596/2014) (as in force in the UK and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019), the Commission Delegated Regulation (EU) 2016/1052 (as in force in the UK and as amended by the FCA's Technical Standards (Market Abuse Regulation) (EU Exit) Instrument 2019) ("MAR"). However, given the Group's wish for the Share Buyback Programme to be capable of acquiring an increased volume of shares which would not be achievable within the safe harbour volume parameter, the Board has decided that Cavendish will conduct the Share Buyback Programme on the following basis:

- Cavendish will manage the purchases on a discretionary basis, purchasing shares within certain pre-set parameters and making its trading decisions independently of, and uninfluenced by, the Group. Purchases may therefore continue during any closed periods of the Group.
- The Share Buyback Programme will operate under the authority granted to the Group by shareholders at the Group's most recent General Meeting, held on 24 February 2025.
- Any Shares purchased will either be cancelled or held in treasury to satisfy future exercise of options pursuant to the Group's share option plans.
- The Group has authorised the Share Buyback Programme to commence from today and will continue whilst it retains the authority from shareholders to repurchase Shares until the Company's next AGM.
- Shareholders should be aware that the Share Buyback Programme may on any given trading day represent a significant portion of the daily traded volume in the Group's shares on the London Stock Exchange, and the Group expects that daily volumes may exceed 25% of the average daily traded volume on the London Stock Exchange. Accordingly, the Group may not benefit from the exemption contained in Article 5(1) of MAR.
- Outside of the above, the Share Buyback Programme will be conducted in accordance with the other safe harbour parameters as prescribed by MAR.

The Board will keep the Share Buyback Programme under review.

Mergers and Acquisitions

The Group has explored several M&A opportunities in recent years, but to date has not found a business that meets the criteria it would need to fully pursue such an acquisition. Whilst the Group is open to explore opportunities should they arise, the Board believes the best use of cash is to invest in the Growth Strategy as outlined above.

Dividend Policy

The Board does not recommend introducing a dividend at this time, as it prioritises using its excess cash to fund the Growth Strategy and Share Buyback Programme. However, the Board will keep this policy under review and revisit it periodically as part of the overall Capital Allocation Plan.

The Board is fully supportive of the above strategy and believes that the business needs to, alongside growth, invest a proportion of its cash towards returning value to shareholders throughout the execution phase of the Growth Strategy.

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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 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 is headquartered in Norwich, with two fully bonded, national distribution centres in Preston and Bolton. It stocks over 650 wines sourced from more than 40 trusted winemaking partners and suppliers around the world which it sells to a large active customer base, the majority of whom are on one of the Group's subscription schemes.

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 that its flagship WineBank service was awarded 'Wine Club of the Year' at the 2024 IWC Awards, was named Online Drinks Retailer of the Year for 2022 at the 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 named Buyer of the Year by Decanter magazine.

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

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