NEWS RELEASE

Half-year Report

2024-12-10

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Naked Wines PLC

10 December 2024

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Naked Wines plc
('Naked Wines' or 'Group')

Half year results for the 26 weeks ended 30 September 2024

'Trading in line with guidance; strategic initiatives and testing are generating valuable learnings and progressing according to plan'

Naked Wines is pleased to announce its results for the 26 weeks ended 30 September 2024 (HY25)

Commenting on the HY25 performance, Rodrigo Maza, CEO, said:

"Naked Wines is in a better position, both financially and strategically. We now have robust financial foundations, and our members remain loyal and engaged. Our strategic initiatives centred around customer acquisition and retention are generating learnings, and we are currently experiencing solid trading during the peak season period."

"I am pleased to welcome Dominic as our new CFO. His experience in digital and international businesses have helped him quickly transition, and I look forward to working with him as we focus the business on cash, profitability and growth."

Financials	HY25	HY24	vs. HY24	Constant FX
Income Statement				
Total revenue	£112.3m	£132.3m	(15)%	(14)%
General and administrative costs[1]	£(15.7)m	£(18.6)m	(16)%	(15)%

Adjusted EBIT[2] - excl. inventory liquidation costs*	£0.6m	£2.6m	(77)%	(77)%
Inventory liquidation costs*	£(3.7)m	£(0.5)m	640%	640%
Adjusted EBIT[3]	£(3.1)m	£2.2m	(241)%	(248)%
Adjusted items[4]	£(1.9)m	£(10.9)m	(83)%	(84)%
Statutory operating loss	£(5.0)m	£(8.7)m	(43%)	(48%)
Statutory loss before tax	£(5.6)m	£(9.7)m	(42)%	(46)%
Cash and Inventory				
Net cash (excl. lease liabilities)[5]	£22.9m	£2.8m	716%	546%
Closing inventory	£139.2m	£188.7m	(26)%	(21)%
Customer metrics				
Active members in last 12 months[6]	706,000	799,000	(12)%	
Customer NPS[7]	76	73	4%	
5-Year forecast Payback[8]	1.0x	1.3x	(0.3)x	
Repeat customer sales retention	74%	72%	+200bps	

* Inventory liquidation costs include changes to the US stock provision, losses on disposal and other wine liquidation costs

Notes:

1. Refer to the reconciliation of general and administrative (G&A) costs in the APM section at the end of this announcement for a reconciliation of G&A costs shown here to those reported in the income statement.
2. Refer to the table in the APM section at the end of this announcement for a reconciliation of adjusted EBIT excluding inventory liquidation transactions to adjusted EBIT.
3. Refer to the reconciliation of reported performance to management adjusted basis in the APM section at the end of this announcement for a reconciliation of adjusted EBIT to operating loss (reported EBIT).
4. Refer to note 6 Adjusted items for further details.
5. Refer to the table in the APM section at the end of this announcement for an analysis of net cash (excluding lease liabilities).
6. Active members includes all members with either an Angel or Wine Genie membership. HY24 restated from 792k to include Wine Genie members
7. HY24 customer NPS updated for new calculation methodology, comparable to HY25. HY24 reported score of 66 is not comparable to HY25
8. HY24 is the latest forecast, original forecast 1.5x.

Financial highlights

Trading remains in line with previously communicated guidance:

- Liquidity continues to improve, and is slightly ahead of the Group's treasury policy target:
  - Net cash (excluding lease liabilities) of £22.9m, is an increase of £20.1m versus HY24, driven by stock reductions, partially offset by a reduction in payables; this also includes £9.1m inflow from the early redemption of the Vendor Loan Note
- HY25 revenue declined to £112.3m (HY24 £132.3m)
- HY25 adjusted EBIT excluding inventory liquidation and associated costs were £0.6m
- HY25 adjusted EBIT of £(3.1)m is down on HY24 by £5.3m, reflecting:
  - +£2.9m of G&A savings from the FY24 reorganisation
  - -£4.6m impact of lower sales
  - -£3.7m of inventory liquidation and associated costs, including a £2.5m increase to the US stock provision and £1.2m of losses on disposal and other wine liquidation costs
- Statutory loss before tax of £(5.6)m (HY24: £(9.7)m), includes £1.9m of adjusted items, £1.8m of which relates to under-absorption of current year's winery overheads in the US

Operational highlights

Enhancements to the management team:

- Rodrigo Maza appointed as CEO in April 2024, implementing a comprehensive strategic initiatives and testing programme, and leading the adoption of a high performance culture
- Dominic Neary was welcomed to the Naked Wines team in November 2024 as CFO, and brings significant experience at international high growth consumer, digital and FMCG companies

Our 'Core' members remain highly engaged: customer NPS remains excellent, increasing to 76 (from 73 in HY24) and retention of core customers (greater than 24 months since acquisition) has increased to 79% (from 77% in HY24).

Strategic initiatives and testing have resulted in valuable learnings and are progressing according to plan; improvements are required in payback:

- **Retention:** Material improvements in retention are feeding through to KPIs, including the impact of redesigned on-boarding flows and processes such as ratings
- **Acquisition:** Customer acquisition cost increases have been a key driver in the decline of payback to 1.0x in HY25 (HY24: 1.3x), largely reflecting the industry-wide decline in the voucher mechanic, as well as testing of increased volumes in the Wine Genie product. In the second half, we are testing the redirection

of some of our voucher spend into more efficient channels such as Earned Media. Payback will benefit from this alongside tailwinds from improvements in retention and personalisation

- **Personalisation:** Recently re-launched new user journeys are delivering significant improvements in conversion, most notably the newly launched Angel acquisition journey, where we have seen improved conversion uplifts in the UK of between 16% and 43% across channels

Outlook

- Early peak season trading has been solid; liquidity and cash continuing to improve
- FY25 performance is currently expected to be in line with the guidance previously given (as detailed at the end of the CFO statement)
- US inventory, whilst in line with previously communicated plans, remains overstocked; we are reviewing options to release capital from inventory; some of these would drive improved cash in FY26 and FY27, but could lead to increased liquidation costs, and result in EBIT at the lower end of guidance
- A performance review is underway, proactively evaluating options to maximise shareholder value; we will report back by the end of the financial year.

Analyst and investor conference call:

Naked Wines plc will host an analyst and investor conference call at 9am UK-time today (10 December 2024). The briefing will be webcast using the following link: **Naked Wines Half Year Results | SparkLive | LSEG**

A recording will also be made available on the Results section of the investor website **www.nakedwinesplc.co.uk** shortly after the conference call

For further information, please contact:

Naked Wines plc Rodrigo Maza, CEO Dominic Neary, CFO Catherine Miles / Libby Bundock	**IR@nakedwines.com**
Investec (NOMAD & Joint Broker) David Flin / Ben Farrow	Tel: 0207 597 5970
Jefferies (Joint Broker) Ed Matthews / Harry le May	Tel: 0207 029 8000
Vigo Consulting (Financial PR) Tim McCall	Tel: 0207 390 0230

About Naked Wines plc

Naked Wines is not just an online wine retailer; we're trailblazers on a mission to enable enthusiastic wine drinkers to enjoy great wine without the guesswork.

Founded in 2008, on the pillars of quality, choice and fair pricing, we set out to create the most inclusive wine club in the world - dedicated to transforming the wine-buying experience and empowering people to make their own wine choices, and championing world-class independent winemakers. We've proudly been delivering outstanding wines to our customers for over 15 years.

Our business model is simple yet innovative: Naked Wines funds the production costs for winemakers upfront, allowing them to focus on creating exceptional wines without the financial burdens of traditional wine production, while passing the resulting savings back to our customers.

The virtuous circle is a win-win for both wine lovers and winemakers, and enables us to deliver superior benefits to our customers:
- Better quality wine
- More choice

- Personalised wine recommendations
- Elimination of guesswork and uncertainty
- Fair payments for all involved

Our customers have direct access to 290 of the world's best independent winemakers and over 2,300 quality wines from 23 countries. In the last 12 months, we served more than 706,000 members in the US, UK and Australia, making us a leading player in the fast-growing direct-to-consumer wine market.

For more information visit **nakedwinesplc.co.uk** and **nakedwines.co.uk** or follow us **@nakedwines**

Group CEO review

Overview

I articulated my observations and priorities in August during our FY24 results presentation, and these remain unchanged:

- **We now have robust financial foundations in place.** We restructured our costs, landed a fit-for-purpose credit facility in July, and we continue the sale of our surplus inventory with the UK and Australia now returning to normal inventory levels, and US inventories, whilst still significantly in excess, are nevertheless down £20.5m on HY24.
- **We have embedded resilient management systems**. These ensure focus and alignment, enable the adoption of a high-performance culture (with Engagement Results improving for the first time since 2022), and drive winemaker success.
- **We are fully focused on getting Naked Wines back to sustainable growth**. We have been rolling out a comprehensive testing plan since the start of the fiscal year to recruit the right customers for the right reasons (Acquisition), bring them into the relationship that best suits their needs (Personalisation), and drive their long-term engagement and activation (Retention).

