For Immediate Release 23 November 2017

Majestic Wine PLC

(“Majestic” or the “Group”)

Half Year Results for the 26 weeks ended 2 October 2017

Ready to accelerate growth

- Adjusted PBT(2) up £6.7m to £6.8m from breakeven in H1 2017. Statutory PBT £3.1m (H1 2017: £4.4m loss)
- Naked Wines profitable in all three geographic markets
- Majestic Retail growing profitably, despite a tough market
- Sales up 5.7%, (4.2% underlying) on track to hit £500m sales target by 2019 and current market expectations(3)
- Interim dividend increased by 33.3% to 2.0p per share (H1 2017: 1.5p)

	H1 2018 £'000	**H1 2017 £'000**	**% YoY**	**Underlying (4) % YoY**
Revenue	217,361	205,640	+5.7%	+4.2%
Adjusted EBIT(1)	7,337	700	NM	NM
Adjusted PBT(2)	6,771	51	NM	
Profit/(loss) before tax	3,079	(4,404)		
Basic EPS	2.4p	(6.1p)		
Adjusted EPS	7.9p	0.7p	NM	
Dividend per share	2.0p	1.5p	+33.3%	
Free Cash Flow(5)	3,565	2,832	+25.9%	
Reported net (debt)	(25,640)	(25,090)	+2.2%	

Rowan Gormley, Group Chief Executive, commented:

“The plan is on track.

Two years in and profits are growing, our foundation is solid and we are ready to accelerate growth. We have the opportunities to invest in new customers and a team excited to focus on what they do best. It’s time to put our foot on the gas.

In this half, Naked Wines has demonstrated the quality of its model, people and management, by achieving profitability in all three geographical markets. It has become a disciplined business committed to continuous improvement.

The focus on empowering our wonderful store teams in Majestic Retail has finally borne fruit, with improved staff engagement flowing through into improved customer engagement, which means improved loyalty and retention.

The team have worked like demons and I am dead proud of every one of them.”

Outlook:

We expect full year results to be in line with current market expectations. Looking further out, we aim to increase the rate of sales growth in the medium term, by steadily increasing our investment in new customer acquisition.

Majestic Wine PLC will host an analyst and investor briefing on Thursday 23 November 2017 at 8.45am at the offices of Instinctif, 65 Gresham Street, London, EC2V 7NQ. To attend please contact Gabby Clinkard on the details below.

A webcast will be made available after the meeting on our investor website: http://majesticwineplc.co.uk/investor-centre/results-centre/

Press Images are available on: http://majesticwineplc.co.uk/media-centre/images-logos/

Notes:

(1) Adjusted EBIT is operating profit adjusted for amortisation of acquired intangibles, acquisition costs, share based payment charges, restructuring costs, net fair value movement through P&L on financial instruments and adjusting en primeur results to reflect profits on orders rather than on wine fulfilment
(2) Adjusted PBT is defined as Adjusted EBIT less net finance charges
(3) Analyst consensus estimates can be found on www.majesticwineplc.co.uk
(4) Underlying movement (a) includes en primeur revenues in year of order not year of fulfilment (b) is calculated using constant FX rates for translation of the comparative period and (c) IT costs reallocated to PLC (A reconciliation between Reported and Underlying results by segment for H1 2017 is included in the Additional unaudited information)
(5) Free cash flow is defined as cash generated from operations less capital expenditure and excluding cash Adjusted items

A summary of adjustment and underlying calculations are shown in the additional unaudited information at the end of this document.

For further information, please contact:

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About Majestic Wine PLC:

Majestic Wine PLC is a leading wine specialist, operating in four separate divisions, each with the fundamental goal of delivering sustained growth in shareholder value by doing the right thing for the Group's customers, suppliers and people:

•Majestic Retail - The UK's largest specialist wine retailer, with 210 branches in the UK and 2 in France. We help people find the wines they will love through over 1000 highly trained, specialist store team members. Reported sales for the year ended 3 April 2017 were £262.2m.

•Naked Wines – Funds independent winemakers to make exclusive wines at preferential prices which we pass onto customers. Naked Wines currently has 177 winemakers in 16 countries and 371,000 Mature Angels (Customers). Reported sales for the full year ended 3 April 2017 were £144.3m.

•Majestic Commercial - A specialist on-trade supplier who aims to support businesses to make their wine lists more profitable, with the unique advantage of running their supply chain through Majestic Retail stores. Reported sales for the year ended 3 April 2017 were £46.6m.

•Lay and Wheeler - A specialist fine wine merchant. Lay & Wheeler aims to be a trusted guide for people who love fine wine, supplying the world's finest wines with a personal service. Reported sales for the year ended 3 April 2017 were £12.3m.

Chief Executive's Review

We are ready to accelerate growth.

Two years into our three year transformation plan, I am pleased to report that:

1. Profits are up,
2. We have a solid foundation for growth, and,
3. We have increased our opportunities to invest in new customer acquisition

1. Profits up

Adjusted EBIT is up £6.6m to £7.3m. Reported PBT is back in the black at £3.1m vs a £4.4m loss in H1 2017. This was driven by Naked Wines achieving profitability in all three geographical markets, and continued profitable sales growth in Majestic Retail.

	H1 FY 2018		H1 FY 2017	
	Sales £'000	Adjusted EBIT £'000	Sales £'000	Adjusted EBIT £'000
Naked Wines	67,794	4,720	58,980	(2,775)
Majestic Retail	120,640	4,592	117,880	3,459
Commercial	22,636	1,033	23,430	1,623
Lay & Wheeler	6,291	392	5,350	276
Central Costs	-	(3,400)	-	(1,883)
Total	217,361	7,337	205,640	700

A reconciliation between Reported and Underlying results by segment for H1 2017 is included in the additional unaudited information at the end of this document.

Naked Wines

Naked Wines is now profitable in all three geographical markets. We've made particular progress in the USA (our largest market) where sales were up 9.9% and Adjusted EBIT increased by £5.2m, from a loss this time last year.

So what has driven the profit improvement in all three of Naked Wines geographies?

The biggest single factor has been growth in the customer base, which in turn has driven growth in contribution from Mature Angels by £3.8m, a 33.3% increase from H1 2017.

In addition, investment in New Customer Acquisition has fallen by £3.2m (40.3%) from H1 2017, of which we estimate £1.3m is due to timing and will reverse in H2 2018.

It is important to note that the growth in contribution from Mature Angels is consistent with the pattern of the last 5 years, **despite** the cut in marketing investment in New Customer Acquisition. This is because we were able to improve efficiency of our marketing investment through our ongoing test and learn programme.

