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**EDITED TRANSCRIPT**  
**FULL YEAR 2025 NAKED WINES PLC EARNINGS CALL**

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## CORPORATE PARTICIPANTS

- **Rodrigo Maza** *Naked Wines PLC - Group Chief Executive Officer, Executive Director*
- **Dominic Neary** *Naked Wines PLC - Chief Financial Officer*

## PRESENTATION

### **Rodrigo Maza** *Naked Wines PLC - Group Chief Executive Officer, Executive Director*

Hello, everyone. And welcome to our FY25 results presentation. We are very grateful for your time. I'm Rodrigo Maza, Naked's CEO. I'll be presenting today, along with Dominic Neary, our Chief Financial Officer. Here is the agenda that we'll cover this morning.

Before we get into the details, a few headlines to set the stage. We have delivered a strong FY25 performance, hitting the guidance we set at the start of the year. We continue to see a compelling investment opportunity in Naked, and we're commencing ongoing shareholder distributions.

We've realigned the business to win with tangible progress on both acquisition and retention. Looking ahead, we're excited about the year to come, and expect continued profit growth as reflected in our FY26 guidance.

And finally, a warm welcome to Jack Pailing as our new Chairman and a big thank you to Deirdre Runnette for her outstanding leadership as Interim Chair.

Let's dive in. Naked is all about connecting wine drinkers and winemakers. Our model removes the middlemen, so customers get better wine for their money and winemakers earn more for doing what they do best, making exceptional wine. This direct meaningful relationship builds loyalty, drives a sense of community, and differentiates us in the market.

This is what our model produces. This chart leverages Vivino's data to show how Naked consistently overdelivers on quality for price when compared to traditional retail brands. This is one of our main drivers of retention.

Now, this is our model at scale. Naked currently connects close to 600,000 very satisfied Angels in the UK, the US, and Australia with over 300 of the world's most talented independent winemakers. As stated during our strategy event back in March, we think of our footprint as an advantage. This is especially true in the US, where the ability to legally deliver wine to over 90% of the population is far from easy to replicate.

Operating across three countries also protects us from overexposure to any single market or regulatory shift. That diversification adds meaningful resilience to our business. It also allows us to test things faster, accelerating our learning.

By obsessing over exceeding our Angels' expectations, we make our flywheel spin. Angels will spread the word about Naked if we're consistently delighting them. And as they do, we'll see our business take massive leaps forward. Why? Because more Angels means more funds; more sales, more cash. Happy Angels means happy winemakers, happy employees, and happy shareholders.

While our market cap has moved up since the strategy event in March, we believe there is still significant upside ahead. Our current valuation doesn't yet reflect the strength of our balance sheet, the profitability of our core business or the long-term potential in getting retention back to historic levels.

That gap between where we are and where we believe we should be represented a clear investment opportunity. And it's why we're initiating distributions via share buyback program. Dom will share more on that shortly. That's probably the most relevant updates since our strategy event for this audience, but a lot has been happening at Naked since we last spoke.

Many things are worth highlighting, but three stand out. First, we've centralized key functions of our company across markets that's helping us move faster with clear accountability and sharper focus. We've also invested in under-resourced areas that are critical to delivering our new strategy.

Second, we've fundamentally reshaped our growth approach. We're acquiring the right customers, those who truly value our proposition and doubling down on delivering the promise of great wine at fair prices without the guesswork.

Third, we've made targeted tech investments that improve our customer experience, both on-site and off. There's a lot in flight and the strategy we shared back in March is well underway.

Over to you, Dom.

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## **Dominic Neary Naked Wines PLC - Chief Financial Officer**

Thank you very much, Maza. And good morning, and it's great to be here today to provide an update on our performance in FY25 and to update you on early results from our strategy, which we launched in March. Firstly, I'm going to take you through our financials, then I'll cover off two of our three strategic pillars: cash and profitability.

So firstly, results are in line with guidance. And the first of these we're talking about today is cash, which is exactly in the center of our guidance and progressing well. That's up GBP10.5 million on prior year despite the adverse movement in the US dollar.

Adjusted EBITDA, and when we talk about that today, that's EBITDA, excluding inventory liquidation and associated costs and any adjusted items. So adjusted EBITDA is where we expect it to be and includes a number of key movements.