Strategic Initiatives

As shared a few months ago, we continue to see improvements from our Testing Plan and are building learnings across a number of areas, which we are already taking action on. In Q4 we will share more details of this and the implications they have on the trajectory of our company.

This plan challenges the fundamental aspects of the business and, because of that, some of our metrics are likely to be volatile during the testing phase. Payback in H1 has been an example of this, although we see tailwinds as we head into H2. Pleasingly, we note that early "peak season" trading has been solid, and we are tracking in line with FY25 expectations.

Retention improvements are feeding through in our KPIs
We are increasingly confident of improvements in both our Immature and Mature Retention (refer to Glossary for definition). Redesigned on-boarding flows are helping customers understand Naked's value proposition from the start, and a new engagement approach (moving from focusing on discounts to sharing relevant information about our wines and winemakers) is reinvigorating our relationships with members across most tenures.

A good example of this is our recently relaunched 'wine ratings'; we know that there is a strong correlation between completion of ratings and long-term retention and value. The new ratings process has resulted in a 94% completion of ratings versus 63% before. We are also seeing improvement in key retention metrics - sales retention is up 2% year-on-year, and retention of our core customers (more than 24 months since acquisition) has improved from 77% in HY24 to 79% in HY25.

Acquisition testing has identified significant efficiencies to reverse the recent trend in payback
The payback metric has deteriorated in HY25 - a key driver of this has been Customer Acquisition Cost (CAC), which has been adversely impacted by the industry-wide decline in voucher efficiency. Naked has historically over-invested in this area, and recent analysis and testing has identified the opportunity to generate significant efficiencies as we re-direct investment to more efficient channels such as earned media. Included within guidance are identified efficiencies in H2 FY25, with incremental opportunities likely in FY26 - these should improve payback going forward as we move away from legacy strategies.

Finding the right channels to develop continues to be a top priority. We're seeing early signs that our priority channels are driving a virtuous cycle, e.g. using PR and content creators for cost effective brand wide reach, then converting more efficiently into new members via Meta, member referral and brand search. We've invested in more robust mechanisms to measure the effectiveness of our efforts and remain confident in the potential of new growth avenues.

Recently re-launched product journeys are delivering significant improvements in conversion
Testing around Personalisation continues to show good progress, with the LTVs of members acquired through new funnels proving to be materially above average and the conversion gaps being actively improved upon. I'm pleased to share that enhancements to our Angel journey as well as our check-out have produced material conversion benefits at this early stage. As an example, we are seeing conversion uplifts in the acquisition of new Angels across all channels, ranging from 16% to 43% - this launch is being rolled out channel by channel between September and January.

Current trading and performance

We are currently within our peak trading period, and results so far are tracking in line with our expectations and overall guidance for FY25, but December remains important to delivery. We'll provide a full trading update in late January 2025. This will be followed by further insight into the Strategic Initiatives outlined above and their outputs before the end of our financial year.

Summary

Naked is in a better position, both financially and strategically, than it was at the start of FY25. While it is still early to claim definitive wins, we are seeing positive outputs from our experiments and Strategic Initiatives. We have big ambitions and are focused on the execution of our strategy, with lots of opportunities available to us to return to growth and a capable and motivated team in place to deliver on it. We look forward to providing regular updates on outputs and progress.

Rodrigo Maza
Group Chief Executive Officer

CFO Review

I would like to thank Maza and the team for their warm welcome since joining as CFO in November. The business has made significant progress in the last 12 months. Some of this is clear with net cash (excluding lease liabilities) of £22.9m, up £20.1m on HY24. Other improvements will take longer to impact financial results fully.

Our members remain engaged and loyal:
- Customer NPS is excellent and improving at 76 (HY24: 73) - once acquired, customers love our proposition
- Sales retention has improved a further 200 bps to 74% (vs. 72% in HY24)
- The trend in member decline is improving, in part due to the fact that the exceptional acquisition levels, and therefore attrition levels, from FY21 to FY23 cohorts are naturally reducing over time

The strength of our core membership continues to improve:
- Sales from core members, who are more than 24 months old, has increased to 74% of our business versus 67% in HY24
- Member retention of this group has increased to 79% from 77% last year

Payback has deteriorated in the first half; actions are in hand to address this:
The key drivers of the deterioration to 1.0x in HY25 (HY24: 1.3x) are:
- CAC (Customer Acquisition Cost) has substantially increased in the US and the UK, although it has declined in Australia; this reflects the increasingly inefficient cost of the voucher mechanic. Testing has identified significant non-voucher channel opportunities which will drive down investment levels in H2 and into FY26, resulting in significant efficiencies, some of which will drop down to the bottom line.
- In the last 12 months, Naked Wines has been investing in higher converting 'Wine Genie' members. Testing in the last three months has shown that longer-term performance through this product is weaker than forecast. Acquisition has largely pivoted back to the Angel channel.

We are stepping up our focus on profitability
Key drivers of this are: the significant opportunities highlighted above in redirecting voucher spend, and also ongoing improvements in procurement and arising from our tech investments

Cash and liquidity are strong
Naked Wines has made considerable progress with liquidity in the last 12 months. Net cash (excluding lease liabilities) of £22.9m is up £20.1m on HY24. As previously communicated, the new credit facility was completed in July 2024 and total cash and credit facility capacity at half year was £62m. Of this, £11m has been committed, via payment partners, to provide security to Angel customer balances and £8m has been drawn down. The remaining £43m is unpledged and puts the Group's liquidity slightly in excess of the position required under our treasury policy. As such, as part of our performance review, we are assessing whether we are likely to have potential excess funds in the future.

Separately, we are considering the potential for making early duty payments to help offset increased wine taxes

coming into effect in 2025 - this would impact cash levels at the end of FY25, and into FY26.

We are investigating options to speed up the proposed reduction in our inventory
UK and Australia stock levels are now returning to normal levels. Whilst progress has been made in the US in line with previously communicated plans, the region continues to remain significantly overstocked. We are currently investigating options to reduce inventory levels more quickly; some of these would drive improved cash in FY26 and FY27, but could lead to increased liquidation costs, and result in EBIT at the lower end of guidance.

The opportunities in the business are significant, but considerable work remains to be done. For example, we need to step up the pace of our digital simplification and associated effectiveness. Having only recently joined, I am now working with the team to perform a review, with a focus on efficiency, speed and cashflow.

Group financial summary1**:**

	HY25	HY24	HY25 vs HY24	Constant currency2
Total revenue3	£112.3m	£132.3m	(15)%	(14)%
Total adjusted revenue3	£112.3m	£131.6m	(15)%	(14)%
New	£7.9m	£9.1m	(13)%	(12)%
Repeat	£102.6m	£121.8m	(16)%	(15)%
Other	£1.9m	£0.7m	171%	36%
Investment in New Customers	£(9.4)m	£(9.2)m	2%	3%
Repeat Customer contribution	£25.9m	£30.5m	(15)%	(14)%
Other contribution	£(3.8)m	£(0.5)m	(660)%	(660)%
General and administrative costs excluding adjusted items4	**£(15.7)m**	**£(18.6)m**	**(16)%**	**(15)%**
Operating general and administrative costs	£(14.9)m	£(17.9)m	(17)%	(16)%
Share-based payments	£(0.8)m	£(0.7)m	(14)%	(14)%
Memo: statutory general and administrative costs	*£(15.8)m*	*£(18.7)m*	*(16)%*	*(14)%*
Adjusted EBIT5	£(3.1)m	£2.2m	(241)%	(196)%
Adjusted items6	£(1.9)m	£(10.9)m	(83)%	(84)%
Statutory operating loss	£(5.0)m	£(8.7)m	(43)%	(48)%
Net finance costs	£(0.7)m	£(1.0)m	(35)%	(24)%
Statutory loss before tax	£(5.6)m	£(9.7)m	(42)%	(46)%
Net cash excl. lease liabilities7	£22.9m	£2.8m	716%	546%
Net assets	£67.3m	£88.8m	(24)%	(19)%
Inventory (including that under staged payments)	£139.2m	£188.7m	(26)%	(21)%

Notes:
1. In addition to statutory reporting, Naked Wines reports alternative performance measures (APMs) which are not defined or specified under the requirements of UK-adopted international accounting standards. The Group uses these APMs to improve the comparability of information between reporting periods by adjusting for certain items which impact upon IFRS measures to aid the user in understanding the activity taking place across the Group's businesses. Definitions of the APMs used are given at the end of this announcement.
2. Constant currency basis using current period FX rates for the translation of the comparative period.
3. Refer to the reconciliation of reported performance to management adjusted basis in the APM section at the end of this announcement for a reconciliation of total revenue to total adjusted revenue.
4. Refer to the reconciliation of general and administrative (G&A) costs in the APM section at the end of this announcement for a reconciliation of G&A costs shown here to those reported in the income statement.
5. Refer to the reconciliation of reported performance to management adjusted basis in the APM section at the end of this announcement for a reconciliation of adjusted EBIT to operating loss (reported EBIT).
6. Refer to note 6 Adjusted items for further details.
7. Refer to the table in the APM section at the end of this announcement for an analysis of net cash (excluding lease liabilities).