Majestic Retail

The transformation of Majestic Retail is now flowing through to profit. The investments made to improve our customer proposition and the capabilities of the business are delivering higher sales while one-off transformation and double-running costs are now coming out. (Read on for more detail)

Majestic Commercial
As we stated in our results announcements, we intend to restore Majestic Commercial to growth from 2018 onwards. Our first priority has got to be the much bigger Retail business. As a result, adjusted EBIT fell 36.4% from H1 2017 to £1.0m.

Lay and Wheeler
The new management team at Lay & Wheeler continue to delight us with ongoing growth in sales and profits, showing what great leadership can achieve in a 160 year old business.

2. Solid Foundations

We are coming to the end of the heavy lifting part of the Majestic Retail transformation plan.

The big projects are on time and on budget. This calendar year alone we have...
- Launched a new website, improving customer interaction and functionality, delivering better performance
- Completed the majority of store refits,
- Dramatically improved stock availability, and,
- Given our stores the customer data tools they need to build customer engagement and retention.

There are still more projects to come over the next 12 months – a new EPOS system and Accounting Systems.

More importantly, we now feel like we are getting real traction with the transformation plan at a fundamental level.

For the past two years, we've been saying that sales growth was heading in the right direction but customer retention and team retention haven't improved as much as we hoped. We finally feel like we are achieving real and sustained change, by empowering store managers to be entrepreneurs, rather than a traditional retail command and control environment.

This has largely been driven by our Franchise-Lite project, which we kicked off in earnest six months ago. There is still more work to do to fully tap the potential of this in our stores, but already some of our KPIs are moving in the right direction.

Group KPI	Definition	Majestic Retail	Naked Wines	Commercial	Lay & Wheeler
Repeat customer retention	% of repeat customers from 12 months ago that are still repeat customers, as measured from our customer databases	64.5% (H1 2017: 68.4%)	70.1% (H1 2017: 67.8%)	74.6% (H1 2017: 76.3%)[1]	96.0% (H1 2017: 93.2%)
Product availability	% of targeted range available in stores / on websites as indicated by our inventory reporting	84.3% (H1 2017: 78.3%)	87.5% (H1 2017: 83.6%)	87.2% (H1 2017: 85.0%)	N/A

Proportion of 5-star service ratings	% of service ratings scoring 5* in last 2 months as recorded by websites / apps / telephone feedback	88.6% (H1 2017: 86.6%)	90.2% (H1 2017: 90.0%)	87.9% (H1 2017: N/A)	N/A (H1 2017: 92.1%)
Wine quality (Buy it Again Ratings)	% of "Yes" scores in the last 12 months as recorded by websites / apps	89.4% (H1 2017: 90.9%)	90.9% (H1 2017: 91.0%)	N/A	N/A
Team retention	% of key staff (e.g. store managers) as of 12 months ago still working per payroll records	81.1% (H1 2017: 77.0%)	84.3% (H1 2017: 90.0%)	60.4% (H1 2017: 75.0%)	100.0% (H1 2017: 81.0%)

(1) This was incorrectly stated as 85.7% in the H1 2017 results announcement.

What has not worked

We like to tell you the things that haven't worked so you don't have to waste your time looking for them.

Firstly, Majestic Commercial is still in a holding pattern while we focus on the much larger Majestic Retail business. Last year, we said we would turn to it in earnest in 2018 and that remains the case. We thank the team there for their patience and hard work in the interim.

Secondly, Retail Customer Retention has fallen. We are confident that with Team Retention and Customer Engagement moving in the right direction, we will see an improvement in this KPI.

3. **We have the investment opportunities to grow**

We have restored Return on Investment (ROI) in Naked Wines to 98% (H1 2017: 48%) through disciplined investment in new customer acquisition and reduced investment in under-performing direct mail in the USA.

We intend to revert to growing investment in New Customer Acquisition. Over the last five years this has grown on average by around 20% a year (with H1 2017 being an outlier) and we believe that we can continue to grow investment at that rate, or higher, in the future from the level established this year.

Although it is apparent that the opportunities for growth appear to be strongest in;
- Naked Wines rather than Majestic Retail,
- Digital rather than traditional channels, and,
- The USA rather than the UK,

…it is important to note that we will invest wherever we see the best risk/return ratio, and are agnostic about where we can achieve that.

4. **Summary and Outlook**

We are ready to put our foot on the gas and accelerate growth

Two and a half years ago I said the reason I became Group CEO was because I saw the chance to grow shareholder value by driving growth in Naked Wines and restoring Majestic Retail's entrepreneurial spirit.

We are finally ready to accelerate growth. To get here we have had to do a lot of heavy lifting - unglamorous projects that don't get seen by our customers or investors, but build a solid platform for the growth phase.

Now, we have the investment opportunities to grow and a management team who can now focus on what they do best.

Naked Wines has demonstrated the quality of its model, people and management, by doubling sales since the acquisition and achieving profitability in all three geographical markets. It has become a disciplined business committed to continuous improvement.

The focus on empowering the wonderful people in Retail has finally borne fruit, with improved staff engagement flowing through into improved customer engagement, which means improved loyalty and retention.

We expect full year results to be in line with current market expectations. Looking further out, we aim to increase the rate of sales growth in the medium term, by steadily increasing our investment in new customer acquisition.

Rowan Gormley
Group Chief Executive
23 November 2017

Financial Review

1. Group Trading Overview: Sales growth converting to profitability

Sales growth has translated strongly into profitability. Growing sales and gross margin improvement as our mix shifts towards the USA have driven the majority of our profit growth. We have also removed inefficiencies as the transformation projects in Majestic Retail are coming to an end and we eliminated underperforming marketing spend in Naked Wines. Sales growth of 5.7% was driven by a 4.2% underlying increase and 1.2% of currency translation improvements due to the weakening of sterling against the US dollar in particular. Due to the elimination of duplicated costs and inefficient investments this sales growth translated into Adjusted EBIT of £7.3m, up from £0.7m in H1 2017. Retranslating the prior period performance to current exchange rates adds an additional £0.3m to our underlying growth in adjusted EBIT, bringing total growth in this measure to £6.9m, predominantly due to the revised currency translation impact on the prior period's losses in the USA. Finance charges have reduced by £0.1m (12.8%) reflecting the lower average debt balance over the course of the period resulting in Adjusted PBT of £6.8m (H1 2017: £0.1m).

We continue to incur significant non-cash charges relating to the Naked Wines acquisition amounting to £3.9m, which we eliminate from our adjusted profit measures as they are non-cash and do not reflect the trading performance of the business. We also adjust a net £0.2m credit relating to share based payments and mark to market on FX contracts, both of which are non-cash and considered to distort trading performance due to volatility in either share price or exchange rate. After recognising these items we reported Profit before Tax for the period of £3.1m (H1 2017: £4.4m loss)

The £6.9m improvement in the underlying Adjusted EBIT has been generated by a combination of levers:

- Gross profit from sales growth £2.3m
- Gross margin improvement £2.4m
- Marketing phasing £1.3m
- Cost movement £0.9m

We expect sales growth and cost efficiency to continue into H2 2018. The Group gross margin improvement is driven in equal parts by business unit mix and underlying improvement in Naked Wines gross margins. The latter will cease as the mix of New Customer to Mature Angel sales rebalances in H2 2018. Combining these continuing trends with a step up in marketing investment in H2 year on year we remain comfortable with market expectations.

