27 April 2023

Naked Wines plc

("Naked Wines" or "Group")

Pre-Close Trading Update, based on unaudited financials, for the year ended 3rd April 2023

Delivering our Pivot to profit

Highlights:

- Total revenue in line with guidance at c.£350m (flat on a reported basis, -6% to -8% on a comparable basis[1])
- FY23 adjusted EBIT expected to be £15-18m, at the top end or slightly above the guided range
- Reported Profit before tax expected to be £2-5m, consistent with current consensus
- Adjusted items of £14m, restructuring cash costs lower and non-cash stock costs higher than prior guidance[2]
- New customer investment expected at approximately £21m with 5-year payback expected to be 1.6-1.8x, balancing returns with cash generation and scale considerations
- Net cash balance of £10 million supported by inventory reduction on track to guidance
- $60m group credit facility fully operational having transitioned from Silicon Valley Bank to First Citizen Bank

Nick Devlin, Group Chief Executive, commented:

"FY23 has been a challenging year but we have made significant strategic progress with a foundation for sustainable profitable growth. Our pivot to profit is on track, delivering profitability at the top end of our guidance. Our cost control actions have resulted in SG&A at the low end of our expectation, while destocking continues as planned. I'd like to thank the Naked team and our community of winemakers for their continued support.

We enter FY24 as a significantly larger and substantially more profitable business than we were pre-pandemic. As stated in January, we expect a modest revenue decline near-term, but the demand outlook is stabilising, and we have identified opportunities for material cost savings in our fulfilment operations in the medium-term. We continue to expect to generate cash in the second half of FY24 as stock levels reduce. Planned developments in our customer proposition will increase the rate of new customer recruitment and I look forward to sharing more detail on this, as well as detailed guidance for the year ahead, with our full year results presentation."

Note

1) FY23 was a 53 week year. Numbers are as reported for 53 weeks except where stated as a comparable basis. For the comparable basis, figures refer to constant currency, 52-week versus 52-week comparisons excluding the additional 53rd week, and excluding inventory disposals utilising the inventory restructuring charge.

2) Prior guidance was for cash restructuring costs up to £4m and non-cash inventory-related charges up to £8m. Restructuring costs are expected to be less than £2m, non-cash inventory related charges are approximately £14m. Full detail of other adjusting items will be provided with the full year results, and this statement contains estimates until the conclusion of the annual audit process

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For further information, please contact:

Naked Wines plc

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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).