Drivers of Group P&L performance
In HY25 total revenue declined by 14% on a constant currency basis to £112.3m (HY24: £132.3m). This broadly reflected the drop in active members which were down by 12%. Active member numbers have been trending more positively since the start of the year and were down by 6% on the start of the financial year.

Repeat Customer contribution dropped in line with Repeat Customer sales. There was a 12% decline in New Customer sales on a constant currency basis, with investment in the acquisition of new customers growing by 3% in HY25.

Statutory general and administrative (G&A) costs of £15.7m were down 16% on prior year (HY24: £18.6m), reflecting the annualisation of the cost savings implemented in FY24.

This resulted in adjusted EBIT excluding inventory liquidation and associated costs of £0.6m (HY24: £2.6m). The adjusted EBIT including liquidation of inventory was £(3.1)m (HY24: £2.2m). The statutory loss of £5.6m (HY24: loss of £9.7m) includes both the £3.7m of inventory liquidation costs and £1.9m of adjusted items.

Key adjusted items

	HY25 £m	HY24 £m
Right-sizing of US inventory	-	0.8
Under-absorption of current year's winery overheads	(1.8)	-
Impairment of non-current assets	-	(11.5)
Software as a Service costs incurred in the implementation of new ERP platform	-	(0.2)
Fair value movement on forward foreign exchange contracts	(0.1)	0.1

Refer to note 6 Adjusted items for further details of all these key adjusted items. These are adjusted as they are either material one-time charges we do not expect to be repeated or they are non-trading related. We feel that treating them as adjusted items provides clarity of these non-recurring events and also a more comparable view of business trading performance.

Cash flow drivers
HY25 net cash excluding lease liabilities was £22.9m, up £20.1m on HY24. There was £4.3m of net cash generation in HY25 (excluding the impact of FX), when we typically see cash outflow in the six months ahead of peak trading. This is a significant improvement in cash performance vs the typical cash outflow in the first half of the financial year.

Cash flow analysis

	HY25 £m	HY24 £m
Operating loss	**(5.0)**	**(8.7)**
Add back: depreciation and amortisation	1.1	1.6
Add back: other non-cash amounts[1]	0.6	(0.7)
Add back: impairments	-	11.5
Change in inventory	0.6	(19.8)
Change in payables	1.0	3.8
Change in Angel funds and other deferred income	7.7	8.5
Change in receivables	1.8	0.2
Operating cash flow	**7.8**	**(3.6)**
Tax and net interest paid	(2.4)	(1.9)
Capital expenditure	(0.4)	(0.6)

Repayments of principal under lease liabilities	(0.8)	(1.0)
Movement in net cash excluding lease liabilities	**4.3**	**(7.1)**
Opening net cash excluding lease liabilities	19.6	10.3
Movement in net cash excluding lease liabilities	4.3	(7.1)
FX	(1.0)	(0.4)
Closing net cash excluding lease liabilities	**22.9**	**2.8**

Notes:
1 Other non-cash amounts is made up of share-based payment charge of £0.8m, fair value movement on foreign exchange contracts of £0.1m, less movement in inventory provision of £0.3m and fair value movement on foreign exchange contracts of £0.1m

Net interest charges totaled £0.7m in HY25 (HY24: £1.0m), being the net of interest receivable on cash at bank and interest payable relating to the Group's asset-backed lending facilities in place in first half of the year, as well as interest costs of right-of-use assets.

The Group's statutory effective tax rate of (16)% (HY24: (20)%) is substantially driven by tax charges on overseas taxable profits and a reduction in US deferred tax assets recognised at the half year.

Liquidity and going concern
The Group has continued to build its net cash excluding lease liabilities position during FY25, primarily by focusing on inventory reduction. Angel funds, which are heavily weighted to our core members who have been with the business for more than 24 months, have remained resilient during the period, reflecting the loyalty of our longer-term and most engaged members.

The combination of this improvement, the additional liquidity and reduction in covenant limitations afforded by the new credit facility, and the expectation of additional cash generation that is typical through the peak trading period, has improved the Group's resilience to weather any downturn. The Board has stress-tested a range of trading scenarios, which incorporate a range of inventory liquidation costs and also potential early duty payments, and have a reasonable expectation that the Group and the Company will be able to operate within the level of their available liquidity. For this reason, and the reasons given above, the Board considers it appropriate for the Group and the Company to adopt the going concern basis in preparing these financial statements.

Dominic Neary
Group Chief Financial Officer

Guidance[1]
Our view on headline FY25 metrics remain unchanged as follows:

	FY25
Revenue	£240 - £270m
Revenue trend (%)	(16)% - (4)%
Repeat contribution	£54 - £65m
New customer investment	£(22) - £(25)m
G&A	£(29) - £(31)m
Adjusted EBIT excluding inventory liquidation	£3 - £8m
Inventory liquidation and associated costs	£(2) - £(5)m
Adjusted EBIT	£(2) - £6m
Finance charges	£(1.5) - £(2)m
Closing net cash excluding lease liabilities	£25 - £35m

Notes:
1. This guidance is provided based on FX rates of 1 GBP = 1.27 USD and 1.85 AUD

Condensed consolidated income statement
For the 26 weeks ended 30 September 2024

Continuing operations	Note	**26 weeks ended 30 September 2024 £'000**	26 weeks ended 2 October 2023 £'000
Revenue	5	**112,301**	132,339
Cost of sales		**(72,173)**	(78,939)
Fulfilment costs		**(21,402)**	(25,764)
Gross profit pre US inventory provision		**18,726**	27,636
Movement in US inventory provision	6*	**282**	1,327
Gross profit		**19,008**	28,963
Advertising costs		**(8,148)**	(7,440)
General and administrative costs		**(15,827)**	(18,732)
Impairment of non-current assets	6,7	**-**	(11,539)
Operating loss1		**(4,967)**	(8,748)
Finance costs		**(802)**	(2,329)
Finance income		**151**	1,333
Loss before tax		**(5,618)**	(9,744)
Tax	8	**(907)**	(1,930)
Loss for the period		**(6,525)**	(11,674)
Loss per share			
Basic and diluted	9	**(8.8p)**	(15.8p)

* Note reference relates to HY24.

1. Operating loss analysed as:

	Note	**26 weeks ended 30 September 2024 £'000**	26 weeks ended 2 October 2023 £'000
Adjusted EBIT2	5	**(3,061)**	2,159
Adjusted items:	6		
Right-sizing of US inventory		**-**	774
Under-absorption of current year's winery overheads		**(1,798)**	-
Impairment of non-current assets		**-**	(11,539)
Other adjusted items		**(108)**	(142)
Operating loss		**(4,967)**	(8,748)

2. Refer to the table in the APM section at the end of this announcement for analysis of adjusted EBIT identifying inventory liquidation transactions.

The notes to the condensed consolidated interim financial statements following the primary statements are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income
For the 26 weeks ended 30 September 2024

	26 weeks ended 30 September 2024 £'000	26 weeks ended 2 October 2023 £'000
Loss for the period	**(6,525)**	(11,674)
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	(3,727)	1,115
Other comprehensive (loss)/income for the period	**(3,727)**	1,115
Total comprehensive loss for the period	**(10,252)**	(10,559)

The total comprehensive loss for the period and the prior period is wholly attributable to the equity holders of the parent company, Naked Wines plc.

