NEWS RELEASE

COVID-19 and Trading Update

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Naked Wines PLC

09 April 2020

Naked Wines plc
("Naked" or the "Group")

COVID-19 and Trading Update

Strong demand provides good momentum into FY21

COVID-19 update

During these extraordinary times, our main priority is keeping our customers, staff, suppliers and community of winemakers safe, while getting wine to our customers safely and reliably. To the extent it is safe to do so, we will seek to continue to meet the increased customer demand for our service.

In each of the markets in which we operate, UK, US and Australia, our office staff have been working remotely since 17 March 2020. Our supply chains continue to operate efficiently, working within additional health and safety constraints. As winemakers are considered agricultural, the grape harvest and wine production processes we depend on around the world have been able to continue largely unaffected.

Our distribution network is robust and continues to operate in all markets. Carriers are prioritising grocery and health supplies, but remain operational

and functional and have been able to meet our needs. Due to increased demand we are operating with extended delivery times in all markets to manage customers' expectations appropriately. In the UK we are operating with a reduced range to enable worker separation and sustain warehouse throughput and have been prioritising orders from repeat customers. We believe we have adequate stock availability and additional stock continues to move through our supply chains.

Trading update

Since restrictions on social gathering began, we have seen higher levels of demand from both new and repeat customers in all of our markets, particularly in the US, and as a result we are finishing the year with good momentum and expect revenue for FY20 to be in excess of £200m, which is slightly ahead of current consensus[1]. We have continued to invest aggressively in new customer recruitment and now expect our total investment for FY20 to be towards the middle of the £20-25m range we indicated with our interim results, with our key payback measure being above our 4x target.

Future trading dynamics clearly remain very uncertain, however we are operating from a position of financial strength which gives us maximum future flexibility around how we prioritise uses of cash. This enables us to take a long-term perspective, manage the potential risk of an uncertain environment, and be open to growth opportunities that may emerge during the coming months. As at 30 March 2020, the Group had over £50 million of cash and no debt, and has not seen any material change in patterns of customer funds withdrawals. With good access to inventory and significant flexibility to direct our marketing spending to the most effective channels, we expect to continue to invest for growth for as long as strong levels of consumer demand persist.

The situation is evolving rapidly and it's too early to provide detailed updated guidance, but we believe that we are very well placed to respond to growing demand for online delivery in all our markets.

Reporting timetable

We note the recent guidance from AIM regarding the opportunity to request a three month extension to the reporting deadline for the publication of annual audited accounts. We are reviewing the impact of the current situation on audit capacity, procedures and reporting requirements before confirming a date for our full year results.

Nick Devlin, Group Chief Executive, commented:

"During this unprecedented time, our absolute priority is the safety and wellbeing of our staff, customers, suppliers and winemakers and we have implemented necessary safeguarding measures in line with government advice in each of our markets.

I am deeply proud of the way our teams have responded to the challenge of adapting to a new way of working in light of COVID-19 and their commitment

to serving our customers. To the extent it's safe to do so we are working hard to continue to connect wine drinkers with world class independent winemakers and bring a moment of normality and enjoyment into their homes without necessitating a visit to a store.

In the short term, the introduction of social distancing has accelerated the shift in consumer buying behaviour towards online, leading to increased demand from both new and existing customers across all our markets. In the US, especially, I believe the current period could serve as an inflection point for the growth rate of the online category, and as the largest direct to consumer player in the US market we are well positioned as customers move online. Over the medium-term, COVID-19 and its economic impact clearly creates uncertainty. However, Naked, with its advantaged consumer proposition and strong balance sheet is well placed to meet the challenges of a changing consumer environment."

Notes:

(1) As at 1 April 2020, Group compiled consensus for the full year ended 31 March 2020 is for revenue of £198.9m. This represents three out of five covering analysts with models updated following the Group's Half Year Results on 21 November 2019.

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About Naked Wines plc

We set up Naked Wines because we believe that the wine industry could be so much better. The two important people - the wine drinker and the winemaker - could be getting a better deal.

The model we came up with turned out to be ahead of its time…crowdfunding. Our customers in the UK, USA and Australia support independent winemakers, and in exchange get exclusive access to delicious wines, at preferential prices.

The whole premise of Naked Wines is that you are joining a community and benefiting from the recommendations and experiences of fellow consumers.

Our belief is that great wine should be an everyday pleasure, not a privilege. We give talented winemakers the freedom and time to make wines that inspire, supported by a community of passionate wine drinkers, which results in a virtuous circle where everyone is better off; customers get a full experience, not just a product, and the best wines you've ever tasted!

Naked Wines has a fast growing and loyal subscriber base of Angels across its three markets and works with over 200 independent winemakers, producing 1,000+ wines in 17 countries.

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