The largest, most significant is the reduction in G&A, which we've seen of GBP5 million and that includes the impact of a restructure at the end of FY24. There's also been a 20-basis points improvement in repeat contribution margin, and that reflects some early progress with our COGS initiatives, particularly in the US. Those are going to continue to grow in FY26.

And finally, there's a GBP1.3 million comparative adverse variance versus prior year, but that's about prior year, which includes significantly lower LTIP charges and also has some FX favorability. Revenue is declining at 14%, but that's an improvement on the prior year decline of 18%, and this was anticipated and is in line with our guidance. It, of course, includes the impact of the normal attrition of a very, very large FY21 and FY22 cohorts.

And it also reflects the fact that there was no Easter in the reporting period, but there were two Easters in the year before that. And of course, the market has been generally tough. Very briefly to explain the significant improvement in FY25 EBIT, that is entirely driven by the high level of adjusted items in prior year. So those are our financials and they're in line with guidance.

Moving on to our revised strategic KPIs. These are our new strategic KPIs, which are aligned with the three pillars of our new strategy that we laid out in March. If we start off with return to sustainable growth, clearly, you can see here, NPS is high and improving. In other words, once we have a customer, they love the experience and service they get from Naked Wines.

But as we laid out in March, there is clearly a problem with acquisition costs and early year retention, which, as we've explained, is clearly linked to the type of customer we have and are bringing in and it's also how we're bringing them in. We will come back to this later, but that's clearly something we're addressing with the new strategy.

Moving on to profitability. This is an area which is obviously key for us. Gross margin is going slightly backwards because it's impacted by the liquidation of stocks. However, there have been early improvements in our repeat contribution margin as we focus on profitability globally and in particular in the US.

Given the comments I gave earlier, payback is obviously no surprise and in line with what we discussed in March. However, again, there are some very early signs of improvement in Q4 with payback reaching 1.4x. However, this is off very low volumes.

Moving on to EBITDA. As we talked about on the previous slide, it's where we expected it to be.

And finally, moving on to cash. Cash -- net cash, in particular, is doing well. And it's no surprise, therefore, that free cash flow is showing an GBP18 million improvement. And this is primarily reflecting the inventory reduction we've seen in FY25.

Return on equity and cash remains in line with prior year, and it's important to note that we've included cash in the denominator here because it's a medium-term objective of us to make significant distributions of cash over the coming years.

The rest of today's financial slides give you an update on the first two pillars of our strategy, cash and profitability. And as I've said, Maza will come back to sustainable growth later.

So we're going to start with cash on the balance sheet, where our medium-term view is that we will reach GBP70 million of cash over the medium term from our balance sheet alone. So we can dive into that a bit. Cash generation has been strong in FY25. As I've said, we are up GBP10.5 million with net cash reaching GBP30 million at the end of March.

We also retain access to an undrawn facility which is about GBP27 million today. And so good progress on cash. Inventory remains in line with our communications in March, so there's significant opportunity here, and we're going to dive into that a little bit.

So really in this slide, there are four key messages. The first one is that is a reminder that we've delivered a significant GBP36 million reduction in inventory in FY25. And following on from that, we reiterate our target of releasing GBP40 million cash from our excess inventory over the medium term.

Now, since this is mostly a US-based number, there has been an impact by the movement of the US dollar recently. But for the moment, we've taken the stretch to maintain that GBP40 million number, and we will continue to deliver that over the medium term. We anticipate GBP12 million of inventory liquidation costs as part of this, and this is what we talked about in March. But again, just to stress, that GBP40 million target is net of these costs, so it's a GBP40 million cash impact.

And the final point is that our new winery in Sonoma, which we've moved into as part of a cost-savings initiative and a simplification strategy is also providing a moderate opportunity in B2B sales. So there's the opportunity to leverage the scale of that facility, for example, doing bulk storage and customer crush activity. We're seeing a moderate amount of activity here, and this should drive, again, a small amount of EBITDA, which is on top of our baseline with some impact in '26 and more going forward after that, but we're going to come back in December with an update on that.

The final area in this section is our capital allocation policy. As we said in March, it is a priority to the business to redistribute cash to investors in a way that is value accretive. To this end, we're happier to announce today that we are commencing an ongoing regular distribution policy. We will, therefore, be starting a GBP2 million share buyback.