The notes to the condensed consolidated interim financial statements following the primary statements are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity
For the 26 weeks ended 30 September 2024

	Share capital £'000	**Share premium £'000**	**Capital redemption reserve £'000**	**Currency translation reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
At 1 April 2024	5,550	21,162	363	6,497	43,195	76,767
Loss for the period	-	-	-	-	(6,525)	(6,525)
Other comprehensive loss for the period	-	-	-	(3,727)	-	(3,727)
Total comprehensive loss for the period	**-**	**-**	**-**	**(3,727)**	**(6,525)**	**(10,252)**
Credit to equity for equity-settled share-based payments	-	-	-	-	806	806
At 30 September 2024	**5,550**	**21,162**	**363**	**2,770**	**37,476**	**67,321**
At 3 April 2023	5,550	21,162	363	7,930	63,673	98,678
Loss for the period	-	-	-	-	(11,674)	(11,674)
Other comprehensive income for the period	-	-	-	1,115	-	1,115
Total comprehensive income/(loss) for the period	-	-	-	1,115	(11,674)	(10,559)
Credit to equity for equity-settled share-based payments	-	-	-	-	664	664
Deferred tax on share-based payments	-	-	-	-	(32)	(32)

At 2 October 2023	5,550	21,162	363	9,045	52,631	88,751

The notes to the condensed consolidated interim financial statements following the primary statements are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet
As at 30 September 2024

	Note	**30 September 2024 £'000**	1 April 2024 £'000
Non-current assets			
Goodwill and intangible assets		**5,859**	5,859
Property, plant and equipment		**2,219**	2,468
Right-of-use assets		**2,063**	2,794
Deferred tax assets		**2,247**	3,425
		12,388	14,546
Current assets			
Inventory staged payments to winemakers		**13,223**	13,273
Inventories		**125,953**	131,581
Trade and other receivables		**8,396**	10,460
Corporation tax recoverable		**1,965**	-
Financial instruments at fair value		**-**	21
Cash and cash equivalents	10	**29,264**	31,851
		178,801	187,186
Current liabilities			
Trade and other payables		**(38,152)**	(38,738)
Current tax liabilities		**-**	(249)
Angel funds and other deferred income		**(73,948)**	(68,314)
Lease liabilities	10	**(1,353)**	(1,392)
Provisions	6(b)	**(2,209)**	(1,475)
Borrowings	10	**-**	(12,248)
Customer-funded bonds	10	**(35)**	(35)
Financial instruments at fair value		**(374)**	(268)
		(116,071)	(122,719)
Net current assets		**62,730**	64,467
Total assets less current liabilities		**75,118**	79,013
Non-current liabilities			
Lease liabilities	10	**(1,510)**	(2,246)
Borrowings	10	**(6,287)**	-
		(7,797)	(2,246)
Net assets		**67,321**	76,767
Equity			
Share capital		**5,550**	5,550
Share premium		**21,162**	21,162
Capital redemption reserve		**363**	363
Currency translation reserve		**2,770**	6,497

Retained earnings	**37,476**	43,195
Total equity	**67,321**	76,767

The condensed consolidated interim financial statements of Naked Wines plc (company registration number 02281640) have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted for use in the UK.

The notes to the condensed consolidated interim financial statements following the primary statements are an integral part of these condensed consolidated interim financial statements.

By order of the Board,

Dominic Neary
Chief Financial Officer
9 December 2024

Condensed consolidated cash flow statement
For the 26 weeks ended 30 September 2024

	Note	**26 weeks ended 30 September 2024 £'000**	26 weeks ended 2 October 2023 £'000
Operating activities			
Net cash flows from/(used in) operations	10	**7,817**	(3,580)
Overseas income tax paid		**(2,157)**	(511)
Net cash from/(used in) operating activities		**5,660**	(4,091)
Investing activities			
Purchase of property, plant and equipment		**(358)**	(647)
Proceeds on disposal of property, plant and equipment		**12**	39
Net cash used in investing activities		**(346)**	(608)
Financing activities			
Interest paid		**(376)**	(1,479)
Interest received		**151**	247
Repayments of principal under lease liabilities		**(791)**	(1,178)
Debt issuance costs paid		**(1,801)**	-
Other loans		**-**	1,000
Repayment of borrowings		**(12,303)**	-
Drawdown of borrowings		**8,301**	-
Net cash used in financing activities		**(6,819)**	(1,410)
Net decrease in cash		**(1,505)**	(6,109)
Cash and cash equivalents at the beginning of the period		**31,851**	39,474
Effect of foreign exchange rate changes		**(1,082)**	403
Cash and cash equivalents at the end of the period	10	**29,264**	33,768

The notes to the condensed consolidated interim financial statements following the primary statements are an

integral part of these condensed consolidated interim financial statements.

Notes to the financial statements

1. General Information

Naked Wines plc, (the Company), is a public limited company and is limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company is the ultimate controlling party of the Naked Group and its ordinary shares are traded on the Alternative Investment Market (AIM).

The Company's registered address is Norvic House, 29-33 Chapel Field Road, Norwich, NR2 1RP, UK. The Group's principal activity is the direct-to-consumer retailing of wine. 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 UK-adopted international accounting standards.

These condensed consolidated interim financial statements have been prepared applying the accounting policies set out in the Annual Report and Accounts for the 52 weeks ended 1 April 2024.

The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements included in this report have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted for use in the UK. The condensed consolidated interim financial statements are not statutory accounts. They include the financial statements of Naked Wines plc and entities controlled by the Company (its subsidiaries), Naked Wines plc has control over the Naked Wines plc Share Incentive Plan Trust and the Naked Wines Employee Benefit Trust, which have not been consolidated on the basis of materiality.

The financial reporting period represents the 26 weeks ended 30 September 2024 and the prior period, 26 weeks ended 2 October 2023, and are presented in GBP which is the Group's functional currency, and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The new accounting standards that came into effect in the current accounting period beginning 2 April 2024, noted below, do not introduce any new disclosures that are explicitly required in the condensed consolidated interim financial statements.

Effective date 1 January 2024

- Non-current Liabilities with Covenants - Amendments to IAS 1
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Lease Liability in Sales and Leaseback - Amendments to IFRS 16
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

At the reporting date, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

- Lack of Exchangeability - Amendments to IAS 21
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective date deferred indefinitely).

3. Significant estimates

Inventory provision

The Group continues to closely assess the recoverability of its inventory holdings, especially in its US market.

In this market, the Group has continued to hold elevated inventory levels. It has continued to assess expected levels and product mix of consumer demand and has also continued to liquidate inventory through secondary market activity.

As such, whilst disposals amounting to £5m of cost of goods have been completed through secondary market channels in the period, the Group has seen a smaller reduction in US inventory provision level from £12.5m at the end of FY24 to £11.5m at the half year, with an inventory provision charge of £2.5m in the period (FY24: £7.4m).

A number of critical judgements have been made in the calculation of the US segment inventory provision analysis, including:

- Realisable volumes and value of bulk wine in the open market;
- Changing consumer consumption patterns between wine product families resulting in changing bottling plans; and
- Estimates of future trading activity and utilisation of inventory on hand.

For both bulk and cased wine inventory in the US, the full range of reasonably possible outcomes is inherently difficult to calculate as it is dependent on key assumptions such as future expected sales of wine and sales proceeds. The Directors highlight therefore it is possible that outcomes may differ from their estimates made at the half year, and that the magnitude of the inventory provision in the Group's US business unit could materially change in subsequent reporting periods. Two relevant sensitivities that are readily quantifiable are the expected proceeds from the disposal of bulk inventory on hand not currently in planned wine production and the possible value of further cased good inventory provision required following a change in future sales versus expectation. Management have prepared their estimates of these sensitivities based on expected disposal of inventory volumes through secondary market channels, recent experience of realisation values for wine disposed of on the secondary market and recent forecast sales run rates.

Bulk wine (provision of £8.7m (FY24: £7.7m)) disposal assumptions: If management are not able to realise expected proceeds for bulk wine reaching commercial expiry in the next 24 months, an additional £1.0m (FY24: £0.9m) of inventory would be written off. Additionally, there is a further net £2.1m of remaining bulk wine at the balance sheet date which is considered to be most at risk. This wine is expiring after more than 24 months and is either currently expected to be used in future wine projects or has anticipated proceeds on disposal assumed. However, if these assumptions prove to be inaccurate, then the Company would be exposed to this additional £2.1m of inventory write down.

Cased wine (provision of £2.8m (FY24: £4.9m)) sales volume sensitivity: Management have forecast expected consumption of cased goods in hand at the balance sheet date by using product level or product family level historic run rates to calculate forward days cover and to assess the calculated SKU consumption date against SKU family expected prime marketing life. A pro-forma 5% reduction in SKU level run rates across the cased goods inventory holding at the half results in an additional £0.1m of cased goods inventory provision requirement.

4. Going concern

Background and context
The Group's financial statements for the year ended 1 April 2024 were signed on 27 August 2024. These financial statements were prepared on a going concern basis.