In reviewing business unit performance the Board uses a constant currency presentation to enable accurate understanding of local dynamics, and separately tracks the impact to the group of currency translation versus the constant rate presentation. Furthermore, prior year underlying measures for Central Costs are adjusted within each business unit to include certain IT costs which were previously reported as part of Naked Wines and Majestic Retail in H1 2017. A schedule reconciling the reported H1 2017 results to the underlying version is included in the additional unaudited information at the end of this document and the business unit commentary that follows in this financial review is on that basis unless otherwise stated.

2. Naked Wines: Sustained growth in Mature Angels and efficient recruitment restores ROI and demonstrates innate profitability

We segment the Naked Wines business into two groups of customers - New Customer Acquisition and the Mature Angel customer base. The £7.3m increase in Adjusted EBIT can be attributed to (i) a £3.8m increase in Mature Angel Contribution (gross profit less fulfilment costs), (ii) a reduction of £3.2m in the total costs relating to New Customer Acquisition (gross profit less fulfilment costs and marketing), and (iii) a reduction of £0.3m in our administration cost base as we stabilised the team and reduced the level of Naked Wines shared overhead.

Looking down the income statement for the business, underlying sales growth of 10.9% to £67.8m vs H1 2017 was driven by:

- Mature Angel sales growing 22.7%. We grew our closing Mature Angel numbers by 15.6% compared to the prior period, more of whom are in the higher spending US market
- Sales to new customers declining 23.4% as we eliminated investment in recruitment marketing in channels and partners that were not delivering a return

This sales performance means that the revenues generated out of Naked Wines in the last 12 months are double the level reported when the business was acquired in April 2015.

Gross margin improved by 250bps, a combination of the smaller proportion of low margin sales to new customers, and an improvement of over 100bps in the average gross margin on Mature Angel sales, driven by mix shift to the USA and a reduction in the use of sales agents to trigger orders following a review of their performance. The combination of sales increase, margin improvement and increased efficiency in our fulfilment operations resulted in contribution from Mature Angels increasing by £3.8m.

Marketing spend for New Customer Acquisition reduced by 46.3% compared to H1 2017. This resulted in a 10.6% reduction in the number of new Mature Angels coming into the business, but a significant reduction in the cost per new Mature Angel.

We measure the performance of Naked Wines on the amount we have invested in growing the base of Mature Angels and the return on that investment (ROI) which is measured as the recurring contribution per Mature Angel divided by the cost of acquiring each Mature Angel. The amount of spend directed at growth in Mature Angels was reduced to £0.5m this year vs £1.9m in H1 2017. However the ROI on this investment was 98% compared to 48% in H1 2017. The product of growth spend and ROI is the amount of contribution added in the period to the next year's results, and stands at £0.5m this year vs £0.9m last year. We expect to recoup this reduction in H2 2018 as we have an investment plan more weighted to the second half.

3. Retail: Sales growth plus cost efficiency equals strong profit growth

Majestic Retail grew reported sales by 2.3% (2.0% underlying), a slowdown compared to the rate of growth last year. Despite increasing our Repeat customer base to 510,000 people, (H1 2017: 475,000) price increases, precipitated by weaker sterling raising input costs, resulted in a total volume reduction. It is however reassuring that we continue to grow revenue in an extremely competitive market.

Gross margin was 35bps higher year on year. This was the net of:

- Trading margin (the difference between the price we sell and the cost we buy at) down 28bps: Whilst we recovered the bulk of the cost increases due to weaker currency we reduced certain prices to ensure we remained competitive on a number of key value lines.
- Lower selling costs in store year on year generating 63bps of improvement

The remaining cost base increased £0.1m, just 0.5%, despite ongoing inflationary pressures and the addition of a half year of costs relating to our National Fulfilment Centre. As a reflection of coming to the end of the 'heavy lifting' part of the transformation plan, dual-operating costs are being eliminated from the cost base. For example, we have delivered considerable savings through re-negotiating costs as diverse as print media and insurance, we incurred no contract termination costs of the type recognised in H1 2017, and we have started to reflect the impact of national fulfilment and shelving in our store resourcing and operations.

The result of this is an increase in Adjusted EBIT of 22.7% to £4.6m at H1 2017

4. Commercial: Sales decline impacted profitability

We have described the slow-down in the Commercial business over the past two reporting periods and the trends have continued to be disappointing. Sales declined 3.4%, driven by poor retention and sales performance from our existing account base. Looking at our KPIs it is easy to see the high level of staff turnover. As a result it takes time for account relationships and processes to be re-established. As these handovers are taking place we have not delivered the price changes needed to recoup the input cost pressures resulting in trading gross margins declining by 65bps vs H1 2017 and lower cost recovery causing a further 82bps decline, resulting in gross margin of 14.7% (FY17: 16.2%). With distribution and admin costs increasing £0.1m in the half the business delivered adjusted EBIT of £1.0m, £0.6m lower versus the prior period comparative.

The account management team has stabilised but, as Rowan has already stated, it will require long-term fixes and implementation of a set of new systems before we have the division working as we would like.

5. Lay & Wheeler: Continued growth with focus on margins

Sales grew by 8.9% despite the strong comparative (28% reported in H1 2017) and elimination of certain low margin sales which improved our trading gross margin by 107bps. However, other selling costs reflected in our total cost of sales offset this improvement, resulting in higher gross profit of £0.1m year on year. Other costs were broadly flat so this dropped through to the adjusted EBIT line delivering a 42.0% improvement year on year.

6. Central costs: Increased by reallocations and additional staff

We moved our IT development function, previously part recognised in each of Naked Wines, Retail and Commercial, into our central costs this year which increased reported Central costs by £0.8m. We have also invested in building out our central digital marketing team which has developed a pipeline of high returning activity.

As a result of these changes, we report £3.4m of central costs versus H1 2017 of £2.7m on an underlying basis. Excluding the reallocated IT costs, H1 2017 central costs were £1.9m last year.

7. Adjusted items: Reducing in size and scope

We use a range of adjusted performance measures to describe our results, as we believe these measures support clearer understanding of the value accruing to our shareholders. Items we eliminate from our adjusted profits are:

- Substantial non-cash charges relating to the Naked Wines acquisition which are reducing on a planned schedule and would otherwise distort our trading performance
- En-primeur sales shipped this year where orders and cash were taken in prior years, as this is a better measure of our sales team performance
- Credits (and charges) due to marking-to-market our FX contracts which fluctuate in value daily
- Other share based payment charges which are non-cash and distort underlying performance as they are impacted by share price fluctuation in the period prior to the award

To ensure our shareholders can calculate the value of each share they own we provide a disclosure, in our earnings per share notes, of the full number of shares that would be in issue if all share awards were to vest.