Now, it is very important to reiterate that we see significant cash generation over the medium term. And as this happens, we reiterate our expectation that there will be significant ad hoc distributions which will be in addition to our ongoing distributions, and that will happen as profitability allows.

The final area today is to cover our continuing focus on profitability, which is coupled with the new strategy, which is focusing on cost reduction, as we continue to target EBITDA of between GBP9 million and GBP14 million. And to reiterate again, that includes an updated USD FX rate of 1.35:1.

So moving into this in a bit more detail. The first point to flag is we have a very strong and loyal core membership base. These are customers who have been with us for more than two years and are significantly more stable than general membership base. So with the reduction in the level of acquisition, as we are more efficient with our marketing investment, these are obviously increasing as a proportion of our base.

Importantly, the contribution from these members was broadly flat in FY25. This, of course, reflects both the relative stability of the membership in the core area, coupled with the increasing profitability we've touched about already. As I earlier indicated, we saw a reduction in marketing spend in H2 and particularly in Q4 of this year. This led to an improvement in payback in Q4 to 1.4x, but again, stressing that is off a low volume acquisition quarter.

As we communicated in March, we are focusing on a new KPI, which moves from our current 5-year payback metric to one which is focused on two years. We believe this is going to be a more stable KPI and perhaps more importantly, is going to focus on achieving breakeven within two years, in other words, breaking even as we generate a core customer. We're going to update on this in December because for the moment, we do not have sufficient data from the new strategy to populate this KPI. So we will come back to that in December.

Finally, we've talked a lot about cost today. Clearly, this has been an area of some improvement in FY25 with the margin improvements we've talked about and the GBP5 million of G&A reduction, which is supported by the restructure we did at the end of FY24. However, perhaps more important is the significant progress we are making with our medium-term savings target of GBP23 million.

As we said before, we take a very rigorous approach to what we spend and ensuring that we generate an ROI from that investment because if we don't, we should be returning that cash to our investors. The headline news is that we have already delivered the GBP15 million savings target that we set ourselves for FY26. So if we go into a bit more detail, I've obviously already talked about the GBP7 million of marketing savings and the efficiency we're having there.

We have already actioned that GBP7 million of marketing savings, and that was done during Q1. We've also been focusing very heavily on warehousing and logistics costs, and that's a core part of our medium-term strategy. Now, we've already actioned 70% of those savings, which generates GBP3 million of them already. And in addition, we've generated another GBP2 million of savings largely in the COGS area, which are adding to that. So creating a total of GBP5 million when you combine COGS and warehouse

and logistics savings.

And finally, of course, we've already talked about G&A savings, and we implemented action in Q1 to deliver GBP3 million of those. This means we have already reached our target of GBP15 million savings in FY26 and continue to drive ahead in this area over the medium term. We anticipate ongoing improvements here, particularly in the cost of goods area, albeit a lot of those future savings are focused in the US, where we have significant levels of stock, and they will therefore take a period of time to work their way through inventory before they benefit the P&L.

So thanks for your time today. FY25 was a year of real progress where we have relaunched our strategy with a focus on cash, profitability and a new strategy, which will take us back to growth over the medium term.

And now back to Maza, who will give you more detail on that growth strategy.

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### **Rodrigo Maza Naked Wines PLC - Group Chief Executive Officer, Executive Director**

Thank you, Dom. Let's now talk about returning Naked to sustainable growth. But before going into details, a quick reminder of our ambition to exit the medium term with our business growing at least at high single-digit rates.

Our marketing strategy is built on two core pillars: retention and acquisition. We are focused on retaining Angels by consistently delivering on our value proposition and on attracting customers who understand Naked, who value the model and who are more likely to stay. Both pillars are enabled by selective technology modernization, upgrades that make the customer journey smoother, our data more actionable and our teams more effective.

Focusing on retention. We wanted to be easy and fun for our customers to discover their new favorite wines. That starts with making our range easier to navigate and pricing easier to understand. We're introducing more accessible options to be part of everyday occasions, and we're simplifying price points to reduce the confusion that too often comes with buying wine. Price should be a helpful signal, not another guessing game.

And yes, these changes are also designed to increase revenue per order by giving Angels the confidence to explore and try something new. To support that, we're expanding our credit-back guarantee. We're also testing and scaling delivery options that better fit our customers' daily routines, making sure that getting your wine is as smooth as enjoying it. And we're sharpening how we use rewards to reinforce satisfaction and loyalty at the right moment.