Credit facility
On 8 July 2024 the Group entered into a 60-month senior secured revolving credit facility with PNC Bank, National Association, as administrative agent and lender for up to $60m of credit based on the inventory held by the Group's US, UK and Australian subsidiaries. The purpose of this facility is to provide the Group with access to working capital and also to be used as a source of security for strategic stakeholders. The Group has met all of its credit facility covenant requirements since signature of the agreement up to the date of the signing of these financial statements.

Base case forecast
In assessing the appropriateness of the going concern assumption, the Board has considered (i) the cash requirements of the business to pursue its intended strategy, (ii) the funding available to the Group from existing cash reserves and its credit facility (iii) the level of security to be held against Angel fund balances and (iv) potential variations in the cash requirements of the Group, including taking into account a severe but plausible downside scenario that appropriately reflect Naked's recent trading and the current macroeconomic outlook.

The Directors have prepared cash flow scenarios extending for a period of at least 12 months from the date of the approval of these interim financial statements ("the going concern assessment period") to assess the liquidity of the Group.

A baseline forecast was prepared in which business unit trading KPIs were assumed to be in line with current expectations for the remainder of FY25 and flat year-on-year, adjusted for known one-off distortions, in the remainder of the going concern period. The forecast anticipated continued upward pressure on customer acquisition costs. Costs were assumed to be in line with current underlying run rates allowing for reasonable market inflation. Liquidity was forecast on the basis of the Group's current credit facility alongside anticipated inventory holdings. In this scenario, the Group maintained more than £20m of headroom above its springing covenant liquidity test of more than $12m of facility availability and US PNC banked cash across the forecast

period, above which it does not need to measure compliance with its fixed charge cover ratio covenant test of greater than 1.2x.

Severe but plausible downside and reverse stress test
The Directors have then prepared a severe but plausible downside scenario incorporating a number of sensitivities and also available mitigating actions.

Sales performance driver:
- A 5% decline in revenue per Angel from the beginning of the base case forecast period, described above, extending over the entire forecast period.

Cost mitigations:
- A 10% reduction in new customer investment from the beginning of the FY26, amounting to a saving of £1.8m across the forecast period;
- Reduction to £nil payable variable compensation in FY25, resulting in a £1.4m P&L saving in the second half of the year and the associated cash outflow reduction in H1 FY26; and
- A further reduction of P&L cost of £1.0m relating to FY26 variable compensation for the remainder of the forecast period.

Working capital mitigations:
- Reduction in inventory intake in FY26 of £10m in response to lower sales expectation.

The net impact of the severe but plausible downside is to reduce the Group's headroom to its springing covenant test to £14m in October 2025, reflecting the phasing of inventory intake for peak trading in the following periods. In all other periods of the assessment, the severe but plausible downside scenario showed that the Group retained more than £20m of headroom. This reduction in headroom still does not require the testing of the Group's fixed charge cover ratio in the forward forecast period.

A further 'reverse stress test' scenario has also been run, deliberately designed to identify the point at which the Group failed its banking facility covenant. This scenario required a further 8% decline in revenue per Angel, without any further cash or cost mitigation, before the Group would trip its covenant commitments. In this scenario, the Group failed its covenant test in October FY26.

Summary
After considering the forecasts, sensitivities and mitigating actions available and having regard to the risks, uncertainties and challenges in recent trading and the macroeconomic environment, in the modelled scenarios Naked Wines has sufficient liquidity to continue trading and to meet its minimum facility liquidity requirements, avoiding the need to assess its fixed charge cover ratio covenant commitment.

The Board believes that the flexibility afforded to it by its new financing arrangements and the generation of net cash since the beginning of the current financial year mean that the Directors have a reasonable expectation that the Group will be able to operate within the level of their available liquidity and meet their liabilities as they fall due for the forecast period. For this reason, the Board considers it appropriate to adopt the going concern basis in these condensed consolidated interim financial statements.

5. Segmental reporting

IFRS 8 Operating segments requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The Board has determined that the Executive Directors of the Company are the CODM of the business. This is on the basis that they have primary responsibility for the allocation of resources between segments and the assessment of performance of the segments. In line with the information presented to the Executive Directors of the Company, the Group presents its segmental analysis based on the three geographic locations in which the Group operates.

Performance of these operating segments is assessed on revenue and adjusted EBIT (being operating profit excluding any adjusted items), as well as analysing the business between new customer, repeat customer and other lines of business.

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 the segments. Adjusted items are allocated in accordance with how they are reported to the CODM.

The table below sets out the basis on which the performance of the business is presented to the CODM. The CODM considers that, as a single route to market and solely consumer-facing business in three geographically and economically diverse locations, the business comprises three operating segments. The Group reports revenue from external customers as a single product group, being principally wine and some spirits.

Unallocated assets include goodwill and other intangible assets held by holding companies and unallocated impairment charges relate to impairments recorded against these assets. These assets are unallocated for the

purpose of the segmental disclosure as these are not included in the assets and liabilities reported to the CODM for each operating segment. For the purposes of the geographical analysis, these assets are allocated to the UK as these assets arose as a result of an acquisition by a UK holding company. For impairment analysis, these assets are allocated to the relevant CGU.

Costs relating to global Group functions are not allocated to the operating segments for the purposes of assessing segmental performance and consequently global costs are presented separately. This is consistent with the presentation of those functions to the CODM.

Revenues are attributed to the countries from which they are earned. The Group is not reliant on a major customer or group of customers.

All revenue is recognised at a single point in time when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific to the Group, the performance obligations of the Group are deemed to be fulfilled when the product is delivered to our customer or Angel, typically within one to three days following dispatch, which is when the customer obtains control of their purchase and there is reasonable certainty regarding the recovery of the consideration.

The Group is subject to seasonal fluctuations resulting in varying profits over the full year period. The Group experiences increased sales in the third quarter which covers the holiday period, accounting for around 40% of total revenue compared to around 20% in each of the other quarters.

Included within Angel funds and other deferred income is deferred income of £6.5m (1 April 2024: £3.1m). These balances represent value of funds received in advance, but the order is yet to be fulfilled or delivered. This will be recognised as revenue when the order is fulfilled or delivered, which is expected to occur over the next six months.

26 weeks ended 30 September 2024	**Naked Wines US £'000**	**Naked Wines UK £'000**	**Naked Wines Australia £'000**	**Unallocated £'000**	**Total £'000**
Total segment revenue	**51,989**	**47,513**	**13,964**	**-**	**113,466**
less intercompany revenue	**(1,165)**	**-**	**-**	**-**	**(1,165)**
External revenue	**50,824**	**47,513**	**13,964**	**-**	**112,301**
Analysed as:					
New Customer sales	4,245	2,317	1,296	-	**7,858**
Repeat Customer sales	44,699	45,196	12,668	-	**102,563**
Other revenue	1,880	-	-	-	**1,880**
Revenue	**50,824**	**47,513**	**13,964**	**-**	**112,301**
Investment in New Customers	(4,747)	(3,513)	(1,183)	-	**(9,443)**
Repeat Customer contribution	15,069	7,437	3,372	-	**25,878**
Other contribution[1]	(3,545)	(232)	-	-	**(3,777)**
Total contribution after advertising costs[2]	6,777	3,692	2,189	-	**12,658**
General and administrative costs[3]	(3,781)	(2,093)	(1,149)	(8,696)	**(15,719)**
Adjusted EBIT	**2,996**	**1,599**	**1,040**	**(8,696)**	**(3,061)**
Adjusted items:					
Under-absorption of current year's winery overheads	(1,798)	-	-	-	**(1,798)**
Other adjusted items	(2)	(189)	(2)	85	**(108)**
Operating profit/(loss)	**1,196**	**1,410**	**1,038**	**(8,611)**	**(4,967)**
Finance costs	(674)	(102)	(25)	(1)	**(802)**
Finance income	147	4	-	-	**151**
Profit/(loss) before tax	**669**	**1,312**	**1,013**	**(8,612)**	**(5,618)**
Tax	(551)	(77)	(179)	(100)	**(907)**
Profit/(loss) for the period	**118**	**1,235**	**834**	**(8,712)**	**(6,525)**

Depreciation	1,016	84	-	-	**1,100**
Total assets	112,929	48,328	20,139	9,793	**191,189**
Total liabilities	56,905	52,110	12,087	2,766	**123,868**
Capital expenditure	220	138	-	-	**358**

Geographical analysis	**US £'000**	**UK £'000**	**Australia £'000**	**Total £'000**
Revenue	50,824	47,513	13,964	**112,301**
Non-current assets excluding deferred tax assets	3,460	6,681	-	**10,141**

1. Other contribution constitutes loss on inventory liquidation and associated transactions
2. Contribution after advertising costs is calculated as gross profit (£19.0m), less advertising costs (£8.1m), excluding transactions associated with the under-absorption of current year's winery overheads (£1.8m) (details in note 6 Adjusted items).
3. Refer to the table in the APM section at the end of this announcement for a reconciliation of G&A costs to those reported in the income statement.