The range and magnitude of these adjusted items continues to reduce. We categorise these as:

a. Acquisition related items (charge of £3.9m vs £5.4m in H1 2017): Having vested the first tranche of earn-out shares these are now fully expensed, resulting in a reduction in the acquisition related share based payment charge from £3.3m to £1.9m in the half. Similarly the shortest lived intangibles we recognised on acquisition (hiring costs and IT assets) have been fully amortised, reducing the charge from £2.2m to £1.9m in the half.

b. Other items (credit of £0.2m vs credit of £1.0m in H1 2017): We recognised no acquisition or restructuring costs in the half vs £0.2m in H1 2017. Revaluation of FX contracts, used to stabilise our product purchase costs, generated a gain of £0.9m (H1 2017 £1.6m). Our non-acquisition related share based payment charge increased to £0.6m versus £0.2m in H1 2017 as we made a significant LTIP award in July 2016 that is now generating a full 6 months of expense in the period, as well as having made additional smaller awards since. The adjustment for timing of en primeur sales reduced to £0.2m from £0.3m.

8. Taxation

Tax for the six month period represents an adjusted effective rate (defined as current period charge divided by adjusted PBT) of 22% based on a current period charge of £1.5m. Net movements in deferred tax are £0.1m, resulting in a reported effective tax rate of 49%.

9. Financing costs, cashflow and net debt: Costs reducing as average net debt balance reduces.

Financing costs reduced by 12.8% to £0.6m, as we carried a lower average balance on our revolving credit facility. Net debt at the end of H1 2018 was £25.6m, £0.5m higher year on year and unchanged versus the end of FY17.

During H1 2018, the business generated free cash flow of £3.6m, 48.6% of adjusted EBIT, impacted by higher inventory build in the USA and the UK. This cash flow was utilised to pay interest of £0.5m, income tax of £0.4m and dividends of £2.6m resulting in the small reduction in reported net debt to £25.6m (FY17 year end £25.7m).

Since the announcement of our transformation plan in 2015, we have a stated target of net debt at 0.5x EBITDA. With profitability improving and the business generating cash we remain on track to achieve this with period end net debt of 0.95x EBITDA.

10. Dividend

Our policy is to pay out c.35% of adjusted earnings in the year. Based on our outlook for the year the Board has approved an interim dividend payment of 2.0p per share, a 33% increase on H1 2017. The dividend will be payable on 22 December 2017 to shareholders on the register at 1 December 2017. The ex-dividend date is 30 November 2017.

James Crawford
Group Chief Financial Officer
23 November 2017

INDEPENDENT REVIEW REPORT TO MAJESTIC WINE PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 2 October 2017 which comprises the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 2 October 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
23 November 2017

Unaudited consolidated income statement

	Note	26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	53 weeks ended 3 Apr 2017
		£'000	**£'000**	**£'000**
Revenue		**217,361**	**205,640**	**465,444**
Cost of sales		(158,676)	(152,693)	(343,837)
Gross profit		**58,685**	**52,947**	**121,607**
Distribution costs		(27,288)	(25,081)	(55,646)
Administrative expenses		(28,154)	(31,986)	(67,018)
Other operating income		402	365	811
Operating profit/(loss)		**3,645**	**(3,755)**	**(246)**
Net finance charge		(566)	(649)	(1,222)
Profit/(loss) before taxation		**3,079**	**(4,404)**	**(1,468)**
Analysed as:				
Adjusted profit before taxation		**6,771**	**51**	**12,877**
Adjusted items:				
- Non cash charges relating to acquisitions	*4*	(3,857)	(5,443)	(11,267)
- Other adjusted items	*4*	165	988	(3,078)
Profit/(loss) before taxation		**3,079**	**(4,404)**	**(1,468)**
Taxation	*5*	(1,503)	419	(1,227)
Profit/(loss) for the period		**1,576**	**(3,985)**	**(2,695)**
Earnings/(loss) per share				
Basic	*6*	2.4p	(6.1p)	(4.1p)
Diluted	*6*	2.2p	N/A	N/A
Adjusted basic	*6*	7.9p	0.7p	17.7p
Adjusted diluted	*6*	7.4p	0.7p	16.3p

The results are all derived from continuing operations.

Unaudited consolidated statement of comprehensive income

	26 weeks ended 2 Oct 2017 £'000	26 weeks ended 26 Sept 2016 £'000	53 weeks ended 3 April 2017 £'000
Profit/(loss) for the period	**1,576**	**(3,985)**	**(2,695)**
Other comprehensive (losses)/income			
Currency translation differences	(207)	1,476	1,780
Other comprehensive (losses)/income	**(207)**	**1,476**	**1,780**
Total comprehensive income/(losses) for the period	**1,369**	**(2,509)**	**(915)**

The total comprehensive income for the period and the prior periods is wholly attributable to the equity holders of the parent company, Majestic Wine PLC.

Other comprehensive income relates to foreign currency translation differences on consolidation of foreign currency subsidiaries. These gains and losses are recycled to the income statement in the event of the disposal of a foreign currency subsidiary.

Unaudited consolidated statement of changes in equity

	Share capital	Share premium	Capital reserve - own shares	Capital redemption reserve	Currency translation reserve	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 28 March 2016	5,307	20,441	(17)	363	2,058	81,062	109,214
Total comprehensive income /(losses) for the period	-	-	-	-	1,476	(3,985)	(2,509)
Shares issued	1	58	-	-	-	-	59
Share based payment charges – ongoing	-	-	-	-	-	167	167
Share based payment charges – acquisition related	-	-	-	-	-	3,062	3,062
Deferred taxation	-	-	-	-	-	47	47
At 26 September 2016	**5,308**	**20,499**	**(17)**	**363**	**3,534**	**80,353**	**110,040**
Total comprehensive income for the period	-	-	-	-	304	1,290	1,594
Shares issued	1	6	-	-	-	-	7
Share based payment charges - ongoing	-	-	-	-	-	432	432
Share based payment charges - acquisition related		-	-	-	-	3,611	3,611
Dividends paid	-	-	-	-	-	(1,062)	(1,062)
Deferred taxation	-	-	-	-	-	(50)	(50)
At 3 April 2017	**5,309**	**20,505**	**(17)**	**363**	**3,838**	**84,574**	**114,572**
Total comprehensive (losses) /income for the period	-	-	-	-	(207)	1,576	1,369
Shares issued	45	52	-	-	-	(43)	54
Share based payment charges - ongoing	-	-	-	-	-	490	490
Share based payment charges - acquisition related	-	-	-	-	-	1,813	1,813
Dividends paid	-	-	-	-	-	(2,564)	(2,564)
Deferred taxation	-	-	-	-	-	(22)	(22)
At 2 October 2017	**5,354**	**20,557**	**(17)**	**363**	**3,631**	**85,824**	**115,712**

