17 January 2023

**Naked Wines plc**

("Naked Wines" or "Group")

**Trading Update for the quarter ended 26 December 2022**

**Solid holiday trading enables increased profit guidance, medium term conditions remain challenging**

**Highlights:**

- FY23 adjusted EBIT outlook increased to £13-17m, from previous guidance of £9-13m. Key drivers:
  - Solid Q3 trading performance with flat reported revenue vs prior year
  - Improved repeat customer contribution margin year-on-year
  - Continued SG&A control
  - No change to one-off restructuring items guidance (£12m total cost)
- New customer investments in line with previous guidance, significantly lower year on year
- FY24 forecasts are under review in light of lower levels of customer recruitment

**Nick Devlin, Group Chief Executive, commented:**

"We have executed well against our pivot to profit in our key holiday quarter delivering flat reported revenue vs prior year (-6% constant currency), improving year-on-year repeat customer contribution margins and tightly controlling our SG&A expenses.

Against a challenging market environment the robust performance of our repeat customers reflects the enduring appeal of Naked's core proposition combined with strong operational performance - with increased throughput from our investment in warehouse automation supporting an especially strong peak in the UK.

However, the consumer and marketing environment remains challenging and opportunities to invest in new customer recruitment at attractive payback levels continue to be limited. We expect to spend £20–24m on new customer investment in FY23, around 40% below FY22 levels. This is below the run rate necessary to maintain our current scale and we are likely to see a modest decline in revenue in FY24 as a result. As we enter our detailed FY24 planning cycle we will be evaluating a number of options to improve this outlook while remaining disciplined in our approach to investment evaluation and capital allocation.

Costs have remained tightly controlled with SG&A spend outlook at the bottom end of our guidance. Combining this with repeat contribution profit at the top end of expectations we now expect FY23 adjusted EBIT to be in the range of £13-17m (previously £9-13m)."

| **Q3'23 Sales growth by Geography (p/e Dec 26 2022):** | **Constant currency** | **As reported** |
|---|---|---|
| UK | -1% | -1% |
| USA | -11% | +2% |
| Australia | -6% | -3% |
| **Total Group** | **-6%** | **0%** |
| **Q3'23 Sales growth by customer type (p/e Dec 26 2022):** | **Constant currency** | **As reported** |
| Repeat Customer | -3% | +3% |
| New Customers | -32% | -27% |

The information contained within this announcement is deemed by the company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("UK MAR"). Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

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**About Naked Wines plc**

Naked Wines connects everyday wine drinkers with the world's best independent winemakers.

Why? Because we think it's a better deal for everyone. Talented winemakers get the support, funding and freedom they need to make the best wine they've ever made. The wine drinkers who support them get much better wine at much better prices than traditional retail.

It's a unique business model. Naked Wines customers commit to a fixed prepayment each month which goes towards their next purchase. Naked in turn funds the production costs for winemakers, generating savings that are passed back to its customers. It creates a virtuous circle that benefits both wine drinker and winemaker.

Our mission is to change the way the whole wine industry works for the better. In the last financial year, we served more than 934,000 Angel members in the US, UK and Australia, making us a leading player in the fast-growing direct-to-consumer wine market.

Our customers (who we call Angel members) have direct access to 268 of the world's best independent winemakers making over 2,200 quality wines in 22 different countries. We collaborate with some of the world's best independent winemakers like Matt Parish (Beringer, Stags' Leap) and 8-time Winemaker of the Year Daryl Groom (Penfolds Grange).