26 weeks ended 2 October 2023	**Naked Wines US £'000**	**Naked Wines UK £'000**	**Naked Wines Australia £'000**	**Unallocated £'000**	**Total £'000**
External revenue	**63,924**	**52,372**	**16,043**	**-**	**132,339**
Revenue associated with the US inventory impairment	(707)	-	-	-	**(707)**
Total adjusted revenue 1	**63,217**	**52,372**	**16,043**	**-**	**131,632**
Analysed as:					
New Customer sales	5,336	2,313	1,462	-	**9,111**
Repeat Customer sales	57,172	50,059	14,581	-	**121,812**
Other revenue	709	-	-	-	**709**
Total adjusted revenue 1	**63,217**	**52,372**	**16,043**	**-**	**131,632**
Investment in New Customers	(5,953)	(2,036)	(1,258)	-	**(9,247)**
Repeat Customer contribution	17,448	9,384	3,632	-	**30,464**
Other contribution	(468)	-	-	-	**(468)**
Total contribution after advertising costs2	11,027	7,348	2,374	-	**20,749**
General and administrative costs3	(5,749)	(3,070)	(1,607)	(8,164)	**(18,590)**
Adjusted EBIT	**5,278**	**4,278**	**767**	**(8,164)**	**2,159**
Adjusted items:					
Right-sizing of US inventory	774	-	-	-	**774**
Impairment of non-current Assets	(1,681)	-	(696)	(9,162)	**(11,539)**
Other adjusted items	-	-	-	(142)	**(142)**
Operating (loss)/profit	**4,371**	**4,278**	**71**	**(17,468)**	**(8,748)**
Finance costs	(2,292)	(14)	(21)	(2)	**(2,329)**

Finance income	792	-	-	541	**1,333**
Profit/(loss) tax	**2,871**	**4,264**	**50**	**(16,929)**	**(9,744)**
Tax	(2,067)	306	(169)	-	**(1,930)**
Profit/(loss) for the period	**804**	**4,570**	**(119)**	**(16,929)**	**(11,674)**
Depreciation	1,235	127	112	57	**1,531**
Amortisation	-	-	-	100	**100**
Impairments	1,681	-	696	9,162	**11,539**
Total assets	147,571	60,246	24,901	23,004	**255,722**
Total liabilities	93,753	54,568	15,131	3,519	**166,971**
Capital expenditure	636	-	11	-	**647**
		US £'000	**UK £'000**	**Australia £'000**	**Total £'000**
Geographical analysis					
Revenue		63,924	52,372	16,043	**132,339**
Non-current assets excluding deferred tax assets and the vendor loan note		5,248	5,983	-	**11,231**

1. Total adjusted revenue is calculated as revenue excluding revenue associated with the right-sizing of US inventory as analysed in note 6 Adjusted items.
2. Contribution after advertising costs is calculated as gross profit (£29.0m), less advertising costs (£7.4m), excluding transactions associated with the right-sizing of US inventory included in contribution (£0.8m), (details in note 6 Adjusted items).
3. Refer to the table in the APM section at the end of this announcement for a reconciliation of G&A costs to those reported in the income statement.

6 Adjusted items

The Directors believe that adjusted EBIT provides additional useful information for shareholders on trends and performance. These measures are used for performance analysis. Adjusted EBIT is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

The adjustments made to reported loss before tax are:

	26 weeks ended 30 September 2024 £'000	26 weeks ended 2 October 2023 £'000
Net movement in US inventory provision	**-**	1,327
Loss on the disposal of US inventory - contribution loss1	**-**	(553)
(a) Right-sizing of US inventory	**-**	774
(b) Under-absorption of current year's winery overheads	**(1,798)**	-
(c) Impairment of non-current assets	**-**	(11,539)
Restructuring costs	**-**	36
Software as Software as a Service costs incurred in the implementation of new ERP platform	**-**	(248)
Fair value movement on foreign exchange contracts and associated unrealised foreign currency inventory	(108)	70
(d) Other adjusted items	**(108)**	(142)
Total adjusted items	**(1,906)**	(10,907)

1. Contribution loss analysed as sales of £nil (HY24: £0.7m) less cost of goods sold of £nil (HY24: £1.3m) resulting in a net contribution loss of £nil (HY24: loss of £0.6m).

(a) Right-sizing of US inventory

During the first half of the prior year, the Group recorded a net credit of £0.8m reflecting the utilisation of the inventory provision created in FY23 and a contribution loss where inventory that was provided against that has been sold on the secondary market as part the right-sizing exercise for less than historic cost of goods.

(b) Under-absorption of current year's winery overheads

As a result of a reduction in the expected volume of wine to be produced by the Group's US business unit in the year, the Group is unable to allocate all of the associated wine production overhead costs into the wine produced. Per the relevant accounting standard (IAS 2 Inventories), unallocated overheads as a result of low production must be expensed to the income statement in the period in which they are incurred. The charge reported at the half year includes both the under-absorption of incurred production costs to date and a provision for the remainder of an onerous third-party production cost relating to current year production.

(c) Impairment of non-current assets

Management have assessed whether indicators of impairment exist for the remaining non-current assets on the balance sheet, and whether indicators exist that previously booked impairments may be reversed. At the end of the current period, management found no evidence of further impairments required, nor any reversals of previously booked impairments required. The Group has therefore recognised an amount of £nil to the impairments to non-current assets (HY24: £11.5m).

(d) Other adjusted items

Fair value movement on foreign exchange contracts and associated unrealised foreign currency inventory

The Group commits in advance to buying foreign currency to purchase wine to mitigate exchange rate fluctuations. UK-adopted international accounting standards require us to mark the value of these contracts to market at each balance sheet date. As this may materially fluctuate, we adjust this, and associated foreign currency inventory revaluation, so as to better reflect our trading profitability.

Restructuring costs

Restructuring costs in the current period was £nil. In the first half of the prior year, there was a release of the previous year's provision no longer required.

Software as a Service cost

During the prior year, the Group provided for implementation costs relating to the development of a new ERP system.

7 Impairment of non-current assets

Management have determined that no indicators of impairment existed at the balance sheet date and as such no impairment review has been performed. In the prior year, impairment indicators were identified and an impairment review undertaken. As a result of this review, the carrying value of assets held in Naked Wines US and Naked Wines Australia were reduced to their recoverable amount through recognition of an impairment charge of £11.5 million against goodwill, other intangibles, property, plant and equipment and right-of-use assets. This charge was recognised within adjusted items in the income statement and is analysed by segment and asset type as set out below:

	Goodwill £'000	Other intangible assets £'000	Property, plant and equipment £'000	Right-of-use assets £'000	Total £'000	CGU value in use * £'000
Naked Wines US	8,128	1,034	-	1,681	10,843	**64,753**
Naked Wines UK	-	-	-	-	-	**52,709**
Naked Wines Australia	-	-	11	685	696	**(447)**
	8,128	**1,034**	**11**	**2,366**	**11,539**	**117,015**

* The value in use of each CGU is calculated after a full allocation of corporate costs necessarily incurred to generate the cash inflows of the operating business units and in accordance with IAS36 Impairment of assets.

8 Tax

Tax for the 26 weeks ended 30 September 2024 is charged at an effective tax rate of (16.1)% (HY24: (19.8)%) representing the best estimate of the Group's expected annual effective tax rate, applied to the profit before tax of the period. The effective tax rate is substantially driven by tax charges on overseas taxable profits and a reduction in the US deferred tax assets recognised at the balance sheet date.

	26 weeks ended 30 September 2024 £'000	26 weeks ended 2 October 2023 £'000
Current tax	**(183)**	(544)
Deferred tax		
Change in UK deferred tax asset recognition	**(177)**	429
Change in US deferred tax asset recognition	**(551)**	(1,768)
Other deferred tax movements	**4**	(47)
Deferred tax	**(724)**	(1,386)
Total tax charge for the period	**(907)**	(1,930)
Effective tax rate	**(16.1)%**	(19.8)%

9 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of the Company, excluding 137,298 (HY24: 180,161) shares held by the Naked Wines plc Share Incentive Plan Trust and the Naked Wines Employee Benefit Trust (which have been treated as dilutive share-based payment awards).

The dilutive effect of share-based payment awards is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. Share options granted over 830,701 (HY24: 6,855,248) ordinary shares have been excluded from the calculation as they are anti-dilutive. There are no outstanding share awards that are potentially dilutive at the year end.