Unaudited consolidated balance sheet

	2 Oct 2017	26 Sept 2016	3 April 2017
	£'000	£'000	£'000
Non current assets			
Goodwill and intangible assets	49,610	54,154	51,447
Property, plant and equipment	66,561	69,103	68,011
En primeur purchases	2,315	1,772	1,841
Prepaid operating lease costs	1,791	2,033	1,905
Deferred tax assets	1,264	1,135	1,696
	121,541	**128,197**	**124,900**
Current assets			
Inventories	110,649	99,297	94,834
Trade and other receivables	15,125	15,743	14,973
En primeur purchases	3,716	2,558	3,030
Financial instruments at fair value	230	3,428	-
Cash and cash equivalents	11,878	11,495	23,007
	141,598	**132,521**	**135,844**
Total assets	**263,139**	**260,718**	**260,744**
Current liabilities			
Trade and other payables	(64,775)	(79,489)	(56,019)
En primeur deferred income	(4,653)	(3,182)	(3,937)
Deferred Angel income	(30,986)	(23,506)	(28,406)
Bank overdraft	(11,804)	(3,169)	(12,537)
Provisions	(232)	(241)	(235)
Deferred lease inducements	(645)	(430)	(437)
Bond financing	(157)	(2,411)	(2,619)
Financial instruments at fair value	(179)	-	(1,090)
Current tax liabilities	(1,318)	-	(185)
	(114,749)	**(112,428)**	**(105,465)**
Non-current liabilities			
En primeur deferred income	(2,729)	(2,080)	(2,122)
Deferred lease inducements	(1,841)	(2,391)	(2,215)
Provisions	(865)	(695)	(829)
Bank loan	(23,112)	(28,415)	(33,512)
Bond financing	(2,445)	(2,590)	-
Deferred tax liabilities	(1,686)	(2,079)	(2,029)
	(32,678)	**(38,250)**	**(40,707)**
Total liabilities	**(147,427)**	**(150,678)**	**(146,172)**
Net assets	**115,712**	**110,040**	**114,572**
Shareholders' funds			
Called up share capital	5,354	5,308	5,309
Share premium	20,557	20,499	20,505
Capital reserve - own shares	(17)	(17)	(17)
Capital redemption reserve	363	363	363
Currency translation reserve	3,631	3,534	3,838
Retained earnings	85,824	80,353	84,574
Equity shareholders' funds	**115,712**	**110,040**	**114,572**

We confirm to the best of our knowledge that:

(a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34: 'Interim Financial Reporting', as adopted by the European Union, and
(b) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:
- an indication of the important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed consolidated interim financial statements,
- a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and
- material related party transactions in the first 26 weeks of the year and any material changes in the related party transactions described in the last annual report.
By order of the Board

James Crawford
Chief Financial Officer
23 November 2017

Unaudited consolidated cash flow statement

	Note	26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	53 weeks ended 3 April 2017
		£'000	**£'000**	**£'000**
Net cash generated by operating activities				
Cash generated by operations	*8*	**5,183**	**4,167**	**9,127**
Foreign exchange differences		(46)	258	315
UK income tax paid		(605)	(1,620)	(3,354)
Overseas income tax paid/(received)		184	(250)	(591)
Net cash generated by operating activities		**4,716**	**2,555**	**5,497**
Cashflows from investing activities				
Purchase of property, plant and equipment		(1,255)	(1,564)	(3,311)
Purchase of intangible fixed assets		(362)	(44)	(190)
Purchase of prepaid lease assets		-	-	(22)
Proceeds from sale of non-current assets		-	-	21
Net cash outflow from investing activities		**(1,617)**	**(1,608)**	**(3,502)**
Cashflows from financing activities				
Interest paid		(468)	(416)	(874)
Issue of ordinary share capital		54	59	66
Draw down of borrowings		-	4,000	9,000
Repayment of borrowings		(10,517)	-	(2,371)
Loan arrangement fees paid		-	(68)	(88)
Equity dividends paid		(2,564)	-	(1,062)
Net cash (outflow)/inflow from financing activities		**(13,495)**	**3,575**	**4,671**
Net (decrease)/increase in cash		**(10,396)**	**4,522**	**6,666**
Cash and cash equivalents at beginning of year		10,470	3,804	3,804
Cash and cash equivalents at end of year		**74**	**8,326**	**10,470**

Notes to the unaudited financial statements

1. General information

Majestic Wine PLC is a public limited company ("Company") and is incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on the Alternative Investment Market ("AIM").

The address of the registered office is Majestic House, The Belfry, Colonial Way, Watford WD24 4WH The Group's principal activity is the retailing of wines, beers and spirits. The Company's principal activity is to act as a holding company for its subsidiaries.

2. Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the accounting policies set out in the annual report for the year ended 3 April 2017. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed financial statements are not statutory accounts. The financial reporting period represents the 26 week period ending 2 October 2017 and the prior period, 26 weeks to 26 September 2016.

Going concern
The Directors have, at the time of approving the interim financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

3. Segmental reporting

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Board as they are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The Group's operating segments are organised into four distinct business units, each operating in a separate segment of the overall wine market. Retail is a customer based wine retailer, selling wine, beer and spirits from stores across the UK, and online, and also incorporates the Group's French business. Commercial is a Business to Business ("B2B") wine retailer selling to pubs, restaurants and events. Lay & Wheeler is a specialist in the fine wine market and also provides cellarage services to customers. Naked Wines is a customer funded international online wine retailer.

Performance of each operating segment is based on Sales, Adjusted EBIT (being operating profit less any Adjusted Items) and Adjusted PBT (being profit before taxation less any Adjusted Items.) These are the financial performance measures that are reported to the CODM, along with other operational performance measures, and are considered to be useful measures of the underlying trading performance of each segment. Adjusted Items are not allocated to the operating segments as this reflects how they are reported to the Board.

The revenue and profits of the Lay & Wheeler operating segment as presented to the CODM are recognised on the receipt of orders, cash receipts and payments in relation to en primeur campaigns. The segment performance is reviewed in this way as resources utilised in generating these sales are expensed as incurred. This differs from the revenue recognition policy required under IAS 18 where revenue is recognised on delivery of the wine to the customer, which may be up to two years after the original order and payment. As a result a reconciling item is presented between the total operating segments revenue and results and the IFRS statutory measure.

3. Segmental reporting (continued)

Costs relating to centralised group functions are not allocated to operating segments for the purposes of assessing segmental performance and consequently these are presented as a separate segment.