Finally, we're fully committed to bringing the magic back and the recent UK tasting tour was a clear step in that direction. We welcome over 4,000 Angels, and the feedback was outstanding. At the same time, we're seeing high levels of community engagement on the site with more customers rating more wines, helping each other discover their next favorite bottle. We are learning our way back to pre-COVID retention levels by investing margin to rebuild customer loyalty. These tests are live; they'll lead to conclusive outputs and will scale the ones that work.

Moving on to acquisition. This has been a challenging area, but we're now almost fully focused on the channels where our target customers actually are and where we can tell our story the right way. Social will play a bigger role moving forward, and we're running ambitions tests across YouTube, podcast, Connected TV, and cash-back platforms. We are also refining our welcome offer to convert the highest-value customers more effectively and making sure their first experience with Naked reflects their needs and clearly communicates the value of our model.

Finally, we're investing in the tools and systems that will let us assess ROI with speed and confidence. This discipline is critical to any sustainable growth engine. We are on a two-year journey to restore the potential of the Naked brand and fuel profitable growth. We have meaningful tests already live in Q1, as shown here with more to come.

Now, back to Dom.

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### **Dominic Neary Naked Wines PLC - Chief Financial Officer**

Thanks, Maza. So firstly, an update on trading, and then we will go into the guidance. Revenue is going to be in line with the guidance we'll give to the right. And it's important to flag that this includes a circa GBP7 million reduction, which is the impact as the US dollar rate moves from 1.25 to what we're assuming in our guidance will be 1.35 for the year.

At EBITDA, there's also an adverse impact of circa GBP1.2 million from this. And we've already covered today the good progress we're making on savings, so I won't go into any more detail on that.

And finally, of course, we'll be implementing a circa GBP2 million share buyback as discussed, which equates to circa 3.5% of issued share capital. And importantly, this is an ongoing policy.

Moving on to guidance. You can see the range of revenue there from GBP200 million to GBP216 million. Secondly, on EBITDA, you can see the range there from GBP5.5 million to GBP7.5 million. Importantly, GBP5.5 million is essentially the same number as we've delivered in FY25 of GBP6.7 million. The only difference there is FX. So what we're really saying is that we will continue to see ongoing EBITDA growth over the FY26.

And finally, net cash is anticipated to close between GBP35 million and GBP39 million. This includes a GBP2 million share buyback and a circa GBP2 million impact of FX. So this is actually adjusting for those, a circa GBP1 million increase on what we had originally been thinking which is reflecting slightly faster inventory liquidation than we had earlier assumed.

Thank you very much, and I'm going to hand you back to Maza, who is going to conclude today.

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### **Rodrigo Maza Naked Wines PLC - Group Chief Executive Officer, Executive Director**

As we close, let me leave you with a summary of where we stand. We've ended the year in a strong financial position with over GBP30 million in net cash, which is GBP10 million more than last year and profitability in line with guidance. Our revenue decline is slowing, and the business is stabilizing. We've realigned the organization to win. That took major change and real commitment from our teams. So I want to take a moment to thank everyone at Naked for making that happen.

With the foundations in place, our focus now is firmly on execution, disciplined acquisition, retention that delivers on our promise to customers and smart, selective tech investments that make the Naked experience better every day. We're confident in ongoing profit growth in FY26, and so we're ready to begin distributions, starting with a share buyback. Finally, we are very excited to welcome Jack Pailing as our new Chairman.

So let's keep building, keep delivering and keep reminding the world that wine takes better Naked. Thank you for your time.

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## **QUESTIONS AND ANSWERS**

### **Unidentified Company Representative**

Thank you, Maza and Dom. (Event Instructions) And we have the first few questions coming in. And if I can actually combine the first two together, how did the Board settle on GBP2 million for the share buyback? And the full year '26 net cash guidance, does it only include the GBP2 million buyback? Or does it also take into account other future distributions? Dom?

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### **Dominic Neary Naked Wines PLC - Chief Financial Officer**

Thank you very much. So let me take those in order. How did the Board settle on GBP2 million? Well, the company is in a strong position today with GBP30 million cash and that's growing in FY26. Now, of course, I'm sure you'll remember that this is a marked improvement on two years ago.