	26 weeks ended 30 September 2024	26 weeks ended 2 October 2023
Basic and diluted loss per share (pence)	**(8.8)p**	(15.8)p
Loss for the purposes of basic earnings per share calculation (£'000)	**(6,525)**	(11,674)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**73,844,059**	73,770,908
Total number of shares in issue	**74,004,135**	74,004,135

As noted above, the denominator for the purposes of calculating both basic and diluted loss per share has been adjusted to exclude the shares held by the Naked Wines plc Share Incentive Plan Trust and the Naked Wines Employee Benefit Trust.

If all the Company's share option schemes had vested at 100%, the Company would have 78,727,032 issued

shares (HY24: 74,624,159).

10 Notes to the cash flow statement

(a) Cash flows from operations

	26 weeks ended 30 September 2024 £'000	26 weeks ended 2 October 2023 £'000
Cash flows from operations		
Loss for the period	**(6,525)**	(11,674)
Adjustments for:		
Tax expense	**907**	1,930
Net finance costs	**651**	996
Depreciation and amortisation	**1,100**	1,631
Impairment of non-current assets	**-**	11,539
Profit/(loss) on disposal of fixed assets	**(9)**	1
Profit on early termination of leases	**(1)**	-
Fair value movement on foreign exchange contracts	**126**	(70)
Inventory provision movement	**(282)**	(1,327)
Share-based payment charges	**806**	664
Operating cash flows before movements in working capital	**(3,227)**	3,690
Decrease/(increase) in inventories	**576**	(19,842)
Increase in customer funds and other deferred income	**7,704**	8,515
Decrease in trade and other receivables	**1,790**	235
Increase in trade and other payables	**974**	3,822
Net cash flows from/(used in) operations	**7,817**	(3,580)

(b) Analysis of movement in net cash and changes in liabilities arising from financing activities

	1 April 2024 £'000	Cash flows £'000	Non-cash movements[1] £'000	**30 September 2024 £'000**
Cash and cash equivalents	**31,851**	**(1,505)**	**(1,082)**	**29,264**
Borrowings:				
Borrowings[2]	(12,468)	12,303	165	**-**
Borrowings[3]	-	(8,301)	379	**(7,922)**
Issuance costs	220	1,801	(386)	**1,635**
Borrowing, net of issuance costs	**(12,248)**	**5,803**	**158**	**(6,287)**
Customer-funded bonds	(35)	-	-	**(35)**
Lease liabilities	(3,638)	791	(16)	**(2,863)**
	(15,921)	**6,594**	**142**	**(9,185)**
Total net cash/(borrowings)	**15,930**	**5,089**	**(940)**	**20,079**

	3 April 2023	Cash flows	Non-cash movements[1]	2 October 2023

	£'000	£'000	£'000	£'000
Cash and cash equivalents	39,474	(6,109)	403	33,768
Borrowings:				
Borrowings	(29,516)	-	(932)	(30,448)
Issuance costs	385	-	140	525
Borrowing, net of issuance costs	(29,131)	-	(792)	(29,923)
Other loans	-	(1,000)	-	(1,000)
Customer-funded bonds	(35)	-	-	(35)
Lease liabilities	(5,851)	1,178	(660)	(5,333)
	(35,017)	178	(1,452)	(36,291)
Total net cash/(borrowings)	4,457	(5,931)	(1,049)	(2,523)

1. Non-cash movements relate to lease additions and foreign exchange movements.
2. Borrowings held with Silicon Valley Bank, repaid on 8 July 2024.
3. Borrowings held with PNC Bank, National Association, drawn down on 8 July 2024.

11 Borrowings

On 8 July 2024, the Group entered into a 60-month senior secured revolving credit facility with PNC Bank, National Association, as administrative agent and lender for up to $60m of credit based on the inventory held by Nakedwines.com Inc, **www.nakedwines.com** Ltd and Naked Wines Australia Pty Ltd. The facility is secured against the assets of the Group.

The principal terms of the new facility are:

- Maximum revolving advance amount of $60m, with available liquidity based on the value of inventory held (as defined in the facility terms);
- Facility term of five years;
- Margins, depending on facility headroom, of principally the Secured Overnight Financing Rate (SOFR) plus an applicable margin of between 2.75% and 3.25% and an unused line fee; and
- A single financial performance covenant requiring fixed charge cover of greater than 1.2x, but only tested if outstanding available liquidity (as defined in the facility terms) is less than $12m.

On completion of this agreement with PNC Bank, the Group's commitments and obligations under its previous senior secured credit facility with Silicon Valley Bank, a division of First Citizens Bank, fell away.

Indicatively, the facility's financial effect, using a representative current SOFR rate which cannot be predicted in the future and average facility margins which may not be representative of actual final applicable margins, is that a representative $10m of drawdown for 12 months would amount to a total interest and unused line fee payable of approximately £0.8m. In addition, the Group anticipates amortisation charges of the new facility arrangement fees of around £0.4m.

12 Events after the balance sheet date

There were no post balance sheet events that have a material impact on the financial position and performance of the Company.

Glossary of definitions, alternative performance measures (APMs) and key performance indicators (KPIs)

Definitions		
5-Year Forecast Payback	The ratio of projected future Repeat Customer contribution we expect to earn from the new customers recruited in the year, divided by the Investment in New Customers. We forecast contribution at a customer level using a machine-learning	Investment measure

	algorithm that weighs several characteristics including demographics, interactions and transactions forecast over a five-year horizon. This is then aggregated to a monthly, then annual, cohort level for reporting purposes. As this is an undiscounted forward-looking estimate it cannot be reconciled back to reported financial results.	
5-Year Lifetime Value (LTV)	The future Repeat Customer contribution we expect to earn from customers recruited in a discrete period of time. We calculate this future contribution using a machine-learning model. Collecting data for a number of key customer characteristics including retention, order frequency and order value along with customer demographics and non-transactional data, the machine-learning algorithms then predict the future (lifetime) value of that customer.	Investment measure
Active member	An active subscriber who has placed an order in the last 12 months.	
Adjusted EBIT	Operating profit adjusted for amortisation of acquired intangibles, acquisition costs, impairment of non-current assets, restructuring costs and fair value movement through the income statement on financial instruments and revaluation of funding cash balances held and any items that are either material one-time charges we do not expect to be repeated or are non-trading related. A reconciliation to operating profit can be found on the face of the consolidated income statement.	APM
Adjusted EBITDA	Adjusted EBIT plus depreciation and amortisation but excluding any depreciation or amortisation costs included in adjusted items e.g. amortisation of acquired intangibles.	APM
Angel	A customer who deposits funds into their account each month to spend on the wines on our website.	
Company, Naked or Naked Wines	Naked Wines plc	
Contribution	A profit measure equal to gross profit. We often split contribution into that from new and repeat customers as they can have different levels of profitability. A reconciliation of operating profit to contribution is shown in note 5 Segmental reporting.	APM
DtC	Direct-to-consumer	
EBIT	Operating profit as disclosed in the consolidated income statement.	APM
EBITDA	EBIT plus depreciation and amortisation.	APM
Group	Naked Wines plc and its subsidiary undertakings	
Investment in New Customers	The amount we have invested in acquiring new customers during the year including contribution profit/loss from New Customer sales and advertising costs.	Investment measure
Immature Angel	An Angel who has had an account for less than three months.	