Inter-segment transactions are conducted on an arm's length basis. The Group is not reliant on a major customer or group of customers.

All activities are continuing.

26 weeks ending 2 October 2017	**Retail**	**Commercial**	**Naked Wines**	**L&W**	**Unallocated**	**Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Third party revenue	120,640	22,636	67,794	7,614	-	218,684
Movement in en primeur sales	-	-	-	(1,323)	-	(1,323)
Reported third party revenue	**120,640**	**22,636**	**67,794**	**6,291**	**-**	**217,361**
Segment result - Adjusted EBIT	**4,592**	**1,033**	**4,720**	**392**	**(3,400)**	**7,337**
Net finance costs	-	-	-	-	(566)	(566)
Adjusted profit/(loss) before taxation	**4,592**	**1,033**	**4,720**	**392**	**(3,966)**	**6,771**
Adjusted items:						
- Non cash items relating to acquisitions						(3,857)
- Other adjusted items						165
Profit before taxation						**3,079**
Depreciation	2,444	-	172	53	-	2,669
Amortisation	316	-	1,834	164	-	2,314

Geographical analysis	**UK**	**Rest of Europe**	**US**	**Australia**	**Group**
Reported third party revenue	173,044	4,321	27,267	12,729	217,361
Non-current assets	118,823	127	2,504	87	121,541

3. Segmental reporting (continued)

26 weeks ending 26 September 2016	Retail	Commercial	Naked Wines	L&W	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Third party revenue	117,880	23,430	58,980	6,992	-	207,282
Movement in en primeur sales	-	-	-	(1,642)	-	(1,642)
Reported third party revenue	**117,880**	**23,430**	**58,980**	**5,350**	**-**	**205,640**
Segment result - Adjusted EBIT	**3,459**	**1,623**	**(2,775)**	**276**	**(1,883)**	**700**
Net finance costs	-	-	-	-	(649)	(649)
Adjusted profit/(loss) before taxation	**3,459**	**1,623**	**(2,775)**	**276**	**(2,532)**	**51**
Adjusted items:						
- Non cash items relating to acquisitions					(5,443)	(5,443)
- Other adjusted items					988	988
Profit/(loss) before taxation					**(6,987)**	**(4,404)**
Depreciation	2,510	-	91	56	-	2,657
Amortisation	564	-	-	47	2,160	2,771

Geographical analysis	UK	Rest of Europe	US	Australia	Group
Reported third party revenue	168,921	4,323	23,790	8,606	205,640
Non-current assets	122,057	2,861	3,208	71	128,197

3. Segmental reporting (continued)

53 weeks ending 3 April 2017	Retail £'000	Commercial £'000	Naked Wines £'000	L&W £'000	Unallocated £'000	Group £'000
Third party revenue	262,200	46,628	144,341	14,715	-	467,884
Movement in en primeur sales	-	-	-	(2,440)	-	(2,440)
Reported third party revenue	**262,200**	**46,628**	**144,341**	**12,275**	**-**	**465,444**
Segment result - Adjusted EBIT	**13,345**	**2,541**	**1,417**	**980**	**(4,184)**	**14,099**
Net finance costs					(1,222)	(1,222)
Adjusted profit/(loss) before taxation	**13,345**	**2,541**	**1,417**	**980**	**(5,406)**	**12,877**
Adjusted items:						
- Non cash items relating to acquisitions					(11,267)	(11,267)
- Other adjusted items					(3,078)	(3,078)
Profit/(loss) before taxation					**(19,751)**	**(1,468)**
Depreciation	4,982	-	362	106	-	5,450
Amortisation	1,201	-	4,096	321	-	5,618

Geographical analysis	**UK**	**Rest of Europe**	**US**	**Australia**	**Group**
Reported third party revenue	377,398	7,658	58,347	22,041	465,444
Non-current assets	119,414	2,845	2,544	97	124,900

4. Adjusted items

	26 weeks ended 2 Oct 2017 £'000	26 weeks ended 26 Sept 2016 £'000	53 weeks ended 3 April 2017 £'000
Non-cash charges relating to acquisitions			
Amortisation of acquired intangibles	(1,947)	(2,160)	(4,321)
Acquisition related share based payment charges	(1,910)	(3,283)	(6,946)
	(3,857)	**(5,443)**	**(11,267)**
Other adjusted items			
Acquisition costs	-	31	(53)
Restructuring costs	-	(205)	(819)
Fair value movement through P&L on foreign exchange contracts	915	1,624	(957)
En primeur adjustment	(163)	(261)	(517)
Share based payment charges	(587)	(201)	(732)
	165	**988**	**(3,078)**
Total adjusted items	**(3,692)**	**(4,455)**	**(14,345)**

5. Taxation

Tax for the six month period is charged at an adjusted effective tax rate (the ratio of the current tax charge to the adjusted profit before taxation) of 22.0% (2017: 30.0%) representing the best estimate of the average annual effective tax rate expected for the full year, applied to the profit before taxation of the period.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of the Company, excluding 3,067,028 (2016: 4,920,863) contingently returnable shares issued as a result of the acquisition of Naked Wines (which have been treated as dilutive share options) and 143,543 (2016: 3,934) held by Employee Share Trusts.

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. These comprise contingently returnable shares and share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year. Share options granted over 260,408 (2016: 331,200) ordinary shares have not been included in the dilutive earnings per share calculation because they are anti-dilutive at the period end.

Adjusted earnings per share is calculated by excluding the effect of Adjusted items (see note 4). This alternative measure of earnings per share is presented so that users of the financial statements can better understand the Group's underlying trading performance.

	26 weeks ended 2 Oct 2017 £'000	26 weeks ended 26 Sept 2016 £'000	53 weeks ended 3 April 2017 £'000
Earnings/(loss) per share			
Basic earnings per share	2.4p	-6.1p	-4.1p
Diluted earnings per share	2.2p	N/A	N/A
Adjusted basic earnings per share	7.9p	0.7p	17.7p
Adjusted diluted earnings per share	7.4p	0.7p	16.3p

	Note	26 weeks ended 2 Oct 2017 £'000	26 weeks ended 26 Sept 2016 £'000	53 weeks ended 3 April 2017 £'000
Profit/(loss) for the period		1,576	(3,985)	(2,695)
Add back adjusted items:				
- Non-cash charges relating to acquisitions	*4*	3,857	5,443	11,267
- Other adjusted items	*4*	(165)	(988)	3,078
Adjusted profit after taxation		**5,268**	**470**	**11,650**

	26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	53 weeks ended 3 April 2017
Weighted average number of shares in issue	66,940,255	65,843,853	65,848,467
Dilutive potential ordinary shares:			
Employee share options and contingently returnable shares	4,554,269	4,670,778	5,598,621
Weighted average number of shares for the purpose of diluted earnings per share	**71,494,524**	**70,514,631**	**71,447,088**
Total number of shares in issue	**71,375,986**	**70,775,262**	**70,778,262**

If the Group's share option schemes had vested at 100% the Company would have 75,182,557 (H1 2017: 75,175,929. FY2017: 74,913,212) issued shares.