And we've been very clear that we are committing that we're going to be very careful with our investors' cash and their business as well. So we've announced today an ongoing distributions policy. This is not a one-off policy, this is ongoing. And the value that we felt was prudent was GBP2 million, the first time we do this. We've also today reiterated our commitment that we're going to generate GBP40 million of cash from inventory.

Now, given the FX movement in the States, this is something like a GBP3 million increase in reality. We're progressing well with this, but this is a very important part of our strategy and will allow us to make substantial ad hoc distributions over the medium term, but only as we liquidate that inventory and as profitability allows.

So coming on to the next question, yes, our guidance includes the GBP2 million buyback. Again, I'm not going to go through the substantial ad hoc distributions point again, but obviously, that's relevant. But these distributions are likely to be over the medium term, and I think that's far less likely to be in the next eight months, which would be by the end of March 2026.

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### Unidentified Company Representative

Okay. And there's another one here, which probably is for you as well. What were the drivers behind the decrease in revenue during full year '25 versus full year '24?

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### Dominic Neary Naked Wines PLC - Chief Financial Officer

Yes, revenue is in line with guidance. It's exactly where we expected it to be. There are a number of factors which will not be a surprise, which are driving the decline that we've anticipated. The primary one is the significant and exceptional large volumes of customers that we acquired in FY21 and FY22. And we're seeing the normal attrition of those exceptional cohorts which is naturally reducing the size of the business and the member base.

That, again, is expected. It will continue over the next few years but reduce in scale over those years. Another key point to point out is that FY25, the dates we had didn't include an Easter and the year before had two Easters. So that's had a meaningful impact, zero versus two Easters.

And finally, of course, there are challenging economic conditions. But importantly, cash and EBITDA is where we said as well, which is a key. The inventory liquidation is speeding up which bodes well for coming years, and you can see all of that in our guidance.

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### Unidentified Company Representative

I'm not sure this one is for you or Maza, but we've had one which is what is happening to the value of wine? Is the inventory valuation under pressure?

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### Dominic Neary Naked Wines PLC - Chief Financial Officer

So yes, I'll take that as well. So in short, no, our inventory valuation isn't under pressure. Our inventory is, of course, valued significantly below its sale price. Clearly, we have historic provisions and have anticipated future liquidation costs, which we've talked about on a number of occasions already. But actually, these estimates have been stable, if not ever so slightly conservative.

So in fact, if you look at the detailed adjustment adjusted items in our RNS today, you'll see that there's a circa net [GBP0.8 million] credit, where we've achieved higher pricing on liquidation of that excess inventory than we had anticipated in certain areas of our provisions. So our valuations, I think we're very comfortable with. If anything, so far, they've been slightly conservative, although I wouldn't necessarily assume that will continue, and the market prices that we're seeing are not changing fundamentally either.

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### Unidentified Company Representative

We have one more question before we hand back to you for summing up. And that is how has current trading been? And how are you tracking in terms of your medium-term guidance?

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### Dominic Neary Naked Wines PLC - Chief Financial Officer

I'll take that one as well then. So the current trading is in line with the guidance we've set out today. Just as importantly, we are making good progress with our new strategic plan. So we talked about earlier, the GBP15 million of cost savings that we've actioned in Q1. That's done slightly ahead of what we had anticipated internally.

Cash is continuing to grow. And in our guidance, clearly, you can see that we're anticipating that continuing this year. Marketing initiatives, it's really too early to say. As we've indicated, we'll revert back in December when we have meaningful data we talked to

you about. And of course, we're continuing to guide to progressive growth in adjusted EBITDA and trading is in line with that so far as well.

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### **Unidentified Company Representative**

Very good. Thank you, Maza. Thank you, Dom. And if I may, I'll hand back to you.

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### **Rodrigo Maza *Naked Wines PLC - Group Chief Executive Officer, Executive Director***

Well, thanks, everyone, for your time, and thank you, Dom, for doing all the heavy lifting in the Q&A. I'll finish with going back to the concluding remarks.

We are in a strong financial position, predictable profitability in FY25, clearly, according to guidance. We are now fully focused on execution. We've reorganized Naked in these past few months, fully focused on disciplined acquisition, on enhancing retention. We are happy to be commencing distributions. We know that it was very important for our investors. And we're also excited to work with Jack Pailing as our new Chairman.

We thank you for your time, and that's it.

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