Definitions		
Net cash excluding lease liabilities	The amount of cash we are holding less borrowings excluding lease liabilities.	APM
New customer	A customer who, at the time of purchase, does not meet our definition of a repeat customer; for example, because they are brand new, were previously a repeat customer and have stopped subscribing with us at some point or cannot be identified as a repeat customer.	
New Customer sales	Revenues derived from transactions with customers who meet our definition of a new customer. A reconciliation of revenue to New Customer sales is shown in note 5 Segmental reporting.	
Mature Angel	An Angel who has had an account for more than three months.	
Member	A subscriber with an Angel or Wine Genie membership.	
Other revenue	Revenue from stock optimisation activities.	
Other contribution	The profit or loss attributable to sales meeting the definition of other revenue.	Investment measure
Repeat customer	A customer (Angel) who has subscribed and made their first monthly subscription payment.	
Repeat Customer contribution	The profit attributable to sales meeting the definition of Repeat Customer sales after fulfilment and service costs. A reconciliation of adjusted EBIT to Repeat Customer contribution is shown in note 5 Segmental reporting.	Investment measure
Repeat Customer contribution margin	Repeat Customer contribution as a percentage of Repeat Customer sales.	Investment measure
Repeat Customer sales	Revenue derived from orders placed by customers meeting our definition of a repeat customer at the time of ordering. A reconciliation of total sales to Repeat Customer sales is shown in note 5 Segmental reporting.	
Repeat Customer sales retention	The proportion of sales made to customers who met our definition of repeat last year and who placed orders again this year, calculated on a monthly basis and summed to calculate the full year retention.	Investment measure
Wine Genie	A customer who signs up to receive tailor-made cases at the frequency of their choice. This type of customer does not deposit funds into an account.	
Year 1 Payback	A short-term payback measure showing the actual return in this financial year of our investment in the prior year.	Investment measure

Alternative performance measures (APMs)
Reconciliation of reported results to prior year comparable figures[1]

		26 weeks ended 30 September 2024			26 weeks ended 2 October 2023				
		Reported	**Adjusted items**	**Adjusted**	Reported	Adjusted items	Adjusted	Constant FX	Adjusted
		£m	**£m**	**£m**	£m	£m	£m	£m	£m
Sales	***Group***								
	New Customer sales	**7.9**	**-**	**7.9**	9.1	-	9.1	(0.1)	9.0
	Repeat Customer sales	**102.6**	**-**	**102.6**	121.8	-	121.8	(1.2)	120.6
	Other revenue	**1.9**	**-**	**1.9**	1.4	(0.7)	0.7	0.7	1.4
		112.3	**-**	**112.3**	132.3	(0.7)	131.6	(0.6)	131.0
	Naked Wines US								
	New Customer sales	**4.2**	**-**	**4.2**	5.3	-	5.3	(0.1)	5.2
	Repeat Customer sales	**44.7**	**-**	**44.7**	57.2	-	57.2	(1.0)	56.2
	Other revenue	**1.9**	**-**	**1.9**	1.4	(0.7)	0.7	0.7	1.4
		50.8	**-**	**50.8**	63.9	(0.7)	63.2	(0.4)	62.8
	Naked Wines UK								
	New Customer sales	**2.3**	**-**	**2.3**	2.3	-	2.3	-	2.3
	Repeat Customer sales	**45.2**	**-**	**45.2**	50.1	-	50.1	-	50.1
		47.5	**-**	**47.5**	52.4	-	52.4	-	52.4
	Naked Wines Australia								
	New Customer sales	**1.3**	**-**	**1.3**	1.5	-	1.5	(0.1)	1.4
	Repeat Customer sales	**12.7**	**-**	**12.7**	14.6	-	14.6	(0.2)	14.4
		14.0	**-**	**14.0**	16.0	-	16.0	(0.3)	15.8
Contribution after advertising costs	***Group***								
	Investment in New Customers	**(9.4)**	**-**	**(9.4)**	(9.2)	-	(9.2)	0.1	(9.1)
	Repeat Customer contribution	**25.9**	**-**	**25.9**	30.5	-	30.5	(0.4)	30.1
	Repeat contribution margin (%)	**25%**	**-**	**25%**	25%	-	25%	-	25%
	Other contribution	**(5.6)**	**1.8**	**(3.8)**	0.3	(0.8)	(0.5)	0.7	0.2
		10.9	**1.8**	**12.7**	21.5	(0.8)	20.7	0.4	21.2
	Naked Wines US								
	Investment in New Customers	**(4.7)**	**-**	**(4.7)**	(6.0)	-	(6.0)	0.2	(5.8)
	Repeat Customer contribution	**15.1**	**-**	**15.1**	17.4	-	17.4	(0.2)	17.2
	Repeat contribution margin (%)	**34%**	**-**	**34%**	30%	-	30%	-	31%
	Other contribution	**(5.3)**	**1.8**	**(3.5)**	0.3	(0.8)	(0.5)	0.7	0.2
		5.1	**1.8**	**6.9**	11.8	(0.8)	11.0	0.0	11.0
	Naked Wines UK								
	Investment in New Customers	**(3.5)**	**-**	**(3.5)**	(2.0)	-	(2.0)	-	(2.0)
	Repeat Customer contribution	**7.4**	**-**	**7.4**	9.4	-	9.4	-	9.4
	Repeat contribution margin (%)	**16%**	**-**	**16%**	19%	-	19%	-	19%
	Other contribution	**(0.2)**	**-**	**(0.2)**	-	-	-	-	-
		3.7	**-**	**3.7**	7.3	-	7.3	-	7.3
	Naked Wines Australia								
	Investment in New Customers	**(1.2)**	**-**	**(1.2)**	(1.3)	-	(1.3)	0.1	(1.2)
	Repeat Customer contribution	**3.4**	**-**	**3.4**	3.6	-	3.6	-	3.6
	Repeat contribution	**27%**	**-**	**27%**	25%	-	25%	-	25%

	margin (%)								
		2.2	**-**	**2.2**	2.4	-	2.4	0.1	2.5
General and administrative	Naked Wines US	**(3.8)**	**-**	**(3.8)**	(5.6)	(0.1)	(5.7)	0.1	(5.6)
	Naked Wines UK	**(2.3)**	**0.2**	**(2.1)**	(3.1)	-	(3.1)	-	(3.1)
	Naked Wines Australia	**(1.2)**	**0.1**	**(1.1)**	(1.6)	-	(1.6)	-	(1.6)
	Unallocated	**(8.6)**	**(0.1)**	**(8.7)**	(8.4)	0.2	(8.2)	-	(8.2)
	Group	**(15.9)**	**0.2**	**(15.7)**	(18.7)	0.1	(18.6)	0.1	(18.5)
Other	Impairment	**-**	**-**	**-**	(11.5)	11.5	-	-	-
EBIT	Naked Wines US	**1.2**	**1.8**	**3.0**	4.4	0.9	5.3	0.7	5.9
	Naked Wines UK	**1.4**	**0.2**	**1.6**	4.3	-	4.3	-	4.3
	Naked Wines Australia	**1.0**	**-**	**1.0**	0.1	0.7	0.8	-	0.8
	Unallocated	**(8.6)**	**(0.1)**	**(8.7)**	(17.5)	9.3	(8.2)	-	(8.2)
	Group	**(5.0)**	**1.9**	**(3.1)**	(8.7)	10.9	2.2	0.7	2.8

Alternative performance measures (APMs)

For the 26 weeks ended 30 September 2024

Please note due to rounding principles, numbers presented in £m may not sum to the totals provided. This can also lead to individual amounts being rounded to zero.

Repeat Customer contribution margin

		Naked Wines US £m	Naked Wines UK £m	Naked Wines Australia £m	Group £m
26 weeks ended 30 September 2024					
Repeat Customer sales	£m	**44.7**	**45.2**	**12.7**	**102.6**
Repeat Customer contribution	£m	**15.1**	**7.4**	**3.4**	**25.9**
Repeat contribution margin	%	**33.8%**	**16.4%**	**26.8%**	**25.2%**
26 weeks ended 2 October 2023					
Repeat Customer sales	£m	57.2	50.1	14.6	121.8
Repeat Customer contribution	£m	17.4	9.4	3.6	30.5
Repeat contribution margin	%	**30.4%**	**18.8%**	**24.7%**	**25.0%**

General and administrative costs reconciliation

	26 weeks ended 30 September 2024 £m	26 weeks ended 2 October 2023 £m
G&A costs per income statement	**(15.8)**	(18.7)
Add back adjusted items (see note 6):		
Restructuring costs	**-**	-
Software as a Service costs	**-**	0.2
Fair value movement on open foreign exchange contracts	**0.1**	(0.1)
G&A costs per segmental reporting in note 5	**(15.7)**	(18.6)
Add back share-based payment costs	**0.8**	0.7
Operating G&A costs	**(14.9)**	(17.9)

Net cash excluding lease liabilities

30 September 2024	2 October 2023

	£m	£m
Cash and cash equivalents	**29.3**	33.8
Borrowings and other loans:		
Credit facility net of issuance costs	(6.3)	(29.9)
Other loans	**-**	(1.0)
Total borrowings and other loans	**(6.3)**	(30.9)
Total net cash excluding lease liabilities	**22.9**	2.8

Inventory liquidation and associated transactions

	26 weeks ended 30 September 2024 £m	26 weeks ended 2 October 2023 £m
Adjusted EBIT before inventory liquidation and associated transactions	**0.6**	2.6
less inventory liquidation and associated transactions:		
Net loss on inventory disposal after inventory provision release[1]	**(0.8)**	(0.5)
US inventory provision	**(2.5)**	-
Winemaker contract cancellation payments	**(0.4)**	-
Adjusted EBIT	**(3.1)**	2.2

1. In HY24, a further amount of net credit of £0.8m relating to inventory disposal after inventory provision release has been reported within adjusted items.

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