7. Dividend

	26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	53 weeks ended 3 April 2017
	£'000	**£'000**	**£'000**
Equity dividends paid and proposed			
Final dividend	2,564	-	2,548
Interim dividend	-	-	1,062
Total Equity dividends paid and proposed	**2,564**	**-**	**3,610**

An interim dividend of 2.0 pence (H1 2017: 1.5 pence) per share was approved by the Board of Directors on 20 November 2017. This has not been included as a liability as at 2 October 2017.

8. Notes to the cash flow statement

	26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	53 weeks ended 3 April 2017
	£'000	**£'000**	**£'000**
Cash generated by operations			
Operating profit/(loss)	3,645	(3,755)	(246)
Add back:			
- Depreciation and amortisation	4,983	5,428	11,301
- Profit on disposal of property, plant and equipment	-	-	(6)
- Impairment of prepaid operating leases	-	-	(38)
- Fair value movement on foreign exchange contracts	(1,141)	(1,624)	957
- En primeur movement in income statement	163	261	517
- Share based payment charges	2,497	3,483	7,678
Operating cashflows before movements in working capital	**10,147**	**3,793**	**20,163**
Increase in inventories	(16,812)	(15,436)	(9,787)
Increase in customer funds in deferred income	2,620	3,487	8,044
Increase in trade and other receivables	(824)	(4,741)	(4,876)
Increase/(decrease) in trade and other payables	10,052	17,064	(4,417)
Cash generated by operations	**5,183**	**4,167**	**9,127**

Cash and cash equivalents			
Cash and cash equivalents	11,878	11,495	23,007
Bank overdraft	(11,804)	(3,169)	(12,537)
Total cash and cash equivalents	**74**	**8,326**	**10,470**

Additional unaudited information

1. Segmental reporting – additional information

A more detailed analysis of the underlying year on year segmental results is shown below. These numbers exclude adjustments for en primeur and use a constant rate of foreign exchange.

	Retail					
	26 weeks ended 2 Oct 2017 Underlying £'000	26 weeks ended 26 Sept 2016 As Reported £'000	26 weeks ended 26 Sept 2016 Constant FX £'000	26 weeks ended 26 Sept 2016 IT Costs £'000	**26 weeks ended 26 Sept 2016 Underlying £'000**	**variance**
UK revenue	116,319	113,557	-	-	113,557	2.4%
France revenue	4,321	4,323	350	-	4,673	-7.5%
Total revenue	120,640	117,880	350	-	118,230	2.0%
Gross profit	28,561	27,481	101	-	27,582	3.5%
Gross margin	*23.7%*	*23.3%*	*28.9%*	-	*23.3%*	*0.4ppts*
Distribution costs	(14,963)	(13,645)	(16)	-	(13,661)	9.5%
Administrative costs	(9,006)	(10,377)	(115)	314	(10,178)	-11.5%
Adjusted EBIT	**4,592**	3,459	(30)	314	**3,743**	**22.7%**

	Commercial					
	26 weeks ended 2 Oct 2017 Underlying £'000	26 weeks ended 26 Sept 2016 As Reported £'000	26 weeks ended 26 Sept 2016 Constant FX £'000	26 weeks ended 26 Sept 2016 IT Costs £'000	**26 weeks ended 26 Sept 2016 Underlying £'000**	**variance**
Total sales	22,636	23,430	-	-	23,430	-3.4%
Gross profit	3,331	3,793	-	-	3,793	-12.2%
Gross margin	*14.7%*	*16.2%*	-	-	*16.2%*	*-1.5ppts*
Distribution costs	(1,295)	(1,598)	-	-	(1,598)	-19.0%
Administrative costs	(1,003)	(572)	-	26	(546)	83.7%
Adjusted EBIT	**1,033**	1,623	-	26	**1,649**	**-37.4%**

	Lay & Wheeler					
	26 weeks ended 2 Oct 2017 Underlying £'000	26 weeks ended 26 Sept 2016 As Reported £'000	26 weeks ended 26 Sept 2016 Constant FX £'000	26 weeks ended 26 Sept 2016 IT Costs £'000	**26 weeks ended 26 Sept 2016 Underlying £'000**	**variance**
Sales on management basis	7,614	6,992	-	-	6,992	8.9%
En primeur	(1,323)	(1,642)	-	-	(1,642)	-19.4%
Total sales	6,291	5,350	-	-	5,350	17.6%
Gross profit	1,856	1,713	-	-	1,713	8.3%
Gross margin	24.4%	24.5%	-	-	24.5%	*-0.1ppts*
Distribution costs	(548)	(509)	-	-	(509)	7.7%
Administrative costs	(916)	(928)	-	-	(928)	-1.3%
Adjusted EBIT	**392**	276	-	-	**276**	**42.0%**

1. Segmental reporting – additional information (continued)

	Naked Wines					
	26 weeks ended 2 Oct 2017 Underlying £'000	26 weeks ended 26 Sept 2016 As Reported £'000	26 weeks ended 26 Sept 2016 Constant FX £'000	26 weeks ended 26 Sept 2016 IT Costs £'000	**26 weeks ended 26 Sept 2016 Underlying £'000**	**variance**
Total sales	67,794	58,980	2,151	-	61,131	10.9%
Gross profit	25,100	20,221	866	-	21,087	19.0%
Gross margin	37.0%	34.3%	40.3%	-	34.5%	*2.5ppts*
Distribution costs	(10,482)	(9,329)	(442)	-	(9,771)	7.3%
Administrative costs	(9,898)	(13,667)	(695)	510	(13,852)	-28.5%
Adjusted EBIT	**4,720**	(2,775)	(271)	510	**(2,536)**	**286.1%**

	Naked Wines – Sales and Adjusted EBIT by geography					
	26 weeks ended 2 Oct 2017 Underlying £’000	26 weeks ended 26 Sept 2016 As Reported £’000	26 weeks ended 26 Sept 2016 Constant FX £’000	26 weeks ended 26 Sept 2016 IT Costs £’000	**26 weeks ended 26 Sept 2016 Underlying £’000**	**variance**
Total sales						
UK	27,798	26,864	-	-	26,864	3.5%
US	27,267	23,424	1,383	-	24,807	9.9%
Aus	12,729	8,692	768	-	9,460	34.6%
Total sales	**67,794**	**58,980**	**2,151**	**-**	**61,131**	**10.9%**
Adjusted EBIT						
UK	2,014	1,327	-	-	1,327	51.8%
US	2,447	(2,519)	(268)	-	(2,787)	187.8%
Aus	390	(313)	(3)	-	(316)	223.4%
Central Costs	(131)	(1,270)	-	510	(760)	82.8%
Adjusted EBIT	**4,720**	**(2,775)**	**(271)**	**510**	**(2,536)**	**286.1%**

	Central Costs					
	26 weeks ended 2 Oct 2017 Underlying £'000	26 weeks ended 26 Sept 2016 As Reported £'000	26 weeks ended 26 Sept 2016 Constant FX £'000	26 weeks ended 26 Sept 2016 IT Cost Reallocation £'000	**26 weeks ended 26 Sept 2016 Underlying £'000**	**variance**
Administrative costs	(3,400)	(1,883)	-	(850)	(2,733)	24.4%
Adjusted EBIT	**(3,400)**	(1,883)	-	(850)	**(2,733)**	**24.4%**
Net finance charge	(566)	(649)	-	-	(649)	-12.8%
Adjusted loss before taxation	**(3,966)**	**(2,532)**	**-**	**(850)**	**(3,382)**	**17.3%**

1. Segmental reporting – additional information (continued)

	Group					
	26 weeks ended 2 Oct 2017 Underlying £'000	26 weeks ended 26 Sept 2016 As Reported £'000	26 weeks ended 26 Sept 2016 Constant FX £'000	26 weeks ended 26 Sept 2016 IT Costs £'000	**26 weeks ended 26 Sept 2016 Underlying £'000**	**variance**
Total sales	218,684	207,282	2,501	-	209,783	4.2%
Gross profit	58,848	53,208	967	-	54,175	8.6%
Gross margin	26.9%	25.7%	38.7%	-	25.8%	*1.1ppts*
Distribution costs	(27,288)	(25,081)	(458)	-	(25,539)	6.8%
Administrative costs	(24,223)	(27,427)	(810)	-	(28,237)	-14.2%
Adjusted EBIT	**7,337**	700	(301)	-	**399**	**NM**
Net finance charge	(566)	(649)	-	-	(649)	-12.8%
Adjusted profit/(loss) before taxation	**6,771**	**51**	**(301)**	**-**	**(250)**	**NM**

	Group			
	26 weeks ended 2 Oct 2017		**26 weeks ended 26 Sept 2016**	
	Revenue £'000	**Gross profit £'000**	**Revenue £'000**	**Gross profit £'000**
Underlying	218,684	58,848	209,783	54,175
En primeur adjustment	(1,323)	(163)	(1,642)	(261)
Constant FX	-	-	(2,501)	(967)
Reported	**217,361**	**58,685**	**205,640**	**52,947**

2. Cash flow analysis

	26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	53 weeks ended 3 April 2017
	£'000	**£'000**	**£'000**
Adjusted EBIT	**7,337**	**700**	**14,099**
Add back depreciation & amortisation	3,036	3,268	6,695
Adjusted EBITDA	**10,373**	**3,968**	**20,794**
Working capital movement			
- Inventories	(16,812)	(15,436)	(9,787)
- Trade and other receivables	(824)	(4,741)	(4,876)
- Customer funds and deferred income	2,620	3,487	8,044
- Trade and other payables	9,826	17,162	(4,509)
Working capital movement	**(5,190)**	**472**	**(11,128)**
Capex	(1,618)	(1,608)	(3,523)
Free cash flow	**3,565**	**2,832**	**6,143**
Reconciliation to statutory cash flow			
Free Cash Flow	3,565	2,832	6,143
Cash Adjusted items	-	(273)	(539)
Capex	1,618	1,608	3,523
Cash generated by operations	**5,183**	**4,167**	**9,127**

3. Naked Wines Business Split

		26 weeks ended 2 Oct 2017	26 weeks ended 26 Sept 2016	YoY	% variance
		£'000	£'000	£'000	
P&L Breakout	**New customers (to maturity)**				
	Sales	11,971	15,637	(3,666)	-23.4%
	Contribution exc Marketing	(477)	(6)	(471)	NM
	Marketing	(4,243)	(7,905)	3,662	-46.3%
	New customer Contribution	(4,720)	(7,911)	3,191	-40.3%
	Mature Angels				
	Sales	55,823	45,494	10,329	22.7%
	Repeat Customer Contribution	15,096	11,322	3,774	33.3%
	Fixed costs	(5,656)	(5,947)	291	-5%
	EBIT	**4,720**	**(2,536)**	**7,256**	**286.1%**
Customer Numbers	Opening Mature Angels	363,389	299,717	63,672	21.2%
	New Mature Angels	71,960	80,459	(8,499)	-10.6%
	Attrition	(64,132)	(58,968)	(5,164)	8.8%
	Closing Mature Angels	371,217	321,208	50,009	15.6%

4. Glossary

Adjusted EBIT	Adjusted EBIT is operating profit adjusted for amortisation and impairments of acquired intangibles and goodwill, acquisition costs, share based payment charges, restructuring costs, net fair value movement through P&L on financial instruments and adjusting en primeur results to reflect profits on orders rather than on wine fulfilment
Adjusted PBT	Adjusted PBT is defined as Adjusted EBIT less net finance charges
Annual Contribution	Number of Orders per year x Contribution per Mature Angel
Contribution	Sales less product costs, costs of fulfilling the sale e.g. branch staff, credit card fees etc.
Contribution per New Mature Angel	Contribution after subtracting all direct costs that are associated with maintaining that Angel (E.g Delivery, Customer Service, Cost of Sales, Returns etc)
Free Cash Flow	Free cash flow is defined as cash generated from operations less capital expenditure and excluding cash Adjusted items
Growth Spend	The proportion of total investment which is spent on growing the total Angel base
Investment in New Customer Acquisition	Marketing investment in recruiting new customers plus any contribution whether positive or negative up to Mature Angel status
Mature Angel	A subscription customer for four months or more
Naked Wines ROI	The recurring contribution per Mature Angel divided by the cost of acquiring each Mature Angel [C-(AxN)]/N where C = Annual Contribution, A = Attrition rate, N = Cost per New Angel
Repeat Customer	A customer who has shopped more than once in the last year
Repeat Customer Retention	% of repeat customers from 12 months ago that are still repeat customers, as measured from our customer databases
Repeat Customer Attrition	(1 – Repeat Customer Retention %)
Return on Investment (ROI)	The recurring additional contribution (net of replenishment costs) per year, generated by this period’s acquisition cost
Trading Margin	The difference between the price we sell and the cost we buy at
Underlying Results	Underlying results (a) includes en primeur revenues in year of order not year of fulfilment (b) is calculated using constant FX rates for translation of the comparative period and (c) IT costs reallocated to PLC (A reconciliation between Reported and Underlying results by segment for H1 2017 is included in the Additional Unaudited information)